Intermonte

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Italian Equity Research – Sector Report

Asset Management Sector

Sector Update

Autumn Sees a Spring in the Inflow Mix

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Italian Equity Market

- **September figures showed a further acceleration of the improvement in the inflow mix.** In September, our panel (Anima, Azimut, Banca Mediolanum, Banca Generali, FinecoBank) generated aggregate net inflows of €2.2bn into AuM vs. €91mn in the same month last year. In 9M24, AuM inflows were up +65% YoY to €15.3bn. Aggregate outflows from assets under custody were €386mn in September, vs €1.2bn inflows in September 2023, while YTD AuC inflows were 40% below the same period of 2023 (€10.3bn in 9M24 vs. €17.0bn in 9M23). A definite end to pressure on deposits, with September posting the best inflows this year, confirming the positive trend of the first two months of 3Q24, after a long period of strong outflows in 2023 and 1Q24. On aggregate, September deposit inflows came to €421mn vs. €317mn outflows in September last year; including September data, YTD deposits turned positive, with overall inflows at €300mn vs. €4.3bn outflows in 9M23.
- **Managed asset inflows booster for Azimut, Fineco and BMED.** September is a seasonally weak month for the industry… but this year it bucked that trend. We think Italian asset gatherers are starting to reap the rewards of a much more supportive rates scenario, resilient financial markets and continuing efforts to increase the client base. Fineco embarked more than 12k new clients in September; BMED is also benefitting from expiring term deposits while a new offer is also helping to bring in new liquidity; Azimut inflows were very strong and benefitted from geographical diversification and recruitment. It was a less buoyant month for Anima, still coping with headwinds from fund of funds outflows (*see the following pages for a detailed analysis).*
- **Change in inflow estimates**. Following September data, we are marginally revising our FY24 inflow expectations. For Azimut, we are rebalancing our estimates between AuM and AuC, taking the first to €5.5bn from €5.0bn while reducing AuC to €2.4bn from the previous €2.9bn, remaining aligned to company guidance. For BMED, in light of AuC outflows in July, August, and September, we are revising down our FY24 AuC inflow forecast to €2.5bn from the previous €3.6bn. After a very positive mix for Fineco in September, we are revising AuM inflow estimates up to €4.0bn from €3.8bn, while reducing our expectations for AuC inflows to €5.5bn from €6.5bn. In terms of deposits, considering three consecutive months of inflows, we now project FY24 total inflows at €100mn from previous outflows of €500m.
- **Multiples and investment conclusion.** Our expectations of a fast recovery for managed asset inflows once interest rates started to decline is supported by net inflow trends in recent months. We expect a good 4Q for inflows to sustain our positive view on the sector. We still flag up BMED as a very interesting equity story in the sector despite the positive performance. Anima is cheap, and stronger inflow trends would enable a re-rating. The Azimut equity story depends heavily on restructuring in Italy at this stage. Fineco looks well positioned to deliver strong inflows to managed assets.

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	5.4	1,739	8.0x	8.4x	0.9%	0.9%	1.1x	1.1x	5.6%	5.5%
Azimut	22.7	3,298	7.6x	7.5x	4.1%	3.8%	1.8x	1.6x	6.6%	6.7%
Banca Generali*	40.9	4,779	11.8x	12.9x	7.6%	7.2%	3.4x	3.3x	6.3%	6.1%
Banca Mediolanum	11.2	8,347	9.1x	9.3x	7.8%	7.3%	2.2x	2.0x	6.6%	6.8%
Fineco	14.7	9,003	14.6x	15.1x	14.3%	13.1%	4.1x	3.9x	5.0%	5.0%
Average		**5,433**	**10.2x**	**10.7x**	**6.9%**	**6.4%**	**2.5x**	**2.4x**	**6.0%**	**6.0%**
Median		**4,779**	**9.1x**	**9.3x**	**7.6%**	**7.2%**	**2.2x**	**2.0x**	**6.3%**	**6.1%**

** Not Covered*
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)

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Frequency of research: quarterly.
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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;
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Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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UNDERPERFORM	00.00 %
SELL:	00.00 %

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