

# Euronext MIV Milan: the Italian Market for Investment Vehicles

*October 2021*



**BORSA ITALIANA**



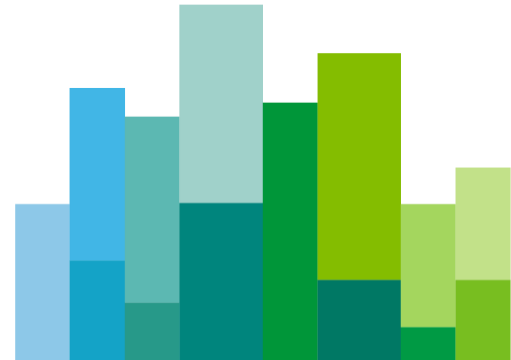
**EURONEXT**

# 1. A clear proposition following the introduction AIFMD

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# A clear proposition for Close-end Funds and Permanent Capital Vehicles following the introduction AIFMD

- **Euronext MIV Milan (MIV) is the regulated market dedicated to investment vehicles**
  - Investment vehicles comprise **Alternative Investment Funds (AIFs)** and **other non-AIF investment vehicles**, including SPACs
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- **Euronext Growth Milan (EGM) is the growth market** dedicated to growth companies, with the possibility to list **AIFs** and **other investment vehicles**, including SPACs, with a preference for a non-regulated market

The AIFM authorization is required on MIV and EGM  
IPO and Admission To Trading Only  
Retail and Reserved Funds  
Closed-end Funds and Permanent Capital Vehicles

# Euronext MIV Milan: the Italian Market for Investment Vehicles

## Which investment vehicles can be listed?

- **Alternative Investment Funds:**
  - **Retail and Reserved**
  - **Closed-end Funds and Permanent Capital Vehicles**
  - **Reserved Open-end funds**
- **Non-AIFs** including SPACs and, upon certain conditions, REITs

## What kind of investment strategies are accommodated?

- **No restrictions in terms of investment strategies:**
  - **Venture Capital**
  - **Public and Private Equity**
  - **Public and Private Debt**
  - **Industry-specific strategies** including Infrastructure, Real Estate, Renewable Assets, ESG, disruptive technologies, etc.
  - **Multi-strategy, FoFs**

## What are MIV's characteristics?

- The MIV is designed for several kinds of **domestic and international issuers** authorized to be commercialized also in Italy
- **Trading anchored to the NAV for Reserved and Retail Alternative Investment Funds**

## Who can invest in MIV instruments?

- **MIV is composed by two segments**, one accessible by **retail and professional investors** and one accessible by **professional investors only**
- **AIFs will be admitted** to the retail segment or on the professional segment **depending on the AIFM authorisation (retail or reserved)**

# Key strengths

## Reconciling issuers needs with investors demands

### ISSUERS NEEDS

- Accessible listing requirements
- Flexible investment policies
- High standing regulated market

**Regulated market capable of hosting sophisticated instruments and legal structures**

**Listing environment that combines regulatory flexibility with regulated market status**

**Innovative trading mechanism anchored to the NAV**

**No restrictions of registered office or tax domicile in the EU for investment vehicles**

**Improved standing compared to unlisted peers and greater visibility among professional and retail investors**

### INVESTORS DEMANDS

- Clear identification of investment vehicles
- Possibility to invest in a regulated market
- Transparency, disclosure and an efficient secondary market

**Gateway to private markets**

**Strong political push and ad hoc fiscal incentives in certain EU countries**

**Increasing market demand from institutional and private investors**

**Growing industry**

**Large number of companies looking for alternative financing tools**

# IPO benefits

The listing of Closed-end or Permanent Capital AIFs allows to **concentrate fundraising efforts** during the IPO process, to **widen the target investor base**, to **improve the secondary liquidity** and to **raise further capital through recurrent capital increases on the market**

	Investment vehicles listed on the MIV	Unlisted investment vehicles
Investor base	<ul style="list-style-type: none"> <li>▪ Able to attract a <b>wider and more diversified investor base</b>, including asset owners</li> <li>▪ The listing on a regulated market <b>removes investment limitations</b> for European institutional funds (UCITs)</li> <li>▪ <b>Equal conditions and equal treatment</b> for all investors</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Limited number of potential investors</b>, based on fund managers' personal network</li> <li>▪ <b>Limits of investments in unlisted instruments for certain European institutional investors</b></li> <li>▪ Contractual conditions laid down at individual level with investors based on <b>ad hoc negotiations</b></li> </ul>
Fundraising	<ul style="list-style-type: none"> <li>▪ Possibility to <b>'passport' the Prospectus</b> approved by an EU Authority to the Italian Authority</li> <li>▪ Potentially <b>larger offer size and faster fundraising process</b></li> <li>▪ Possibility to <b>benefit from multiple post-IPO follow on issuances</b></li> <li>▪ Possibility of <b>using Borsa Italiana direct distribution platform</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Fundraising process potentially limited and sluggish</li> </ul>
Visibility	<ul style="list-style-type: none"> <li>▪ <b>High visibility and degree of credibility</b> perceived by a wider investor base and stakeholders' community</li> </ul>	<ul style="list-style-type: none"> <li>▪ Track record and standing <b>perceived by a limited number of investors and stakeholders</b></li> </ul>
Transparency	<ul style="list-style-type: none"> <li>▪ <b>Reporting obligations and transparency</b> requirements guaranteed</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Flexible communication and transparency</b>, potentially more opaque</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>▪ Secondary market allows a <b>continuous price formation</b></li> <li>▪ <b>New trading system anchored to NAV</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Limited secondary liquidity usually borne by the AIFM</b></li> <li>▪ <b>Opaque price formation</b></li> <li>▪ <b>Investors may request a higher liquidity discount</b></li> </ul>

# Trading anchored to the NAV

Available on MIV Professional segment since June 3<sup>rd</sup>, 2019 and on MIV Retail segment starting from October 25<sup>th</sup>, 2021

- While the **trading phases remain the same**, an **indicative price** is calculated and published in place of the reference price. The **indicative price** is equal to the **last unit value of the Net Asset Value (NAV)** published by the issuer
- The issuer is required to **update the NAV at least every six months and whenever events occur that could significantly affect the NAV valuation**
- Financial instruments can be **traded within predetermined fluctuation ranges (premiums/discounts to NAV), anchored to the NAV**, defined considering investment strategies
- Wider order limits are defined** in order to provide to investors the possibility to express theoretical prices outside the fluctuation range, to be potentially validated accordingly to market conditions

Investment strategy	Order limits	Fluctuation ranges	
	Maximum price variation limit of orders with respect to the static price	Maximum variation of the price of the contracts with respect to the static price	Maximum variation of the price of the contracts with respect to the dynamic price
Generalist	+/-30%	+/-10%	+/-5%
Private Debt	+/-30%	+/-7.5%	+/-2.5%
Private Equity	+/-50%	+/-15%	+/-5%
Venture Capital	+/-50%	+/-20%	+/-5%

# A proven track record of listed Investment Vehicles and Investment Service Companies

## MIV

Regulated market

Closed-ended Funds	
<p><b>11</b></p> <ul style="list-style-type: none"> <li>Alpha Immobiliare</li> <li>Amundi RE Italia</li> <li>Atlantic 1</li> <li>Imm Dinamico</li> <li>Immobiliarium 2001</li> <li>Mediolanum Re A</li> <li>Mediolanum Re B</li> <li>Opportunità Italia</li> <li>Risparmio Imm</li> <li>Uno Energia</li> <li>Socrate</li> <li>Valore Imm Global</li> </ul>	<p>Retail Real Estate assets Aggregate Market cap €661.1m Expiry: 2021/'22/'23/'24/'30</p>
Permanent Capital Vehicles	
<p><b>1</b></p> <ul style="list-style-type: none"> <li>NB Aurora Sicaf</li> </ul>	<p>Professional Equity investments in SMEs Market cap €207m Permanent capital</p>

## EGM

Growth market

Diversified Financial Services	
<p><b>1</b></p> <ul style="list-style-type: none"> <li>Digital Magics</li> </ul>	<p>Retail Market cap €29m</p>
Asset Managers and Custodians	
<p><b>2</b></p> <ul style="list-style-type: none"> <li>First Capital</li> <li>H-Farm</li> </ul>	<p>Retail Market cap €106m</p>
Permanent Capital Vehicles	
<p><b>2</b></p> <ul style="list-style-type: none"> <li>4AIM Sicaf Comparto 1</li> <li>4AIM Sicaf Comparto 2</li> <li>Crowdfunding</li> </ul>	<p>Professional 2 EGM quoted companies Market cap €21m Permanent capital</p>

### Legend

 Regulated Alternative Investment Funds

## EXM

Regulated market

Real Estate Investment Trusts <sup>(1)</sup>	
<p><b>6</b></p> <ul style="list-style-type: none"> <li>Aedes</li> <li>Coima Res</li> <li>Covivio</li> <li>IGD</li> <li>Nova Re</li> <li>Restart</li> </ul>	<p>Retail 1 STAR segment 1 Foreign Market cap €7.8bn</p>
Diversified Financial Services	
<p><b>6</b></p> <ul style="list-style-type: none"> <li>DoValue</li> <li>Exor</li> <li>Gequity</li> <li>Italmobiliare</li> <li>Mittel</li> <li>Titanmet</li> </ul>	<p>Retail 1 FTSE MIB 1 Foreign Market cap €19.7bn</p>
Asset Managers and Custodians	
<p><b>1</b></p> <ul style="list-style-type: none"> <li>Dea Capital</li> </ul>	<p>Retail STAR Segment Market cap €344m</p>
Investment services companies	
<p><b>3</b></p> <ul style="list-style-type: none"> <li>Lventure Group</li> <li>Tamburi Investment</li> <li>Tinexta</li> </ul>	<p>Retail 2 STAR segment Market cap €3.4bn</p>



# Private Equity Fund Case Study



NB Aurora's investment objective is to achieve long-term capital appreciation through minority equity investments in medium-sized, family-owned, unlisted Italian companies

## IPO details

<b>Structure</b>	SICAF - RAIF
<b>Country of incorporation</b>	Luxembourg
<b>Borsa Italiana Market</b>	Euronext MIV Milan – Professional Segment
<b>Investment Strategy</b>	Private Equity
<b>Listing date</b>	04/05/2018
<b>Money Raised at IPO</b>	€ 150 mln (Class A shares)
<b>Share Price at IPO<sup>(1)</sup></b>	€ 10 (Class A shares)
<b>JGCs</b>	Banca IMI, Citi, Equita
<b>Law Firms</b>	GOP, Di Tanno, GPB, Arendt & Medernach
<b>Statutory Auditor</b>	KPMG

## Investors at IPO

Investors by country at IPO	
Italy	78%
United Kingdom	12%
United States	8%
Luxembourg	1%
Switzerland	1%

Investors by type at IPO	
Asset manager	47%
Family office	26%
Private banking	20%
NB	4%
Insurance	1%

## Evolution since IPO

<b>Dividend Yield 2019 (22/05/2019)</b>	10.6%
<b>Dividend Yield 2020 (31/03/2020)</b>	11.6%
<b>Share Price at 30/09/2021</b>	€ 8.5 (Class A shares)
<b>Discount to NAV<sup>(2)</sup> at 30/09/2021</b>	- 21%
<b>Market Capitalization at 30/09/2021</b>	€ 207 mln

## Capital Increase

On Sep 21<sup>st</sup>, 2020 NBA started the process of a **share capital increase** consisting of:

- an offering with preferential subscription rights: € 34.5m
- a private placement reserved to qualified investors: € 59.0m

**for a total subscription of € 93.5m.**

The capital increase ended on Nov 6<sup>th</sup>, 2020.

## Shareholder base as of September 30<sup>th</sup>, 2021

As of September 30<sup>th</sup>, among institutional investors who gave notice to hold NB Aurora there are:

Name	MV held (€m)	Country	Investor type
Eurizon Capital SGR	22.59	Italy	Investment Adviser
Intesa SanPaolo	15.62	Italy	Private Banking
Pramerica SGR	15.02	Italy	Investment Adviser
Azimut SGR	11.34	Italy	Investment Adviser
Az Legan Adm. de Recursos	2.46	Brazil	Investment Adviser
Kairos Part. SGR	0.99	Italy	Investment Adviser
Amundi SGR	0.86	Italy	Investment Adviser
Zenit SGR	0.58	Italy	Mutual Fund Manager
Praude AM	0.05	Greece	Investment Adviser

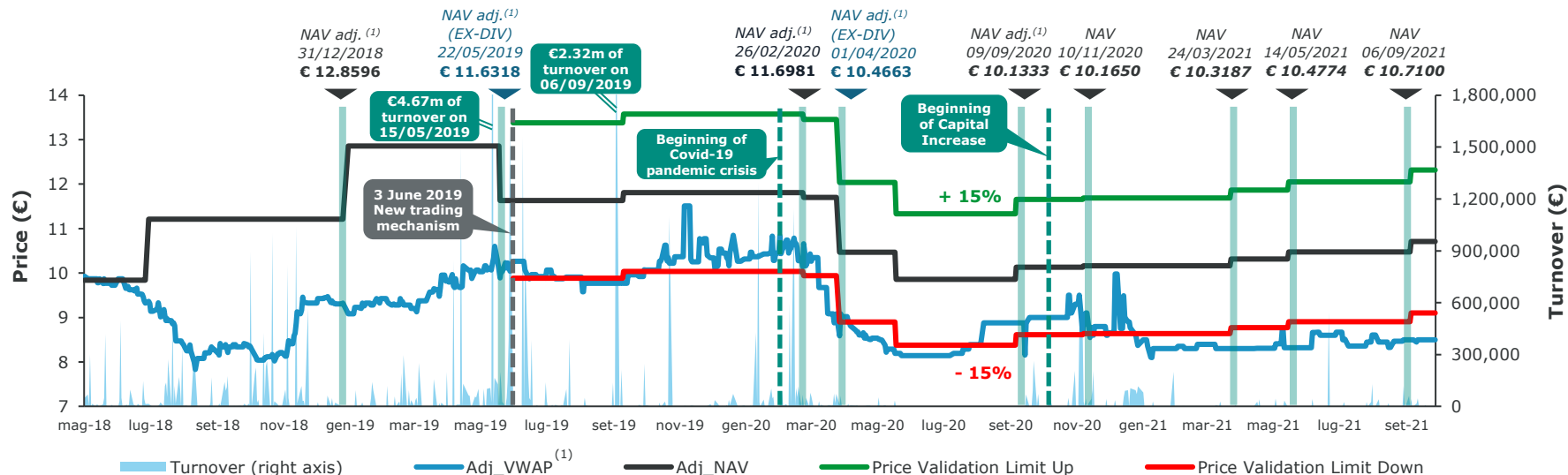


Source: Borsa Italiana, FactSet and publicly available information as of September 30<sup>th</sup>, 2021

(1) Historical prices were not adjusted for the coefficient K

(2) Calculated on NAV per share: € 10.7100 as at 06/09/2021

# NB Aurora pre and post trading anchored to the NAV



The new **trading mechanism anchored to the NAV**, introduced on the **professional segment of the MIV in June 2019**, has shown **positive empirical evidences**:

- A **significant reduction of the average discount to the NAV**, that **decreased from 21% to 15%** respectively pre and post June 2019. The **positive effect has been confirmed also during periods of high market volatility**; for instance comparing the **26.5%** average discount of **March 2018 (Italian political crisis)** with the **17.06%** average discount of **March 2020 (Covid-19 pandemic pick)**
- A **substantial increase of the average contract turnover**, that **almost doubled** from € 10,000 to € 19,000 respectively pre and post June 2019<sup>(2)</sup>. Furthermore, the number and volume of negotiated transactions increased from € 483,000 to € 503,000 respectively pre and post June 2019<sup>(2)</sup>
- Post June 2019<sup>(2)</sup>, the **automatically validated contracts within the fluctuation bands represent 63% of total transactions** (70% in terms of turnover), while contracts validated at higher or lower prices than the fluctuation limits and managed via volatility auctions represent 37% of total transactions (30% in terms of turnover)
- More **frequent NAV updates**, not only at the time of asset revaluations, but also when a reduction of the NAV occurs due to external shocks, **support market transparency**

## 2. Listing process

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# How is possible to list an AIF on Euronext MIV Milan?

There are 3 different listing options to answer to different needs

How	Need	Advisors
<b>Admission to trading only</b>	<ul style="list-style-type: none"><li>▪ No need to raise capital</li><li>▪ Need to provide liquidity to financial instruments</li></ul>	<ul style="list-style-type: none"><li>▪ Legal advisors to draft the Prospectus</li></ul>
<b>Traditional IPO</b>	<ul style="list-style-type: none"><li>▪ Need to raise capital via a traditional IPO syndicate</li><li>▪ Need to provide liquidity to financial instruments</li></ul>	<ul style="list-style-type: none"><li>▪ Legal advisors</li><li>▪ A syndicate of investment banks</li></ul>
<b>Direct distribution at IPO</b>	<ul style="list-style-type: none"><li>▪ Need to raise capital</li><li>▪ Need to complement the traditional IPO syndicate leveraging on the market trading platform</li><li>▪ Need to provide liquidity to financial instruments</li></ul>	<ul style="list-style-type: none"><li>▪ Legal advisors</li><li>▪ At least 1 financial intermediary (sell-side broker)</li></ul>

# Euronext MIV Milan: admission requirements

	Retail Segment	Professional Segment	
	Retail AIFs (including ELTIFs)	Reserved AIFs	Non-AIFs
Certified financial statements	Audited Financial Statements (even for a period of less than 1 year)		
Capitalization	None, but at least €25 mln <sup>(1)</sup> of capital raised through the offering of shares or units and/or capital valued at NAV	None, but at least €25 mln <sup>(1)</sup> of capital raised through the offering of shares or units and/or capital valued at NAV	€40 mln
Free float	Adequate to ensure regular market functioning <sup>(2)</sup>	Adequate to ensure regular market functioning <sup>(2)</sup>	Adequate to ensure regular market functioning
Sponsor	Not required	Not required	Mandatory (if the company has no other instruments already listed on Borsa Italiana)
Specialist	Mandatory	Not required	Not required
Investment Policy	As per AIFM authorization	As per AIFM authorization	<ul style="list-style-type: none"> <li>A precise, detailed investment strategy</li> <li>The company cannot invest more than 20% of its assets in units of AIFs</li> </ul>
Articles of association	The terms and conditions of the fund or the articles of association of the investment company with variable or fixed capital must provide for listing on a regulated market	<ul style="list-style-type: none"> <li>The terms and conditions of the fund or the articles of association of the investment company with variable or fixed capital must provide for listing on a regulated market</li> <li>Open-ended funds: adequate contractual provisions in order to guarantee that early redemptions do not hamper the orderly course of negotiation</li> </ul>	<ul style="list-style-type: none"> <li>They must provide for investment in a company or activity based on the pertinent investment policy</li> <li>They must provide for a company duration of no more than 36 months to make one or more significant investments (accounting for more than 50% of assets)</li> <li>Investment strategy not yet completed or particularly complex</li> </ul>
Prospectus	Approval of the competent authority in Italy or the EU member state (and then passported in Italy). Approval is not required for open-end funds		
Other	AIFM authorization	AIFM authorization	<ul style="list-style-type: none"> <li>Management track record <math>\geq</math> three years</li> <li>Conflict of interest policy</li> <li>Independent directors</li> <li>Management autonomy</li> </ul>

# Listing process

The admission process is composed by **four main stages:**

1

For admission to listing, an **Admission Application must be presented to Borsa Italiana** pursuant to the **Regulation of the Markets** Organised and Managed by Borsa Italiana

2

Since the MIV is a regulated market, the **publication of a Prospectus** approved by Consob is required. In case the issuer is based in another EU member state, the Prospectus must be approved by the home country's competent Authority and 'passported' to Italy

3

**IPO or direct distribution at IPO** (if needed)

4

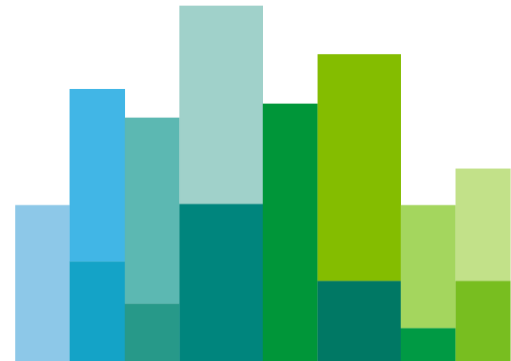
**Free float check and start of trading**

# 3. Contact details

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