

## Oltre tackles the big issue

**T**HE AIM of social-impact investment is to back companies that seek to solve the challenges society faces. While the wider investment community identifies a trade-off between social benefit and financial returns, impact investors do not and as public sector resources become scarcer and philanthropic donations get rarer, these investors could fill a funding gap. In Italy, though, they are few and far between.

Oltre Venture was created in 2006 by Italian private equity veteran Luciano Balbo, founder of B&S Private Equity. Having travelled the well-trodden path of private equity, Balbo journeyed off-piste into social-impact investment in 2006, following a stateside study of venture philanthropy activity. "Originally I found it very difficult," he explains. "Unless you have a lot of money and can take the Bill Gates approach, it is very hard to promote innovation because not-for-profit is basically 90% financed by the state."

While private investors and foundations have committed capital to burgeoning social start-ups, Oltre is the first of its kind on the Italian venture scene. "We are all pioneers so we are taking a large risk in order to open up an avenue," says Balbo. "In the end, some of the fund's investors probably think that, ultimately, this is philanthropy and don't expect to see any money

back. But others do expect returns," he adds.

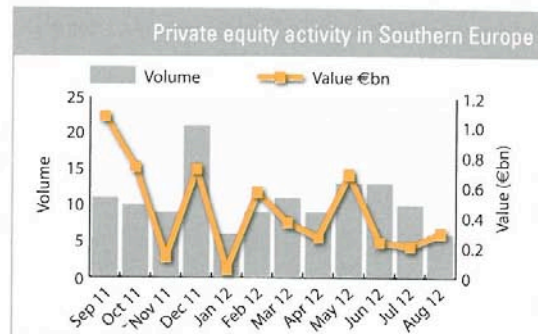
The venture capitalist hopes that Oltre's 11-strong portfolio will generate returns to its fully invested €9m maiden fund, backed by Italian private individuals and the banking foundation Fondazione CRT. "I introduced the concept of social-impact investment to LPs by suggesting that there is a social responsibility attached to wealth," says Balbo. "But you do not have to give a donation, you can also invest."

While social-impact investment is generally an underdeveloped area of alternative asset investment, it seems a particularly immature sector in Italy. In the UK, funds such as Big Issue Invest and Bridges Ventures' Social Entrepreneurs Fund are flanked by the state-backed £600m fund Big Society Capital, which sees contributions from HSBC, Barclays, Lloyds and RBS. Oltre cuts a lonely figure on the Italian social-impact scene.

But the investment class may be on the cusp of change. "We are thinking of raising a second fund, but for it to reach critical mass we need to raise €20-25m," says Balbo. "There is now a new



facility at the European Investment Fund to back social-impact investment. This facility will start to work in the next few months and we are one of its targets. The Fondo Italiano di Investimento is considering us too. It said that if the EIF backs us, it could co-invest." Watch this space. ■



Source: unquote data

