

# New Private Markets

By: Toby Mitchenall  
PUBLISHED: 22 February, 2022

## NEWS & ANALYSIS

# AlbaCore bangs drum for 'carbon-adjusted return' in private markets

The private debt manager will provide quarterly reporting to investors on the carbon footprints of the portfolio as a whole and on a name-by-name basis, it has said.

**P**ivate debt manager AlbaCore Capital Group will start giving investors the option of detailed reporting on portfolio greenhouse gas emissions in the belief that the “carbon-adjusted return” will become an industry standard metric.

AlbaCore describes the initiative as “the first private market solution to provide line-by-line greenhouse gas reporting for a corporate credit portfolio”. The methodology can be applied to any and all of AlbaCore’s current funds depending on investor demand.

“Our aim is to engage more investors on the GHG footprint of their investments, and to consider their portfolios’ carbon-adjusted returns as part of their overall analysis,” said AlbaCore founding partner and chief operating officer Matthew Courey, in a statement seen by New Private Markets. “By offering this type of transparency, we are taking the first step in order to make this possible.”

AlbaCore is a relatively young firm, having been started by a group of former European credit executives from CPP Investments in 2016. It invests in both private and publicly traded debt and has become the 53rd largest private debt manager in the world, according to affiliate title Private Debt Investor.

The firm’s in-house methodology and model allow it to reflect the portfolio’s greenhouse gas footprint “for all scenarios including when public data is not available,” it said. AlbaCore will provide quarterly reporting on the greenhouse gas footprints of the portfolio as a whole and on a name-by-name basis.

“Our view is that the time will come when carbon is priced into risk and therefore accurately modelling the associated footprint is essential,” said David Allen, managing partner and chief investment officer. “We are positioned to be well ahead of this trend and welcome this coming into the mainstream.”

The intention is that AlbaCore will start buying carbon credits through a platform called Abatable to neutralise the parts of the portfolio covered. AlbaCore has already used to Abatable to offset its own operational carbon footprint, the firm said. Abatable’s co-founder Valerio Magliulo described the launch as an “unprecedented investment opportunity that facilitates progress towards a net zero world.”

In a recent panel discussion hosted by Abatable, Courey said: “There is a cost sitting in nearly every position, and it is priced at zero. We are going to have a lot of interesting conversations about the right price for carbon. In my view, the one price that clearly isn’t right is zero.”

“We believe that in the future, the carbon-adjusted return will be a standard metric for private market investors,” said Courey. “We all need to start talking about this.”