

Fortiland launches a private equity fund with Focus Investing strategy

The investment platform led by Raffaele Petrone announces the launch of a pioneering private equity fund under Luxembourg law with a Focus Investing approach. This strategy aims to create national champions in fragmented and high-growth sectors. The sector on which the first fund will focus will be specialized B2B distribution.

London, 23 March 2023 – The private equity market is experiencing a period of extreme competition, in which many funds, with high dry powder, are in a competitive search for attractive investment opportunities in a scenario in which higher interest rates are continuing to influence the cost of debt and the gap in price expectations between buyers and sellers does not appear to reduce in the near term. Fortiland presents itself to investors with a different and pioneering approach: the Focus Investing.

“Great investment ideas are rare to find. To identify them, it is necessary to deploy **deeper and sectoral knowledge**, compared to even just a few years ago”, explains the founder of Fortiland, Raffaele Petrone. “Fortiland focuses on industries where there is a clear competitive advantage, avoiding oversaturated markets where high competition from institutional players limits arbitrage opportunities on valuation multiples, given the more competitive acquisition scenarios”.

That is, Fortiland invests in **niches and sizes neglected by institutional investors**, creating value thanks to three main factors: arbitrage of valuation multiples, improvement of cash flows through aggregation synergies, drive for innovation and competitive leadership. “It is difficult to find investment ideas with a good risk / return ratio”, Petrone continues: “For this reason, we select only the best ones with a clear competitive advantage, avoiding oversaturated investment markets. We employ a long period of due diligence **to test them directly and only then do we offer them to our investors**”.

Notes to Editors

The three pillars of Focus Investing

- **Bottom-up approach** – expertise and network driven origination
 - A sector with growth potential, a clear dynamic of value creation and good downside protection is identified, thanks to the conspicuous cash flow and not overly sophisticated competition that can guarantee a stable market share during the investment.
 - Fortiland works with managers with strong specific experience in the reference industry and with an active commercial network.
 - The equity story is validated for a period of at least 18 months.
- **Platform** – creation of a new market leader
 - The selected companies possess significant intangible assets (long-standing relationships with customers, stable market shares, goodwill) and a potential that has not yet been fully expressed.



- A call option is negotiated to be exercised over a 12-month period (including pre-agreed price adjustments). The capital is thus directed towards projects that can already be activated, without execution risks.
- **Fund Deployment** – shorter investment period, higher liquidity
 - The fundraising is consistent with acquisition strategies, the J-curve is reduced.
 - The fund size is based on the investment plan, to optimize the use of capital and management fees.

Advantages

Compared to traditional strategies based on portfolio diversification, Focus Investing has four main advantages:

- **Visibility of the projects:** unlike a blind pool fund where the investment manager has full discretion, at the time of the launch of the fund, a large part of it has already been optioned in acquisitions.
- **Reduction of the commitment period and faster deployment of capital:** at the first closing of the fund, the first cluster of companies is acquired and consolidated.
- **Cost Efficiency:** No commissions are paid for scouting opportunities. The fund eliminates the risk and cost of deals abortion.
- **J-curve smoothing:** By shortening the deployment period and accelerating the project consolidation and building “liquid” platforms for a potential buyer, the J-curve tends to be smoother compared to traditional funds.

About Raffaele Petrone

Founder of Fortiland. He has 18 years of experience in M&A and Private Equity (management and investments), specializing in different investment strategies across Europe. Prior to Fortiland, he was advisor of **DBAY Advisors** in London, manager and member of the investment committee of **Armònia Sgr** in Milan, investment director of **LFPI** in Geneva, manager of **PwC Corporate Finance** in the Paris office, where he began his professional career. Graduated in Management Engineering from the **Polytechnic of Turin** and the **Ecole Centrale de Lyon**. Alumnus of the **Harvard Business School**, and also the president of the **Harvard Business School Club of Italy**.

About Fortiland

Fortiland is a specialist Private Equity **investment platform**, focusing on sectors where there is a clear competitive advantage and where alpha can still be generated, while avoiding over-saturated markets. Among the strategies it adopts, Fortiland is a pioneer in Focus Investing applied to Private Equity. **Fortiland's method** is divided into 4 phases: evaluating and selecting the best ideas, building highly experienced teams, testing the investment assumptions, and finally implementing it.

Following this approach, at the end of 2022 it gave birth to Fortiland Digital Assets – a project dedicated to digital asset strategies, born from the collaboration with investors, entrepreneurs and investment managers with extensive national and international experience, key opinion leaders from the academic world and entrepreneurs in the blockchain field as well as international digital asset portfolio managers. Supported by a team of experts active in London, Milan, Hong Kong, New York, Singapore and Dubai, who share a strong passion for innovation, the company operates within a robust framework with well-established financial industry providers for audit, risk management, reporting, as well as exchanges and digital custodians.

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