



BUILDING BETTER FINANCIAL FUTURES
**for our shareholders,
 bondholders and
 fund investors**



“I’m proud to report that ACO 1 is the largest first-time European private market fund closed in 2020 and is among the largest European first-time credit funds ever raised. Raising such a significant pool of discretionary third-party capital in the current environment is a fantastic achievement and means we are well placed to be a leading investor into a large and fast-growing market with an improving returns trend, underpinning our target to manage €10 billion of FUM by 2025.”

Federico Silva
 Head of origination and business development,
 Europa Investimenti

Culture indicator:
 Trust our people



€1.7 billion of capital secured in largest first-time European private market fundraising of 2020

The last 12 months have been transformational for Arrow, as we successfully executed our strategy to transition to a capital-light fund management firm raising our inaugural fund. AGG Capital Management, a wholly owned independent manager, with access to Arrow's servicing, pricing and sourcing model, successfully raised ACO 1, to focus on opportunities in the European NPL market.

Despite clear market and operational challenges caused by the COVID-19 pandemic, we're delighted the Fund received strong support from some of the largest and most sophisticated global investors from diverse sectors and geographies, including the UK, Benelux, Nordics, Italy, Germany, Switzerland, East Coast US, West Coast US, Canada, Australia and Asia. With a final close of €1.7 billion in November 2020, the Fund received commitments from a broad range of investors, including pension funds, insurance companies, sovereign wealth, university endowments and family offices with an average commitment of circa €80 million. We were delighted to be nominated

in the PDI (Private Debt Investor) awards 2020 in the Fundraise of the Year EMEA category.

The Fund marks a watershed moment for Arrow as it marks our entry into the European private credit fund market with one of the largest pools of capital raised in the sector this year, successfully diversifying Arrow's business model, revenue source and client offer. It also reflects our confidence in the European NPL market, which we will maximise by co-investing approximately 25% of the Fund size alongside our investors.

Aiming to drive market leading returns through the economic cycle, the Fund reflects our confidence to grow earnings, increase the contribution from capital-light revenues and servicing operations, and significantly reduce our leverage. At the same time as raising our first Fund with deployment already underway, we're also pleased that our balance sheet and liquidity remains very robust with no bond refinancing until 2024.

"We are thrilled to have worked with Arrow to raise a private fund and ultimately help build a new asset management business. The fact that we have collectively been able to raise a record amount of capital in a challenging fundraising environment is a testament to Arrow's leading platform, long-term vision and demonstrates strong investor appetite for unique and differentiated strategies, like those found in the European NPL market."

Steve Eaton

co-head of EMEA, Eaton Partners

