

Insight

Socially conscious investing ATL Partners, formed by ex-MidOcean execs, keeps its focus on ESG

An important factor in ATL Partners's calculations when it's considering making an investment is addressing climate change, writes **Teddy Grant**.

ATL, formed by ex-MidOcean Partners executive Frank Nash and Paul Teske in 2014, makes deals in the aerospace, transportation and logistics services sector (hence its name). "Our clients are increasingly demanding higher standards for GPs' environmental, social & governance policies," Nash tells *Buyouts*. "We have an ESG officer, whose job is to be as smart as you can be on developments in the sector, particularly as they relate to private equity."

Chris Romano, a business manager at ATL, is the firm's ESG officer. He works closely with portfolio companies' ESG officers to review policies and initiatives. "ESG considerations are taken into account well before we decide to make an investment in a company," Nash says.

For Nash, addressing environmental changes is important. He believes ATL needs to lead by example. "We are driving value for our businesses while at the same time meeting the highest benchmarks in place today for responsible investing."

One example is ATL-backed Rock-it Cargo, a freight-forwarding business in



the music touring, fine art and sports industries. Artists who go on tour through Rock-It are able to buy carbon credits to offset their carbon footprint, Nash says.

New York-based ATL invests at least \$75 million in companies, with a target investment range of \$150 million to \$750 million.

The firm is investing out of its second fund, which launched in 2017, and is backed by major institutional investors from Canada and Latin America. It raised just under \$600 million, Nash says.

"We do transactions that are much larger than a fund our size normally does," Nash says.

Nash and Teske spun ATL out of MidOcean Partners to get more exposure in those sectors. It still maintains a close relationship with MidOcean – the two companies are in the same building – which provides back office support for ATL Partners.

Nash previously worked with the US State Department "negotiating financial, trade and civil aviation agreements on behalf of the US government," according

to ATL's website. He also served as the head of the Global Transportation and Aerospace Group at Bankers Trust/BT Alex, before joining MidOcean as a managing director.

Teske, who also worked at MidOcean as a vice-president, also has experience in the aerospace industry. He was a board observer for Noranco, which supplies precision machined aerospace components and assemblies, according to the site.

Through its second fund, the system has added three companies to its portfolio so far. In addition to Rock-It-Cargo, the company acquired Valence Surface Technologies, the largest independent aerospace surface finishing platform in North America and Pilot Freight Services, a transportation and logistics provider.

“Our clients are increasingly demanding higher standards for GPs’ [ESG] policies”

Frank Nash
ATL Partners

Nash has been interested in the aerospace industry since the 1970s, an industry that has grown in the last few years as more people travel. In June 2019, US scheduled airlines reported flying 76.8 million domestic and international passengers, up 2.5 percent from the same period in 2018, according to the Bureau of Transportation Statistics.

“Companies are growing, businesses are more prosperous and they’re more international,” says Nash, who adds that he’s seen an upward trend in travel in emerging markets. “Air traffic drives everything else in commercial airspace. As long as people are flying, airlines need airplanes, airplanes need maintenance, airports need to be built and upgrade reservation systems have to grow.” ■



“It’s part of our ethos to think about our responsibilities in relation to the way we invest. We think there’s a case to be made on fiduciary grounds, over the long term, for ESG”
Stephen Barrie,
deputy director of ethics, Church of England Pensions Board



“We invest a lot in the US in smaller managers, and when you ask them about ESG, they often ask, ‘What does ESG mean?’”
Maria Sanz Garcia,
managing partner of Munich’s Yielco Investments



Big numbers

Facts and figures from across the private equity universe

2,400

Number of organizations (asset owners and managers) that have signed up for the United Nations’ Principles for Responsible Investment

250

Employee threshold where UK companies are required to publish data on gender pay balance

23%

The percentage of LPs who claim that diversity formed a major part of their due diligence process, according to PE’s LP Perspectives Survey

13%

Partners in PE firms who are women, according to Private Equity Recruitment, an executive search firm

85%

Percentage of investors interested in sustainable investing, up from 71 percent in 2015, according to a Morgan Stanley survey

\$1.7bn

The net inflows for the TIAA-CREF Social Choice Bond Fund (TSBIX) in 2019, according to Morningstar data

\$20.6bn

The amount of total new assets that mutual funds and exchange-traded funds with a focus on sustainability collected in 2019, according to Morningstar