

Media Release

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Private equity to shine as investors flock to alternative investments.



Private equity has the potential to offer investors a safe harbour at a time when the outlook for global growth is anaemic and interest rates have risen 300 basis points to 3.1 per cent since May 2022, according to [Federation Asset Management](#) (“Federation”), a leading Australian alternatives investment manager.

Cameron Brownjohn, Chief Executive Officer of Federation, says: “The current volatile investment climate is tailor made for private equity funds due to lower volatility and low correlation compared with listed equities, more investment options and higher investment returns.

“The outlook for global growth is hardly encouraging with the growing consensus among global economic forecasters that it will come in under two per cent in 2023. Aside from tighter monetary policy as central banks move to curb inflation, there is the ongoing economic uncertainty that surrounds the ongoing Russia-Ukraine conflict.

“We also believe private equity not only offers a deeper pool of companies in which to invest, but that many of these companies are more innovative and productive compared with their listed counterparts.

“It’s a view that we share with one of Australia’s foremost institutional investors, the Future Fund, which has 37 per cent of its \$193 billion invested in private equities and alternative investments – its largest allocation of any asset class,” he notes.

Boasting strong ESG credentials across healthcare, technology, financials and real assets, Federation recently launched Federation Alternative Investments II (F2), an open-ended strategy that provides investors with access to a portfolio of institutional grade private capital opportunities with the benefit of monthly subscriptions, redemptions and pricing.

Brownjohn says the strong focus on ESG-focussed investments has played a significant role in underpinning Federation Alternative Investments’ strong performance since its inception – it has achieved an unrealised gross return on investments of 17.1% p.a. since inception.

“We have investments in renewable energy generation activities, renewable energy storage activities, sustainable and social infrastructure, property investments where there is a significant economic and social outcome, and operating businesses where the products or services provide a net societal benefit,” he says.

Negative screens are also used to exclude investments in companies that are materially involved in fossil fuels, gambling, tobacco and alcohol, armaments, live animal export and old growth logging.



Brownjohn cites **Synergis**, an unlisted disability housing trust that was established in a joint venture with Social Ventures Australia (SVA), as a prime example of an investment having a significant social benefit.

Synergis builds and develops homes for people living with disability in Australia. To date, it has committed to about 87 investment properties that will provide homes for more than 340 NDIS participants.

This investment represents capital value of about \$155 million against an immediately addressable \$11.5 billion opportunity set.

“Federation and SVA will continue to ramp up development via existing and new institutional capital commitments, as well as investors from Federation Alternative Investments II,” says Brownjohn.

Ends

About the F2 Fund

- Minimum investment in F2 retail fund: \$20,000
- Minimum investment in the F2 wholesale fund: \$1million
- Portfolio Holdings at capacity: 10-20 companies
- Liquidity: monthly
- Distributions: Annual
- Suggested holding period:~5years

About Federation

Federation invests in businesses that meet economic and social needs. We aim to become Asia-Pacific’s leading investor in renewable energy, health and education real estate and operating companies with strong growth potential. Our team has a strong track record of working together over a number of years and offers unrivalled investment experience across these sectors.

The firm manages capital commitments of A\$1.4 billion for clients across the Asia Pacific region, including in Australia. Federation is a signatory to the United Nations Principles for Responsible Investing (UNPRI) and is certified by the Responsible Investment Association of Australasia(RIAA).

For more information please visit: <https://www.federationam.com/>

LinkedIn: <https://www.linkedin.com/company/federation-asset-management/>

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