PRESS RELEASE

Investing in Italy's future: 6.4 billion euro - the potential impact of investments from social-security and pension funds in the development of new businesses

The TEHA Group analysis highlights the strategic role of venture capital as a driver of economic competitiveness and, in line with the main European benchmarks, the systemic benefits of the involvement of institutional investors for growth and employment.

Cernobbio, 4 April 2025 – "Investing in the future of Italy: the strategic role of private savings" is the title of a study carried out by TEHA Group in collaboration with CDP Venture Capital Sgr, presented today as part of the 36th edition of TEHA Group's "Outlook for the Economy and Finance" forum.

The study stems from the need to strengthen the innovation ecosystem and support the capital market at European level—as corroborated by the Report on European Competitiveness presented by President Draghi—and from the role that the venture capital asset class can play in enabling new infrastructure to channel resources to Italian companies and generate major benefits for economic and employment growth in the country.

The Italian venture capital market, while still at an early stage of development compared to other European countries, has seen significant growth in recent years, thanks in part to significant support from the Government, contributing more and more to support for innovation and to the emergence of new companies with strong technological potential. Between 2017 and 2024, venture capital investments increased by more than 12-fold, reaching 1.9 billion Euro and placing Italy at 4% of the European total in 2024 (vs. 1.5% in 2020). Confirming the growing strength and attractiveness of Italian venture capital, the number of investors increased by more than 70% over the same period (from 172 to 297), with the participation of international investors almost doubling (from 24% to 42%).

The growth of the venture capital sector in Italy will be fundamental in supporting competitiveness and economic development over the next decade. **Italian scaleups and startups** have performed **much better in terms of job creation** than SMEs, with 14.2 net jobs created per company between 2020 and 2022 compared to 3 for medium-sized companies (50-249 employees) and 2.2 for small companies (10-49 employees). In addition, Italian startups have stood out for a **greater ability to generate economic value**, with average annual Value Added growth of 17.6% between 2012 and 2022, compared to the national average of 3.5%.

To establish a real change of pace in the Italian market, it is necessary to promote a public-private partnership that brings to the real economy a share of the portfolios of large institutional investors, such as social-security bodies, major industrial groups and regional economies, directing capital towards the venture capital asset class. This in turn may generate additionality in the market, contributing—with the best expertise—to the creation of national and international champions of new entrepreneurship.

An analysis of the asset allocation of institutional investors, which includes comparing the case studies of countries in which venture capital is most developed, shows that the Italian market is lagging seriously behind. To date, in fact, the study has seen a very limited involvement of these players, with investments in VC equal to 0.29% for social-security funds and only 0.14% for national pension funds.

In a comparative analysis involving Canada and six other European countries, the study highlights a strong correlation between the allocation of capital by pension and social-security funds and market development. In particular, the analysis shows the effectiveness of the strategies adopted by some countries to promote the contribution of this type of investor, mobilising them to support the market and spurring other players to co-invest as a result.

In Italy, the Competition Law of December 2024 represents a significant first step in promoting the role of institutional investors, encouraging social-security bodies to invest in venture capital. The Law establishes that in order to benefit from an exemption from the tax on capital gains (26%) from qualified investments, at least 5% of the investment portfolio must be allocated to venture capital by 2025 and 10% by 2026. With this in mind, TEHA has estimated that by reaching the venture capital investment threshold of 10% of the maximum amount of qualified investments that can be held by social-security and pension funds, up to 2 billion Euro could be mobilised to support innovation and the growth of innovative companies in Italy. As a result, institutional investments by social-security and pension funds could generate between 6.4 and 16.7 billion Euro in Value Added for the country, equivalent to 0.3-0.8% of national GDP in 2024.

The study identified economic multipliers that measure the overall impact of the asset class on the country's real economy by considering direct effects, generated by the value of direct investments in a given production chain; indirect impacts, associated with the activation of supply and sub-supply chains linked to sector activities; and induced impacts, arising from consumption generated by employees of the wider sector and supply and sub-supply chains due to wages paid.

Based on this value, the study developed two analytical scenarios: the first (baseline scenario) analyses the impact associated with institutional investments in venture capital by social-security and pension funds only, while the second (evolutionary scenario) considers the potential leverage effect of the investments of venture capital funds, promoting their ability to attract further private investment.

The analysis considers an evolutionary scenario in which, in addition to the 2 billion initially estimated, an additional 3.1 billion Euro are raised, promoting the involvement of Italian corporations and other private and institutional investors in strategic initiatives for their respective business sectors. In terms of employment, investments in venture capital could contribute to the creation of around 61,000 new jobs in the baseline scenario and as many as 158,000 in the evolutionary scenario thanks to the leverage effect.

"We at CDP Venture Capital are committed to passing on skills and resources to a new generation of entrepreneurs, with the aim of establishing venture capital as a real hotbed for business, and with the firm belief that, without business and industry, the country has no future", says **Agostino Scornajenchi, Chief Executive Officer and General Manager of CDP Venture Capital**. *"To do this, we are working on allocating our resources by sector, focusing on areas in which we can generate the greatest impact, and on getting all players in the ecosystem involved, which includes bringing institutional investors closer to venture capital. We are committed to*

making people understand that, rather than an exception to the classic economic system, we are a fundamental part of it".

"In recent years, Italian venture capital has made significant progress, demonstrating a strong ability to support the growth of innovative companies and create strategic relationships in sectors that are key to Italian competitiveness", says **Lorenzo Tavazzi**, Senior Partner and Board Member of TEHA Group. *"Following the success seen in other European countries, strengthening the contribution of institutional investors in Italian venture capital is vital".*

To take advantage of opportunities to create value for the country by promoting the role that venture capital and institutional investors play, **three technical elements**—clarification of investments considered by law (i.e. including shares deliberated and subscribed, even if not yet paid up), risk-mitigation solutions, and structured coordination between the action of relevant players and the VC initiatives of the country's large corporations—and a **cross-cutting enabling factor**—related to raising awareness of the country's investor system—were identified.

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