# Asset Management Sector

*Sector Update*

## A Sun-Kissed July for Inflows

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Italian Equity Market

- **July posted the best aggregate monthly AuM inflows since the beginning of year.** On aggregate, in July 2024 our panel (Anima, Azimut, Banca Mediolanum, Banca Generali, FinecoBank), generated net inflows to managed assets of €2.9bn vs. €1.1bn in July 2023. YTD, our panel posted inflows of €11.3bn to managed assets, 45% above the €7.8bn recorded in the same period of 2023. Aggregate inflows to assets under custody in July were €306mn, 76% below the €1.3bn figure for July 2023, while YTD, AuC inflows were 28% below the same period of 2023 (€10.5bn YTD vs. €14.6bn in Jan-Jul 2023). The pressure on deposits definitely seems to be softening, with July inflows showing a continuation of the reversal that began in recent months after several months of strong outflows in 2023 and 1Q24. On aggregate, July inflows to deposits were €174mn vs. €118mn last year; YTD deposit outflows slowed to €449mn vs. €3.3bn in Jan-Jul 2023.
- **Managed asset inflows were strong for most players, with BMED and Anima leading the way.** July was a record-breaking month for BMED, with €1bn net inflows into managed assets. The company benefitted from the recurring instalment plans and the shift into AUM of the expiring term deposits gathered during 1H. Anima reported a very strong month propelled by retail and new institutional mandates. Azimut and Fineco also reported good figures showing mixed improvements and strong overall numbers. BGN, with slightly more than €200mn into managed assets, was a bit behind peers. Overall, after strong competition from government bonds, clients now seem more inclined to consider diversification into managed assets, with the preference still skewed towards fixed-income solutions (*see the following pages for details).*
- **Change in inflow estimates**. Positive July trends had largely been flagged by companies during the 2Q reporting season, and we had already made some adjustments to our forecasts. However, following July inflow data, we are again marginally lifting our estimates for FY24 inflows, which foresee a continuation of the improving trends of the last few months. We are raising our AuM inflow estimates on Anima from €200mn to €900mn, on Azimut – which lifted FY24 targets - from €3.5bn to €4.5bn, and on BMED from €6.6bn to €6.9bn, while we are confirming our expectations for Banca Generali and Fineco (€3.0bn and €3.8bn respectively). We expect next month's inflow figures to show a confirmation of a mix improvement in favour of managed products. We confirm our deposit estimates, now projecting ~€800mn of cumulative FY24 outflows (BGN+FBK). We also practically confirm our AuC estimates, simply reducing our inflows estimate for BMED by €0.3bn to €3.6bn after the July outflows, keeping other estimates unchanged.
- **Multiples and investment conclusion.** 2Q results and July net inflows both support our positive stance on the sector. In this context, we confirm our constructive view on BMED, ANIM, AZM and BGN, as valuations remain compelling, with strong cash generation corroborated by high dividend distributions, putting the sector among the most attractive in terms of dividend yields, along with other financial stocks.



**Italian Asset Management - Sector Multiples**

| Company name | Price (Eu) | Mkt Cap (Eu mn) | P/E 2024 | P/E 2025 | P/AuM 2024 | P/AuM 2025 | P/BV 2024 | P/BV 2025 | Yield 2024 | Yield 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Anima | 4.6 | 1,457 | 6.7x | 7.1x | 0.7% | 0.7% | 0.9x | 0.9x | 6.7% | 6.5% |
| Azimut | 20.7 | 3,013 | 6.8x | 6.8x | 3.8% | 3.5% | 1.7x | 1.5x | 7.3% | 7.5% |
| Banca Generali | 37.7 | 4,403 | 10.9x | 11.9x | 7.0% | 6.6% | 3.2x | 3.0x | 6.9% | 6.6% |
| Banca Mediolanum | 10.0 | 7,474 | 8.3x | 8.5x | 7.1% | 6.6% | 1.9x | 1.8x | 7.3% | 7.6% |
| Fineco | 14.6 | 8,902 | 14.5x | 14.9x | 14.1% | 12.9% | 4.0x | 3.8x | 5.0% | 5.0% |
| **Average** | | **5,050** | **9.4x** | **9.8x** | **6.6%** | **6.1%** | **2.3x** | **2.2x** | **6.7%** | **6.7%** |
| **Median** | | **4,403** | **8.3x** | **8.5x** | **7.0%** | **6.6%** | **1.9x** | **1.8x** | **6.9%** | **6.6%** |

Source: Intermonte SIM

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.
Frequency of research: quarterly.
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OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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| | |
|---|---|
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| UNDERPERFORM | 00.83 % |
| SELL: | 00.00 % |

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| | |
|---|---|
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