

Asset Management Sector

Sector Update

March net inflows improving with some one-offs impacting mix

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Italian Equity Market

- **Resilient net inflows in March.** On aggregate, in March 2024 our panel (Anima, Azimut, Banca Mediolanum, Banca Generali, FinecoBank), generated net inflows into managed assets of €1.1bn vs. €605mn in March 2023. In 1Q24, our panel posted inflows of €2.2bn to managed assets, 44% below the €3.9bn recorded in 1Q23. Aggregate inflows to assets under administration in March were €2.5bn, 21% below the €3.2bn figure for March 2023, while in 1Q24, AuC inflows were 15% below 1Q23 (€6.2bn YTD vs. €7.3bn in 1Q23). The focus on deposits continued, bearing in mind that in March the subscription phase of the third issuance of the BTP Valore took place, with March outflows showing a continuation of the trend reversal that began in January after several months of inflows at the end of 2023. On aggregate, March outflows were €441mn vs. outflows of €1.0bn last year; 1Q24 deposit outflows reached €907mn vs. €1.9bn outflows in 1Q23.
- **Inflows to managed assets are still challenged by high short-term interest rates: positive indications from BMED and AZM.** BMED benefits from the structural tailwinds from instalment plans and, for AuC & deposits, from the commercial campaign on new liquidity. AZM, on the other hand, closed various private market funds in the month, sustaining inflows. FBK and BGN were impacted by BTP Valore, and managed inflow acceleration will become more visible if interest rates start to decline. Finally, Anima's headline figures show outflows connected to duplications which have a negligible impact on profitability, while retail inflows trends are encouraging.
- **Change in inflow estimates.** Following March inflows, we are revising our FY24 inflow estimates for our panel. We have revised the Anima estimate from the previous ~€800mn of inflows to ~€600mn of outflows, including the impact from funds underlying funds with negligible impact on profitability. For AZM, we have slightly revised our mix estimate, with €2.4bn of inflows to AuM (vs previous €2.8bn) and €4.0bn to AuC (vs previous €3.5bn). For BMED, we confirm our expectation for ~€4.9bn inflows to AuM while we revise up our expectation for AuC inflows to ~€3.5bn from the previous €2.4bn. For Banca Generali and Fineco, we broadly confirm our expectations; for BGN, AuC inflows at €4.5bn and AuM inflows at €3.0bn; for FBK, AuM inflows at €3.1bn and AuC inflows at €7.8bn.
- **Multiples and investment conclusion.** We remain positive on the sector as valuations are reasonable and positive market trends are expected to sustain profitability. ANIM and BGN are set to benefit from performance fees in 1Q24. Sector stock re-rating will also depend on interest rate movements, but we expect solid delivery in 1Q24 could allow low to mid-single digit earnings upgrades. We confirm our preference for BMED, BGN, AZM and ANIM.

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	4.3	1,412	7.9x	7.5x	0.7%	0.7%	0.9x	0.9x	6.0%	6.2%
Azimut	24.4	3,490	8.5x	8.0x	4.6%	4.3%	1.9x	1.7x	6.2%	6.7%
Banca Generali	36.2	4,232	12.3x	12.1x	6.8%	6.4%	3.2x	3.0x	6.3%	6.4%
Banca Mediolanum	10.1	7,548	9.1x	9.0x	7.5%	7.0%	2.0x	1.9x	7.1%	7.3%
Fineco	14.4	8,820	15.1x	15.4x	14.1%	12.8%	4.1x	3.9x	4.9%	5.0%
Average		5,100	10.6x	10.4x	6.7%	6.2%	2.4x	2.3x	6.1%	6.3%
Median		4,232	9.1x	9.0x	6.8%	6.4%	2.0x	1.9x	6.2%	6.4%

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- 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)

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