



Andrea Crovetto

FINTECH

Who's who among the digital players



Paolo Molesini

PRIVATE BANKING

The league table by growth speed



Gianemilio Usculati

ASSET MANAGEMENT

How to beat the zero-interest risk

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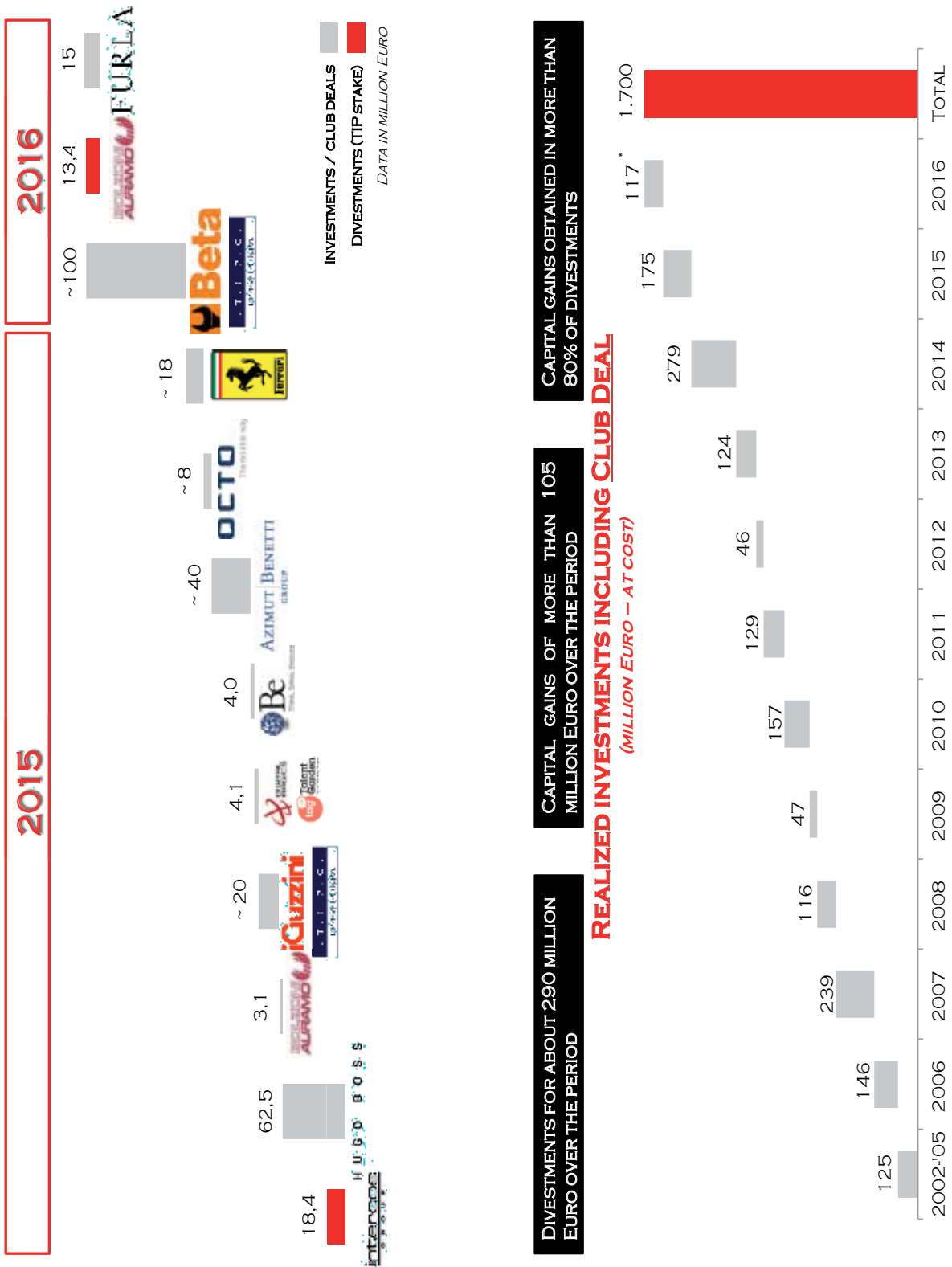
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Luisa Todini and Francesco
Caio, chairwoman and
CEO of Poste Italiane, the
largest financial player and
leader in online payments

NEXT DIGITAL FINANCE FRONTIER

IN PRIVATE BANKING, ASSET MANAGEMENT
AND MOBILE PAYMENTS

DYNAMISM



CAPITAL GAINS OBTAINED IN MORE THAN 80% OF DIVESTMENTS

CAPITAL GAINS OF MORE THAN 105 MILLION EURO OVER THE PERIOD

DIVESTMENTS FOR ABOUT 290 MILLION EURO OVER THE PERIOD

REALIZED INVESTMENTS INCLUDING CLUB DEAL (MILLION EURO - AT COST)

* INCLUDING THE INVESTMENT IN FURLA ANNOUNCED ON MAY 2, 2016



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Key players in the fintech business

Honor to the Winners of the M&A Awards

The jury assigned the merits for deals completed in 2015 to Yoox, Jakala, Interpump, Chem China and G-Tech



The Italian champion of e-commerce, Yoox, Seri Jakala, an internet company, Interpump, a global leader in the pumps industry, Chem China, for its investment in Pirelli, and Gtech, another global leader in the gaming business, were awarded last April at the XII edition of the M&A Awards, an initiative of KPMG, Fineurop Soditic and Class Editori (the publisher of Lombard), under the patronage of Aifi, the Italian Association of Private Equity and Venture Capital, and the Bocconi University in Milan. The basic idea for the awards is to give value to the M&A deals that help raise the competitiveness of the Italian industrial economy. M&A awards are organized in three categories: the best M&A deal of an Italian company on the international



markets, the best acquisition of a foreign investor in the Italian market and the best domestic deal. The short list of this last category included Giochi Preziosi for the acquisition of Bimbo Store, and Interpump for the acquisition of Walvoil. As for the Italia acquisition abroad, the jury chaired by Roger



Roger Abravanel, chairman of the jury, Eugenio Morpurgo (left), CEO of Fineurop Soditic and, on the other page, Giuseppe Latorre, managing partner of KPMG Corporate Finance. Above the public of professionals attending the ceremony held in Milan

Abravanel, a McKinsey emeritus, chose De Nora for the acquisition of Sevent Trent and IMA for the takeover of the German group Oystar. Also Dufry was nominated in the category of the best foreign deal in Italy due to the acquisition of World Duty Free (group Autogrill). The characteristics of the deals awarded as winners of this edition, mentioned above, are published on the next page. The 19-member jury, chaired by Roger Abravanel, McKinsey emeritus and essayist, selected, among a couple of dozen of operations, the most outstanding deals of 2015 in terms of entrepreneurial courage, growth, vision, value creation and industrial innovation (product, distribution, technology).

From left: Vincenzo Mussetto, Stefano Pedron and Matteo de Brabant, respectively, the chairman, the CEO and the deputy chairman of Seri Jakala awarded for the acquisition of Value Lab, the best domestic deal



Fulvio Montipò is the founder and CEO of Interpump, the €1 bn company awarded as serial acquirer. He managed 40 deals in 20 years



Stefano Fedeli of Pirelli collected the award for China Chem

Enrico Cavatorta, CFO of Yoox, and Silvia Scagnelli, head of Corporate Communications. Yoox-Net-a-Porter was awarded as the financial deal of the year



Fabio Cairoli, CEO of GTech Italy, and Paolo Ceretti, board member and CEO of DeA Capital, the holding company of GTech



Classeditori

KPMG

FINEUROP
SODITIC

AIFI

Università Commerciale
Luigi Bocconi

THE JURY

Roger Abravanel,
Chairman, McKinsey
emeritus and essayist

Gabriele Capolino,
Associated Publisher,
Milano Finanza

Gabriele Cappellini,
CEO Fondo Italiano
d'Investimento

Stefano Caselli,
Deputy Dean, Bocconi
University

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Founding partner, Partners

Matteo Tiraboschi,
Exec. vice-president, Brembo

Margherita Zambon,
Chairman, Zambon Group

Enrico Wallner,
CFO, Coesia

The winners of the twelfth edition

FOREIGN ACQUIRORS IN ITALY

- **Bidder:** ChemChina Corporation
- **Target:** Pirelli Group
- **Seller:** Camfin
- **Sector:** Tire manufacturing
- **Stake:** 100%
- **Price:** €7,285 mn
- **Closing date:** November 2015
- **Bidder rationale:** integration of the tire activities in the ChemChina group, in particular in the truck segment and acquisition of the Italian technology
- **Seller rationale:** strenghten brand penetration in the largest automotive world market, maintaining continuity and independence of the Group's management structure led by Marco Tronchetti Provera



Marco Tronchetti Provera

ITALIAN ACQUIRORS ABROAD

- **Bidder:** Gtech
- **Target:** International Game Technology
- **Seller:** Private investors
- **Sector:** entertainment
- **Stake:** 100%
- **Price:** €3,410 mn
- **Closing date:** April 2015
- **Bidder rationale:** creation of a global leader in the gaming business, with the listing of the newco on the NYSE



Paolo Ceretti

Under the terms of the deal, the two companies will be merged in a NewCo. Each share in GTech was swapped for one share in IGT,

while shareholders in IGT were given both cash and shares in the NewCo based on an established exchange rate. DeAgostini and its subsidiary DeA Partecipazioni – which had a 59% stake in GTech – drew up an agreement with IGT stating that existing IGT and GTech shareholders were respectively in possession of approximately 20% and 80% of the ordinary shares in the NewCo that was created. Consequently, DeAgostini has 47% of the ordinary shares in the NewCo, which is listed on the NYSE. The deal has resulted in the creation of a leading international player in gaming and slot machines.

FINANCE FOR GROWTH

- **Bidder:** Interpump
- **Target:** Walvoil
- **Seller:** founding families
- **Sector:** mechanical
- **Stake:** 100%
- **Value (EV):** €117 mn
- **Closing date:** January 2015
- **Bidder rationale:** international synergies in the Oil&Gas business, market share growth in distribution and agriculture



Fulvio Montipò

The Interpump Group operates under a number of brand names in two production sectors: Oil and Water. It has a market share of over 50% in these fields thanks to its proprietary technologies for high and ultra-high pressure pumps, which are used in the mining industry, the oil and gas world, in offshore facilities and for cleaning large systems, cutting concrete and many other industrial purposes.

ITALIAN ACQUIRORS IN ITALY

- **Bidder:** Seri Jakala
- **Target:** Value Lab
- **Seller:** Private investors
- **Sector:** marketing services and digital solutions
- **Stake:** 60%
- **Price:** € 20 mn
- **Closing date:** November 2015
- **Bidder rationale:** creation of an international group in the advisory, analytics and services in the e-commerce sales&marketing. The new group is already a leader in Italy and among the top European players.



Vincenzo Mussetto

DEAL OF THE YEAR

- **Bidder:** Yoox
- **Target:** The Net-A-Porter Group
- **Sellers:** Compagnie Financière Richemont
- **Sector:** consumer (on-line retail)
- **Stake:** 50%
- **Price:** € 1,840 mn
- **Closing date:** 5 October 2015
- **Bidder rationale:** making a global leader in the on-line retail of luxury fashion



Federico Marchetti

The deal, conceived and managed by Federico Marchetti, the founder and CEO of Yoox, was a reverse take over since the target company's revenues were nearly double those of the acquirer, or € 900 mn for Net-a-Porter and € 524 mn for Yoox.

FINEUROP SODITIC

Your advisor in Corporate Finance

Columbi&C

Aksia group
acquired 100% stake of
LameplastGroup
Euro 23,500,000
acquisition financing
and ancillary facilities

MPS CARIPARMA
BPER Banca
GT Capital Interbank

FINEUROP SODITIC acted as sole debt adviser to the Borrower
April 2016

Funds advised by
PERMIRA
acquired
RCAPLANET
1 supermercato per animal
from
MOTION EQUITY PARTNERS
Investing in progress

FINEUROP SODITIC acted as financial adviser to the Acquirer
April 2016

wise sgr
wisequity funds
together with
Management and Private Investors
acquired
CONTROLSGROUP
FINEUROP SODITIC acted as sole financial adviser to the Acquirers
February 2016

Alcedo sgr
together with
Founding Shareholders
acquired 100% of
EX
ENGINEERING FOR ARCHITECTURE

FINEUROP SODITIC acted as sole financial adviser to the Acquirers
February 2016

ARDIAN
acquired
F2A FIS ANTEX
THE RIGHT FORMULA FOR YOUR BUSINESS
from
ARGOS SODITIC
Capital for your future

FINEUROP SODITIC acted as exclusive financial adviser to the Acquirer
February 2016

Aksia group
acquired
contacta TORINO
and
VISIANIT
IT's future.
FINEUROP SODITIC acted as financial adviser to the Acquirer
December 2015

facile.it
RISPARMIARE È FACILE
owned by
Oakley Capital
Private Equity
together with Founders and Management
Euro 35,000,000
MLT and ancillary facilities
CARIPARMA
CREDIT AGRICOLE

FINEUROP SODITIC acted as exclusive financial adviser to the Borrower
June 2015

CEVA
owned by
APOLLO
PE firm listed on NYSE
sold 100% of
SITAM
to
GROUP

FINEUROP SODITIC acted as exclusive financial adviser to the Seller
April 2015

SUMMIT PARTNERS
alongside with
UAM INVESTMENTS and **Alef4**
acquired a majority stake of
DENTALPRO
CENTRI DENTISTICI PROFESSIONALI
Euro 21,000,000
acquisition financing and ancillary facilities
BPM BANCA POPOLARE DI MILANO
CARIPARMA CREDIT AGRICOLE

FINEUROP SODITIC acted as exclusive financial adviser
April 2015

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Gianemilio Osculati has been a senior partner for McKinsey, CEO at Deutsche Bank Italia and head of asset management business for Intesa Sanpaolo

Zero-interest risk for the asset management

The five very first things to be done rather urgently to prevent the effects of the negative yields of no-risk investments on family savings and on the operators, according to one of most aware bankers and advisors

—by Gianemilio Osculati

Problems are quietly but quickly emerging in what was previously the banking industry's last bastion of business with good profit margins. The traditional model for the management of clients' assets has entered an almost irreversible downward spiral and it needs to be replaced with an approach that is more in keeping with the times. For many years, the basic idea when creating a portfolio for clients was to get the right balance between stocks and bonds to match each investor's appetite for returns and risk tolerance. The final goal of the process was to get positive predicted average returns while striving to keep volatility under control. Even in its more dynamic forms, the method based on balance between equity and debt met with the unanimous approval of scholars in recent decades. However, it has come to the point where it is no longer feasible. The returns from bonds, and government bonds in particular, are very low and even negative in many cases. Meanwhile, shares are very expensive and volatile. The prices are not yet taking into account the danger of a secular stagnation trend on the one hand and a substantial increase in interest rates on the other. Nonetheless, all of the indicators show that in developed countries the impact of company profits is at the high point of the cycle. No matter how hard you try to balance stocks and bonds in any portfolio, when these are the ingredients in the mix the prospects for the results are bound to be negative in terms of returns, volatility or both.

This is all bad news for investors. The negative yields are an extremely powerful new form of taxation for investors (at a rate of over 100%) and they mark the start of a stealthy but immense transfer of value from investors to the public sector and borrowing companies. Artificial rates like those currently found in the Italian public debt market are behind a transfer of value away from investors that is approaching €100 bn a year in the public sector alone. No help is forthcoming from shares, which are the other traditional component in a portfolio. Even if we leave aside for a moment the potential returns on investments made in

a global situation where we are still very close to market highs in share indices and record lows in the term structure of interest rates, the volatility of the trends in the markets makes the instruments essentially inaccessible.

In these totally unprecedented circumstances, that have been in existence for some time now, what are the main players in the market doing? They can hardly be said to be negotiating the conditions smoothly. Investors continue to invest, but since they are unable to create interesting portfolios by themselves when the rates are close to zero or even negative, they think that the answer is to leave the problem in the hands of asset managers. A small but growing number are turning to financial advisors, who take a slightly more aggressive approach. In both cases, the investors are burdening themselves with passive fees. Years ago, a 1% management fee would account for approximately 10% of the expected gross returns of a portfolio. Today it may add up to more than 100%. Investors who turn to financial advisors pay higher passive fees than they would in banks. Meanwhile, the authorities charged with supervising asset management seem happy to have prohibited all activities involving any kind of risk so that they do not have to accept any responsibility. People with a good working knowledge of asset management might want to create a low-risk portfolio at a bank (where on the whole the costs are low) and a more aggressive one with a more specialized broker, but they would not be able to do so because MiFID would not allow the second broker to accept the job.

Preventing people from getting positive returns in the current situation is not the only helpful contribution made by the authorities. They have stated that the fees charged by asset managers must be based on the underlying risk, despite the fact that it is the clients that are taking the risk and not the managers! There is a clear conflict of interest: getting clients to switch from an aggressive portfolio to a prudent one in order to cater to a changing market situation would have huge costs both for the figures advising the clients and for

The yields of some of the main government bonds by duration

Country	2Y	3Y	5Y	7Y	10Y	15Y	30Y
Switzerland	-1.008	-1.007	-0.889	-0.734	-0.461	-0.211	0.077
Germany	-0.542	-0.556	-0.413	-0.290	0.062	0.169	0.686
France	-0.445	-0.401	-0.198	-0.012	0.420	0.794	1.288
Ireland	-0.396	-0.330	-0.082	0.295	0.757	1.133	1.652
Japan	-0.260	-0.241	-0.228	-0.238	-0.130	0.020	0.294
Spain	-0.109	-0.009	0.443	0.718	1.428	1.832	2.607
Italy	-0.067	-0.024	0.403	0.806	1.406	1.751	2.468
UK	0.382	0.532	0.767	1.048	1.266	1.810	2.105
Portugal	0.471	1.058	1.851	2.344	3.079	3.527	4.035
Canada	0.520	0.504	0.625	0.880	1.203	-	1.868
Unites States	0.783	0.936	1.229	1.504	1.707	-	2.525

Source Bloomberg as of 8 June 2016

the asset managers behind the products, because it would lead to plummeting fees for both of them. Furthermore, the younger generations have 30 to 40 years ahead of them, so it is logical for them to risk short-term volatility in order to boost their long-term returns. However, nobody will ever contemplate pointing them in the right direction: they are not competent in the eyes of MiFID, so they are condemned to endure unprofitable products. It is plainly absurd. All of these factors are coming together and making the country poorer. Upstream asset managers and brokers appear to be paying no heed to what is happening. In branches, know-how is limited and the asset management products are the same as ever. The branches are well aware that they cannot create portfolios that are even slightly profitable in the current situation, so they pass on the problem to asset managers by recommending their products. Meanwhile, the asset managers keep on bashing their heads against the constraints that have been imposed on them and ardently continue to decide what proportion of shares and fixed-income assets to include in products, hoping that the markets will quickly go back to how they were, which is not going to happen. How can we get through this? Are we really all condemned to poverty in the medium term? No, for some action can be taken. Here are the very first things, to be done urgently:

- 1 It is absolutely crucial for managers to have significant personal investments in the products that they manage. Perhaps it is asking too much, but it is a source of great dissatisfaction for people today to know that those managing their money are not running the same risks and prefer to make very different investments. Private equity and hedge funds have already shown the way forward: their managers have to invest personally in the funds that they manage. All that needs to be done is imitate them.
- 2 It is also necessary for asset management companies that offer a vast range of products to clients to pledge to

invest part of their own capital in them. Once again in this case the private equity and hedge fund industry has set an example: private equity partnerships invest a significant proportion of their assets in their own products.

- 3 Consob must allow products to be created for younger people (up to the age of 45-50) with a much higher risk level than the MiFID profile, as long as the necessary measures are taken to safeguard them. It is not always true that experts can take risks and non-experts must not: that would condemn

90% to 95% of the population to poverty. What are advisory services for if not to cover these aspects and fill the knowledge gap? Generally speaking, younger people can afford to take bigger risks, as long as they are given good advice and their portfolios are highly diversified.

- 4 The destructive association between greater risks and higher management fees must be abandoned as soon as possible because it creates a huge conflict of interest, as stated above. The asset management industry needs to be roused and asked for an abundance of

centralized, dynamic asset allocation products in which changes to the mix bring no alterations to the fees of asset managers and brokers. The alternative approach of paid advisory services is very popular with the supervisory bodies and there are noble reasons behind it, but at the end of the day it offers little transparency: it is impossible to tell which advisory service is best because comparisons cannot be made, since the performance of each portfolio is a story of its own.

- 5 Finally, asset managers and distribution networks must be allowed to create and sell profitable products. Clients who want positive returns today must accept that their investments will have a lower degree of marketability or accept a credit risk, albeit one that can be diversified. The current regulators seem to be strongly against both of these ideas, but a stance like that will make us poor.

«The younger generations have 30 to 40 years ahead of them, so it is logical for them to risk short-term volatility in order to boost their long-term returns»

The negative yields are an extremely powerful new form of taxation for investors

Digitization is our secret weapon

Two year after his appointment at the helm of the **largest** financial operator in Italy, the chief of **Poste Italiane** explains why the market position of the company is unique and very strong, the next leap into the **asset management** arena and the strategic **issues** for his management which counts one of the smartest **team** at European level. So far the **performance** is...

by Ettore Mazzotti

It is not a bank, an insurance company or an asset management firm. It is a hybrid of all three, with some strategic advantages that traditional operators do not have. They include the rapidly evolving logistics business and Italy's most widespread network, with more than 14,000 touch points and thousands of delivery workers going door to door. It is a giant of Italian finance that handles almost €500 bn in Italian family savings, while a similar amount passes through its online payment platform every year, so it is no surprise that two years ago Italy's most digital-oriented manager arrived to take the helm. Francesco Caio has been the CEO of Poste Italiane since 9 May 2014. He has had an impressive career that started at Olivetti, the groundbreaking Italian IT company that played a crucial part in the history of the computer industry. He then went to McKinsey before moving to Omnitel in the early days of mobile telephony in Italy. He served as the CEO of the



Francesco Caio, 58, has been the CEO of Poste Italiane since May 2014

company, which is now known as Vodafone Italia. Subsequently, he migrated to the UK, where he led Cable & Wireless for 3 years and advised the British government on telephony-related issues. After heading for 5 years Lehman Brothers Europe and Nomura, which acquired the European business of the US investment bank after the default in 2008, Caio was the head of Avio Aero, successfully overseeing the sale of the company to General Electric in a €3 bn deal. Through the Ministry of Economy, the Italian government asked him in 2014 to use all of this experience to take on one of the toughest challenges around: the privatization of Poste Italiane. It is a financial colossus but it stands on shaky ground, especially in its traditional mail

«We are in a strategic position because we can draw on our history of trust and proximity to families»

and parcels business, which continues to lose hundreds of millions every year. However, this is more than counterbalanced by the profits from its financial services, especially insurance. Caio managed to grab the attention of investors with a road show that for the first time went

to the big capitals of international finance with a brand that is unknown abroad and rather anomalous in many respects but has interesting potential for development through the digitization of its services both on the financial front and in the logistics business thanks to the e-commerce boom. The sale of 35% of the shares in an IPO led by prestigious names in international investment banking brought more than €3.3 bn into the coffers of the Italian treasury. The price per share was €6.75, which gave the company a book value of € 8,8 bn, or 10x the EBIT at the year-end. Six months later, when the results were presented for the first quarter of 2016 (the second year of a five-year plan that will take the company to 2020), the share price was back to the same

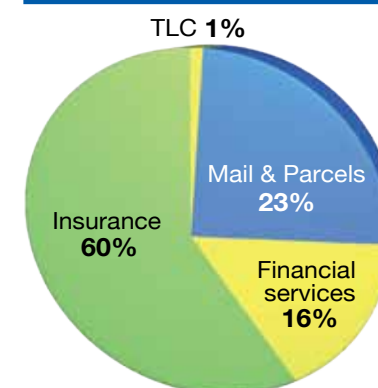
Poste Italiane shares are actually the cheapest among the company's European peers and also the most rentable, since the management has committed to distributing around 80% of consolidated net profits in the next two years

The cheapest among the comparable in Europe

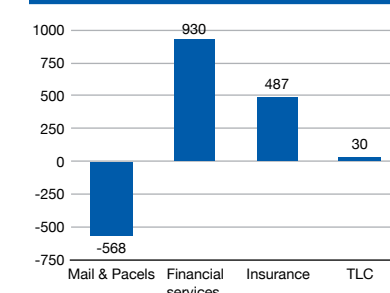
Company	Mrk Cap*	Adj Pe 2016x	div yield 2016 (%)
Deutsche Post	31.3	12.7	4.3
Poste Italiane*	8.6	9.4	6.0
Royal Mail	5.0	13.5	4.8
Bpost	4.9	15.3	5.7
Austrian Post	2.2	15.6	5.9
Correios Portugal	1.2	16.1	5.2

Source: Equita Sim, at 12/5/2016

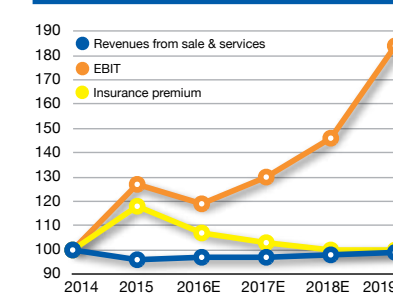
Breakdown of revenues



Breakdown of EBIT by division



Revenues and Margins



Despite the negative impact of Ebit in mail services, due to the large provisions for employees in excess, around €400 mn or so in 2015, the analysts forecast, at a consolidated level, a margin above € 1 bn by the end of the 5-years plan, or double the actual amount

level after reaching a low of €5.10 in February 2016. Nonetheless, the first quarter results surprised analysts, whose consensus had been much more prudent. There was double-digit growth in the main indicators, which can be summed up as follows: revenues up by 14% on the previous year to €9.7 bn, EBIT up by 16% to €562 mn and net profit up by 18% to €367 mn. These figures were accompanied by robust cash flow and a positive net financial position on the industrial side. The backbone of the company is the asset management and insurance business, which saw an increase in both revenues (+20%) and operating profit (+11%). Meanwhile, the most positive figure for the logistics side (mail and parcels) was a 43% increase in operating profit. These are truly remarkable results in a financial sphere with constantly decreasing margins and they are only partly overshadowed by the

THE TEAMMATES

The key figures on Caio's team, in order of seniority, professional accomplishments and responsibility in the development and transformation plan at Poste Italiane are Luisa Todini, Maria Bianca Farina, Luigi Ferraris and Bruno Siracusano. The only one left from the previous management is Farina. A few weeks ago, 53-year-old Massimo Rosini joined the team. He was previously the CEO of Ilva and before that he served as the COO of Indesit, guiding the sale of the company to Whirlpool. In April this year he became the head of the Mail, Communication and Logistics area, which is one of the most delicate roles not only because of its impact on costs but also because the achievement of the goals in the 2020 plan will depend to a large extent on it being successfully overhauled.



LUISA TODINI
THE CHAIRWOMAN

Born in Perugia in 1966, graduated in Law, in 1985 she joined the family-owned business, Todini Costruzioni Generali, one of the top ten main contractors in Italy, first running the Human Resources Department, then heading the Legal Department, and, when her father suddenly disappeared, she became the CEO. In 2010 she managed to sale the majority of the company to Salini-Impregilo, number one in the market, becoming a minority shareholder of the new group, sitting in the board. Currently she is a majority shareholder of Todini Finanziaria, Domus Etruria and Ecos Energia (wine, catering and accommodations, agriculture, real estate, renewables and energy efficiency) and a member of the Supervisory Board of Rothschild & Co, Co-chairman of the Italian and Russian Civil Society Dialogue Forum and member of the General Council of Confindustria (Italian employers' main association). In the past, she was also President of FIEC (European Construction Industry Federation) from 2010 to 2012. She has been President of Poste Italiane Spa since May 2, 2014 and Chairman of the new Foundation Poste Insieme, a charity, since April 2015.

«Poste Italiane will invest € 3 bn in the next 5 years in innovation, mostly in upgrading its employees»

MARCO SIRACUSANO
CEO, BANCOPOSTA

Siracusano, 54, is a Neapolitan with a Law degree from the University of Naples. It was somewhat of a homecoming for him when Caio made him the head of BancoPosta in early 2015, as he was the organization's marketing director from 1999 to 2007. That came after a career in commercial banking that began at Citibank Italia in 1987 and continued at Banco Ambrosiano Veneto, where he was the Head of Channel Development & Marketing until 1997. He then became the Business Manager for South-East Europe at Europay International (now MasterCard Europe). In 2007 he joined the UniCredit Group, where he was the Country Manager for Italy at the Consumer Financing Bank division until 2009. From then until his return to Banco Poste as the CEO, he was the marketing director for private clients at Intesa Sanpaolo. He is a member of the boards of Assicura, Moneta, SIA and Banca Monte Parma. He is also a member of MasterCard Europe's Advisory Board.



LUIGI FERRARIS
CFO, POSTE ITALIANE

54-year-old Luigi Ferraris joined Poste Italiane just over a year ago after an exceptional career that started at Price Waterhouse and continued at companies with a strong international focus: Agusta, Piaggio, Sasib Beverage and the Finmeccanica group firm Eltag Bailey, which is listed on the NYSE. In 1999 he joined Enel as the head of Planning, Control and Administration of the Infrastructure and Networks and Market Divisions and the Group Controller. He went on to become CFO and chairman of Enel Green Power, Enel Servizi and Enel Factor and a board member of Endesa and Enel Investment Holding BV. As the top financial figure, he played a leading role in the deals put together as part of the group's international strategy, including the initial public offer on the Moscow stock exchange for shares in Enel's subsidiary OGC-5, the acquisition of Endesa, including Acciona's stake, for the record amount of €43 bn, and the listing of Enel Green Power in 2010. One of his greatest personal accomplishments is getting the Italian debt market moving again after the sovereign debt crisis in 2011, with issues of Enel bonds in July and October of that year worth a total of €4 bn. They were the first issues since the market had ground to a halt.

«The minimum payout in 2016 and 2017 will be equal to 80% of consolidated net profits and dividend policies will be generous and sustainable»

MARIA BIANCA FARINA
CEO POSTE VITA E POSTE ASSICURA

One of a very small number of female managers with big responsibilities in the insurance industry promoted and then oversaw Poste Italiane's growth in the insurance industry with Poste Vita, playing a big part in its extraordinary performance. In just a few years it established itself as one of the market leaders, with sales that have made it a permanent fixture in the top three Italian groups. Farina then expanded into accident insurance with Poste Assicura, which is also performing exceptionally well. In December she became the first female president of the Italian Association of Insurance Companies (Ania). Farina, 75, still has to negotiate the delicate process of taking Poste Italiane into the particularly difficult and competitive world of asset management. As part of the efforts to venture into the new area of business, last year Poste Italiane bought a 10% stake in Anima. It may later be followed by the acquisition of a majority stake. Farina's career in the world of insurance began at the tender age of 22 in 1963, when she joined INA, which was still a state-owned enterprise at the time. She climbed the ladder and by the early 2000s she had become head of administration and finance, having made an important contribution to INA's transformation into a joint-stock company and its subsequent privatization. Although she was asked to stay on after INA was bought by Generali, she opted to move to Poste's recently launched Poste Vita, initially as the general manager and then from 2007 as the CEO.



«Our main focus has been on simple products that meet the need for both savings and protection»

shortcomings in the logistics business, where in the first quarter the operating costs of €2.1 bn (with €1.4 bn in staffing costs accounting for a large proportion of this) once again outweighed the revenues, which were down by 5% to €936 mn. Equita SIM is the broker (and investment banker) that gets the most attention from big foreign investors. Even though it did not have access to these figures, it was able to pick up on the positive trend started by Caio's management and it astonished the market with a report published at the end of March in which it gave the shares a target price of €8.40, which was 25% higher than their trading price. Was Equita being too optimistic? To get a better idea, in this interview Lombard talked to Caio about the meaning and the direction of the digital revolution that is destined to sweep through the business model of Poste Italiane. Indeed it will affect all financial brokers,

but Poste Italiane is unique in that it has a network of customers and touch points like no other in the financial industry, which will allow it to maximize the impact on costs and revenues of a digitization drive encompassing aspects such as mobile services. Here is what he had to say.

Lombard: How far have the changes at Poste Italiane come since you took over at the helm?

Caio: The change that we want to make today is to focus the company's attention on serving a changing country. That means taking our core business areas of logistics, payments and savings – all three of which are growing – and shaping their development to suit the needs of families and the customer base.

L. What does that mean in concrete terms?

C. For example, in the savings sector, where we have accumulated a constantly growing amount in current accounts, postal savings accounts and insurance that currently stands at €486 bn, we have been encouraged to expand our operations into the world of asset management. It will be a long, far-reaching change and it will be very tough because of the clash of the old and the new, but these things are inevitable.

L. A year ago, you bought a 10% stake in Anima, which is one of Italy's biggest asset managers, you said that it was a step towards catering to the need to finance the real economy with savings. How is that idea progressing?

C. Our objective is to satisfy the demand from families for returns on their



Giovanni Razzoli

Testimonial/Giovanni Razzoli

Giovanni Razzoli is the analyst who follows Poste Italiane for Equita SIM. He went against the consensus in March with a target price in his first report (which was updated in May after the publication of the results for the first quarter) that surprised many people.

Question: You set a target price that was 25% higher than the trading price, which was at the IPO level. Where does the upside come from?

Answer: From the good results of the three divisions, which continued in the first quarter of this year, and the predictions for growth (albeit in low single digits) at least until 2019, in accordance with the target in the five-year plan.

Q. Nonetheless, although it is comfortably counterbalanced by the returns from financial services and insurance & asset management, the mail business is still making heavy losses in the hundreds of millions.

A. Yes, but structurally it is already well above the break-even point even in mail, as the figures from the end of March show: there was an 18% increase in EBIT, which accounted for 8% of revenues. That said, in the fourth quarter of 2016 it will have to allocate approximately €400 mn for staff reductions of around 20,000, so it will be back in the red again like in 2015.

Q. When is it expected to reach a genuine break-even point?

A. In 2018, but in the meantime the volumes and earning power of the business are growing because it is more and more associated with the corporate world and parcel deliveries, with the e-commerce boom playing its part. The excess production capacity in the mail sector can be used to launch new businesses, taking advantage of the digitization of the service.

Q. What sort of potential lies in financial services, which are concentrated in BancoPosta?

A. In the first quarter, BancoPosta accumulated another €3 bn, giving it 6% growth. An equivalent amount was lost by one large bank and several medium ones.

Q. How did the company pull it off?

A. By exploiting the confidence-inspiring, reliable reputation enjoyed by the Post Office brand in the mass market, which is worried about the banking crisis. The Post Office is deemed to be synonymous with the State and therefore in no danger of defaulting.

Q. All the same, couldn't the zero-rates market affect growth and profitability?

A. There is no risks of liquidity issues for Poste Italiane because at any time it can refinance its portfolio with the ECB at a rate of zero. At the same time, the securities in its portfolio, consisting almost entirely of govies, were bought when the market was suffering the most. Consequently, there are hidden reserves of at least €5 bn in the portfolio, which is also still generating returns of nearly 3%.

Q. What developments do you expect on the insurance front?

A. Sales of policies were up by 24% to more than €6 bn (a few points higher than my forecasts), so visibility of business generation and profitability will remain high in the next few years even though interest rates will remain low in the long term. After all, the average yield of 4% on the portfolio (mostly invested in govies) will be well above the average guaranteed minimum (1%).

Q. Where do you see the greatest potential?

A. In consumer lending, where the cross-selling potential is huge. Poste Italiane currently has approximately €200 mn in mortgages. It would be very easy to reach 10 times that figure thanks to the strength of the network throughout the country and the possibility of profiling 30 mn customers.



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POSTE ITALIANE FORECAST HIGHLIGHTS

€ mn	2014	2015	2016E	2017E	2018E	2019E
Revenues from sale & services	9,150	8,810	8,841	8,894	8,945	9,094
change	-5%	-4%	0%	1%	1%	2%
Insurance premium	15,472	18,197	16,500	16,000	15,500	15,500
change	17%	18%	-9%	-3%	-3%	0%
Trading income	382	428	350	350	350	350
Total revenues	28,512	30,739	28,959	28,596	28,121	28,276
change	9%	8%	-6%	-1%	-2%	1%
Staff costs	-6,229	-6,151	-6,128	-6,077	-5,998	-5,891
change	4%	-1%	0%	-1%	-1%	-2%
Total costs	-27,821	-29,859	-28,135	-27,700	-27,114	-27,002
change	12%	7%	-6%	-2%	-2%	0%
EBIT	691	880	824	896	1,006	1,274
change	-51%	27%	-6%	9%	12%	27%
Net income	212	552	534	583	657	838
change	-79%	160%	-3%	9%	13%	28%
Adj net income	592	795	765	814	888	1,069
change	2%	3%	3%	3%	3%	4%

Source: Equita Sim as of May 2016

investments. Investors in Italy and elsewhere are facing a new frontier: inflation stands at zero and returns are no longer available from government bonds. Therefore, we need to satisfy demand by offering returns and turning investments to account.

L. It is a fairly common situation: how do you plan to stand out?

C. We are in a strategically unique position because we can draw on our history of trust and proximity to families. We can guide them and give transparent explanations of the new risk/reward mechanism, as people who are used to investing in bonds are not familiar with it.

L. Does it mean aiming to transfer funds into the asset management sphere?

C. Yes, it is a mission that plays a key part in our development plan, which espouses new economies and presents a great opportunity to create value. We must go about it by explaining the shift in two different ways.

L. Could you explain?

C. With families, we need to use comprehensible language to guide them transparently towards asset management.

At the same time, we have to explain to investors how we will make the most of the innovation in the field, with the very clear objective of taking private banking to the mass market.

L. For a digital expert like you, how is the approach to the real risk profile of investors changed by new technology, ranging from FinTech to online payment systems and big data analytics?

C. Everything is changing. Transaction costs are constantly falling, so it is necessary to have very lucid and clear ideas about which type of service to provide and how. Poste Italiane's historical competitive standing makes us like a kind of Facebook or Google with legs: an intermediary between the mass market and asset management circles that deals with the complexities of technology in-house in order to make life as simple as possible for investors.

L. What impact has this change had on the structure of the company?

C. There is a rapidly growing trend among all bands of customers – from the young to the old – of using smartphones for postal service transactions,

from payments to using current accounts. This shift into the digital realm is helping to free up human resources in post offices, so they can be used in dialogue with customers about the more complicated move towards asset management.

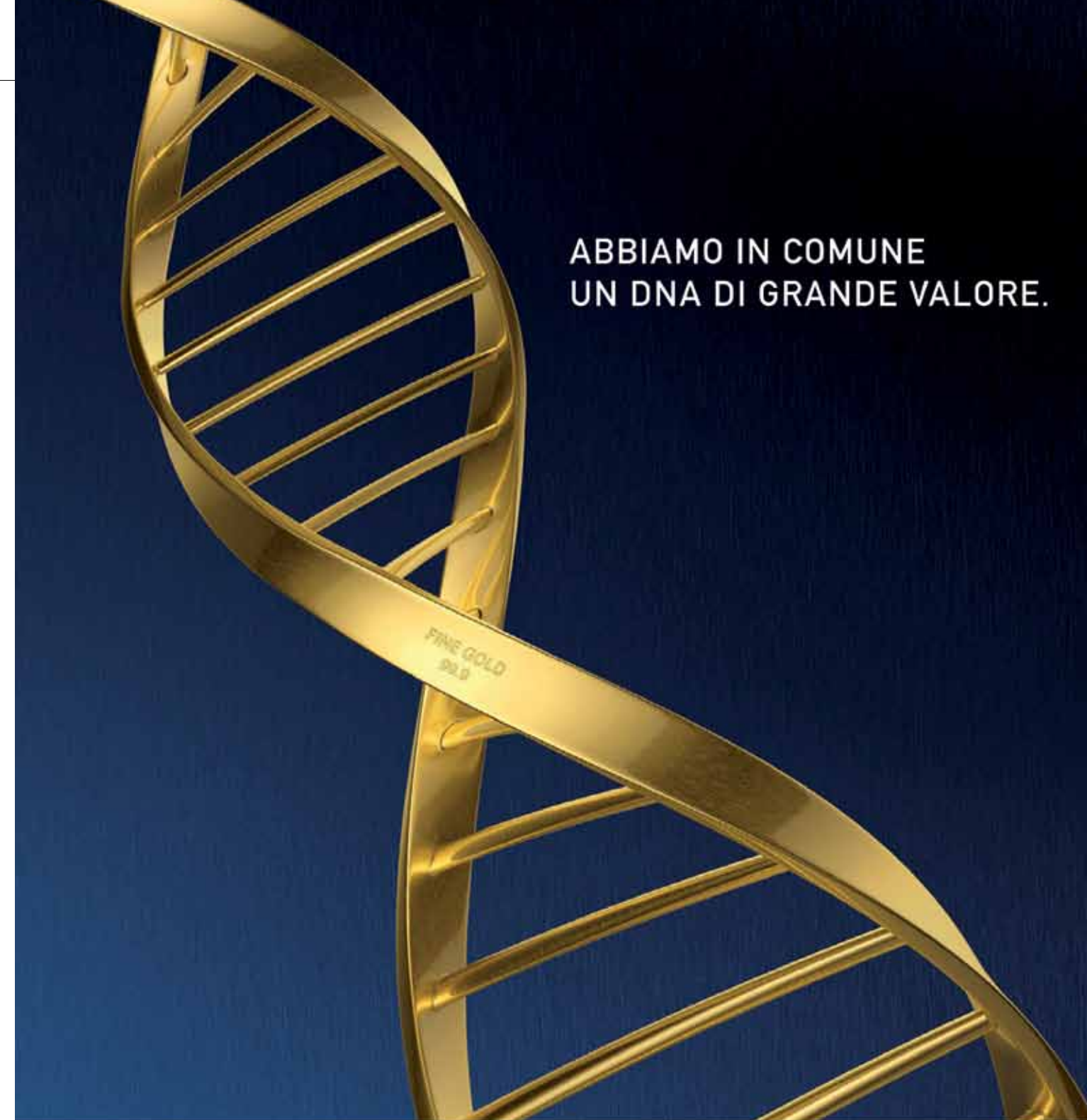
L. How do you plan to boost your digital service?

C. Poste Italiane has one of the most downloaded and widely used financial apps around. It is called Postepay and it has a 25% share of the online payments market. In some big cities (Milan, Rome, Naples and Palermo) we have already launched a service that allows customers to make appointments in the post office from the comfort of their homes. By thinking about what could be useful for customers and using technology to achieve it, you can produce exceptional services and synergies.

L. Is the public digital identity system that is already partially in operation moving in this direction?

C. The standard that has been introduced in 4,000 post offices is a huge first step towards allowing everyone to be

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Cremonini Strengthens Its Core Business

Inalca acquired the second Italian player in the industry achieving a turnover of approximately € 2bn and adding value to the meat supply chain

Inalca, a company of the Cremonini Group, in which the Fondo Strategico Italiano participates, European leader in the production of beef, has acquired two distinct business units comprehensive of the Unipeg group activities, the second Italian player in the sector.

The acquisition becomes effective from 1st May 2016 and regards the business unit of Unipeg Soc. Coop. Agr., with its two structures of Pegognaga (Mn) and Reggio Emilia (activities of slaughtering, processing and commercialisation of beef and meat based products), and the business unit of Assofood S.p.a, including a plant in Castelnuovo Rangone (Mo), where processed meat products are prepared. The operation is of highly strategic significance for several reasons:

- the deal will create an entirely new Italian agri-zootechnical/industrial pole that will valorise and strengthen the entire national beef industry;
- industrial activities will be consolidated through the rationalisation of the production facilities and the product lines;
- new and important commercial synergies in Italy and abroad will be developed on different sales channels to those which Inalca already have. Inalca, due to this new acquisition, will achieve a turnover of approximately 2 billion Euro. As

the President of the Cremonini Group, Luigi Cremonini explains, "the strategic plan is the consolidation of our market leadership in the beef processing sector in Italy so as to generate synergies and benefits for all the stakeholders active in the Italian beef chain, capable of offering excellent products that are ever more competitive. The farmer members of Unipeg constitute an important asset for our livestock industry and will permit Inalca to strengthen the sources of its supply of meat, that belong and will remain deeply rooted in Italy. Moreover, thanks to Inalca's capillary national and international distribution, it will be possible to valorise at best in all markets the products created in the acquired factories". The enterprise value of the transaction is 86 million Euro, including the debts relating to the transferred business units.

Unipeg, with more than seventy years of history, was the first cooperative company in the beef sector in Italy and in 2015 had a turnover of about 410 million Euro. The 850 members of Unipeg conferred in 2015 about 150,000 head of cattle and will continue to supply Inalca. Moreover, Inalca and Unipeg already collaborated with a 50% -50% joint venture in



Luigi Cremonini, the Group founder and chairman

THE OPERATIONS GROUP CHART



The Cremonini Group, with over 9,700 employees and a turnover in 2015 of 3.4 billion Euro, of which over 35% in export sales, is one of the largest privately owned food groups in Europe and operates in three business areas: production, distribution and catering. The Group, founded in 1963 by Luigi Cremonini and based in Castelvetro di Modena, is leader in Italy in the production of beef and processed meat based products (Inalca, Montana, Manzotin, Ibis) and in the marketing and distribution of food products to the foodservice sector (MARR). It is leader in Italy in railway station buffets, vaunts a significant presence in the main Italian airports and in motorway catering and is the principal operator in Europe in the management of onboard train catering (Chef Express). Lastly, it is present in commercial catering with its restaurants branded Roadhouse Grill

leather production. The transaction was assisted by the financial advisors Appeal Strategy & Finance and Studio Cerioli & Pellacini, while the legal advisors were GSlex Studio of Lawyer Giuliano Sollima, and the legal studio of Professor Ettore Rocchi.

Inalca, a Cremonini Group Company, European leader in beef production, cured meats and snacks and distribution of food products abroad, is one of the few Italian companies to oversee the entire production chain. The company, in which the Italian Strategic Fund and other sovereign funds participate in through the vehicle of the IQ Made in Italy Investment Company, reported in 2015 revenues of 1.47 billion Euro, of which 50% in exports. It has an international presence with 11

manufacturing plants (6 of which in Italy, 2 in Russia, 2 in Angola, 1 in Algeria) and 21 logistics distribution platforms (6 in Russia, 4 in Angola, 3 in Algeria, 3 in Congo, 3 in the Democratic Republic of Congo, 1 in Mozambique, 1 in Ivory Coast). Inalca sells annually more than 500,000 tons of meat, produces 100,000 tons of hamburgers, 200 million cans, with 7,200 product references (with the brands Montana, Manzotin, Ibis and Cortebuona and has 4,150 employees.

ECONOMIC AND FINANCIAL HIGHLIGHTS

Mln/Euro	2013	%	2014	%	2015	%
Total Revenues	3,496.7	100	3,335.9	100	3,372.3	100
Ebitda	258.0	7.4	258.6	7.8	264.1	7.8
Ebit	166.8	4.8	170.0	5.1	167.4	5.0
Net Profit	32.7	-	41.9	-	55.1	-
Shareholders' Equity	433.7	-	672.5	-	711.1	-
Net Debt	849.7	-	610.7	-	601.6	-
Capital Expenditures	55.8	-	83.2	-	98.3	-

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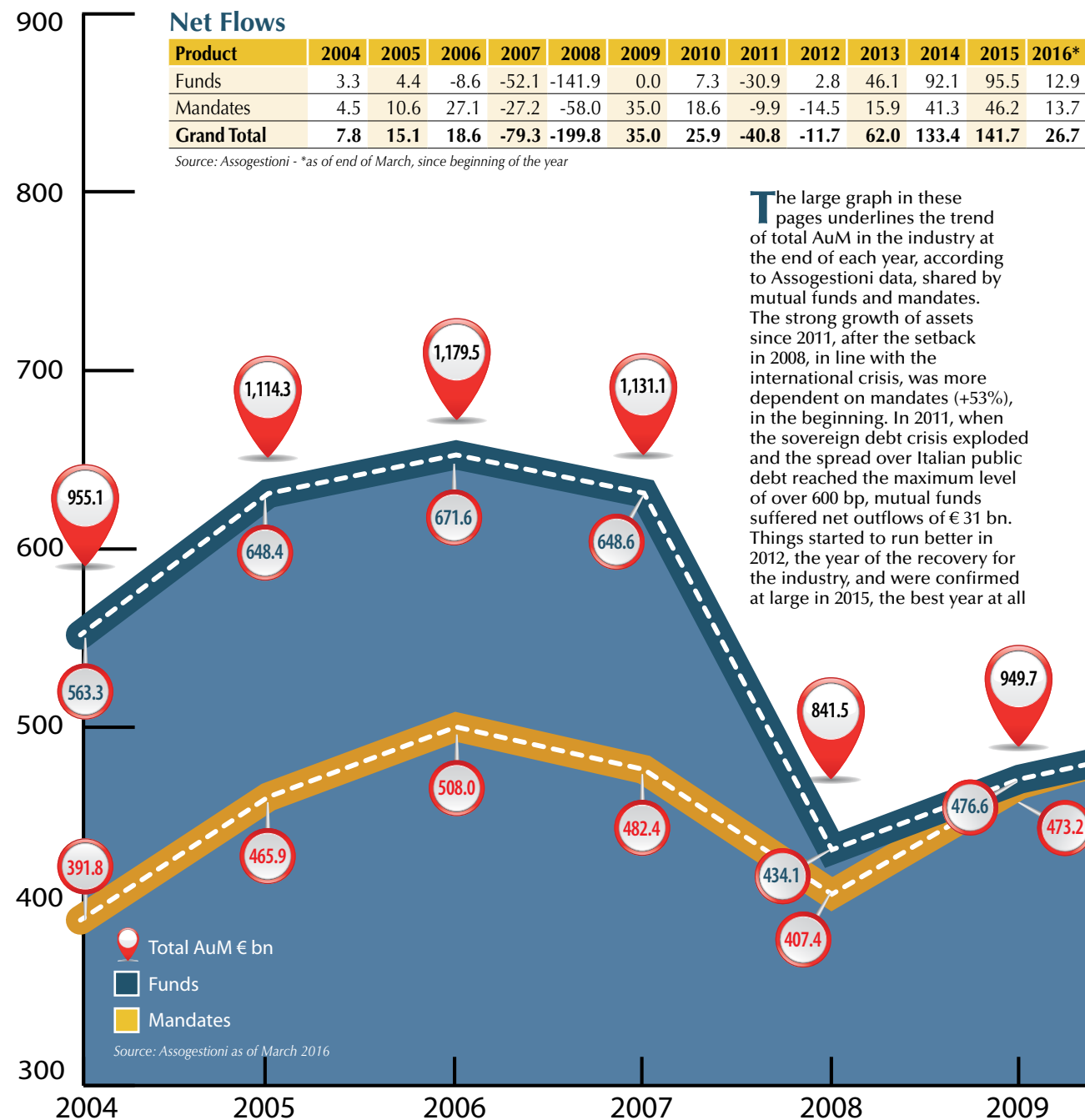
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Still Growing

At the end of March, total AuM in the industry were close to €1.9 tn with net flows coming in at a good pace. But now the big problem is how to invest it...

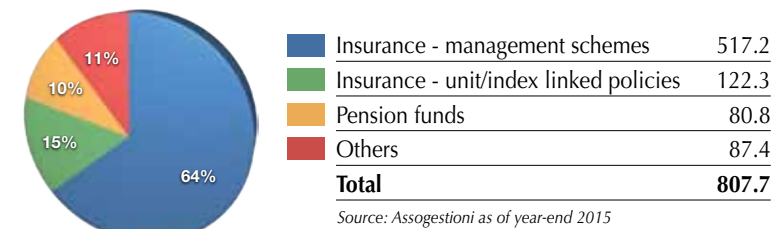
Ups and downs in the decade, but in the end...



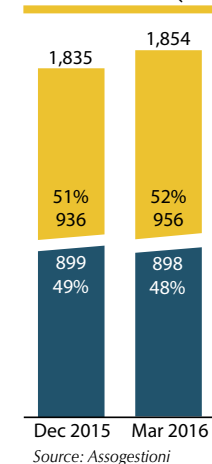
Mutual funds: foreign groups gain market share over domestic ones

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	cagr 05-15
Domestic groups	558.6	554.3	485.9	322.1	346.6	344.3	302.1	342.9	387.1	471.1	548.0	-0.2%
Foreign groups	72.3	93.3	130.4	76.3	91.6	116.2	116.9	139.0	169.7	212.2	302.3	15.4%
Grand Total	631.0	647.6	616.4	398.4	438.2	460.4	419.0	481.9	556.8	683.2	850.2	3.0%

Breakdown of institutional mandates



Total AuM (€ mn)



In the last ten years the share of domestic fund groups (see table at the top) shrank in relative terms, but since 2012 the AuM of domestic players has started to grow again but at a lower pace than the share of foreign groups, which last year near doubled. The flow of mandates increased also in the first quarter of this year (see graph on the left), when total AuM reached a new record-

Product Breakdown

% on Total	2013	2014	2015
Funds	45	45	49
Open end funds	41	41	46
Closed end funds	3	3	3
Mandates	55	55	51
Retail mandates	8	8	7
Institutional mandates	41	41	39
	100	100	100

Source: Assogestioni as of year-end 2015

The Party goes on, but Concerns rise

The good news of increasing net flows is balanced by the zero interest environment in which liquidity abounds but is not channeled through to the real economy. How much is industry sustainability at risk? And where to invest to get returns?

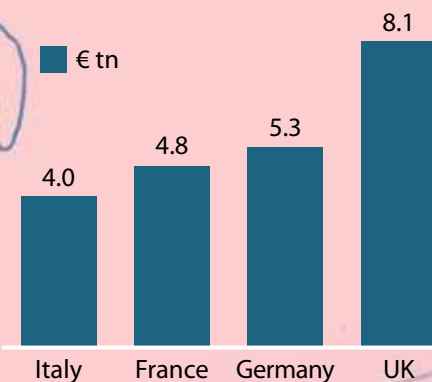
by Mariano Mangia

«In 2015, the financial portfolios of families in Italy were reorganized on a scale that was unparalleled in other countries. There was a significant shift away from debt instruments and towards shares in companies, mutual funds and insurance and pension products,» wrote the advisory firm Prometeia in one of its reports. The fundraising figures from last year offer clear proof that asset management is soaring, but things are different from the boom in the late 1990s. Back then, Italians' ability to save and invest was falling but it was still sufficient to guarantee a positive net financial flow. The current phase, which began in 2012, is a sort of zero-sum game: people are having to withdraw from their direct investments in securities in order to purchase asset management products. There are a number of factors behind the portfolio rearrangements. Some are fairly widespread throughout the Eurozone, such as the low interest rates that have led to diversification of portfolios in search of greater returns. Others are distinctive features of the Italian market, such as the downturn in the real estate market and a fall in the fundraising needs of banks, which once had sales of their own bonds to retail clients as one of their main sources of funds. According to Assogestioni, the Italian association of asset

management companies, net fundraising flows for the whole of 2015 reached €95 bn for the various types of open-end and closed-end funds and €46.2 bn for portfolio management mandates from retail and institutional clients. Who is riding the fundraising boom? Basically, the big commercial banks and foreign players that sell their products through networks of financial advisers and specialist private banking organizations. That meant good news for the Intesa Sanpaolo group (with a 15% increase in assets in 2015), UniCredit (+14%) and UBI Banca (+19%), as well as the medium-sized Credito Emiliano (+21%). Among the big foreign names, Fidelity, Invesco and Deutsche all had growth rates of over 30%.

follows on page 28

Household financial wealth



Source: Eurostat, ECB, OECD, Deutsche Bundesbank as of 2015 3Q

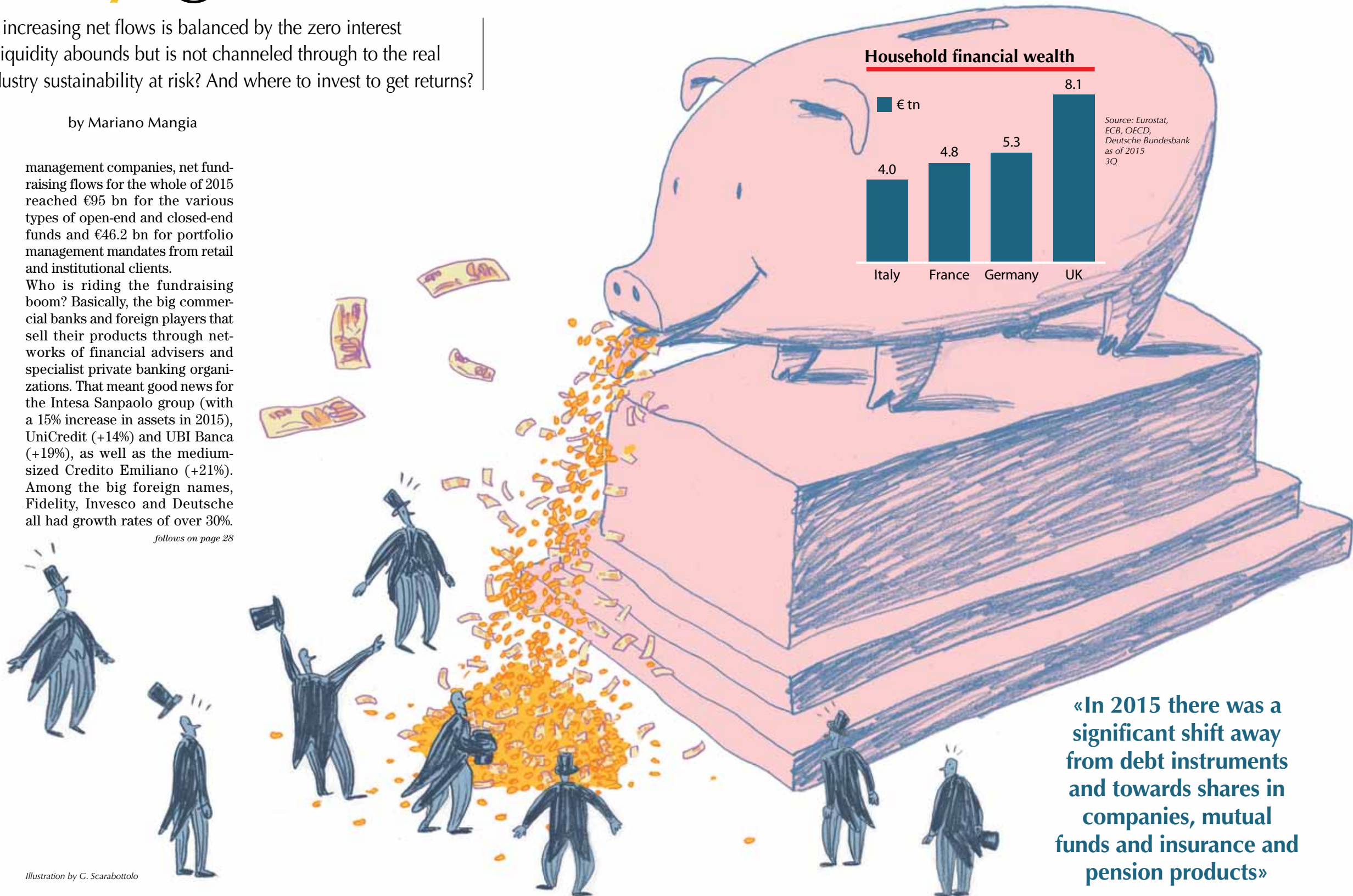


Illustration by G. Scarabottolo

«In 2015 there was a significant shift away from debt instruments and towards shares in companies, mutual funds and insurance and pension products»

Top players by AuM: their long term growth...

Rank 2015	Group	AuM 2015	AuM 2014	1 Yr chg	AuM 2013	AuM 2012	3 yr chg	AuM 2011	AuM 2010	5yr chg
1	= Generali	451.3	419.7	8%	356.9	336.1	34%	138.7	146.8	208%
2	= Intesa Sanpaolo	350.8	304.1	15%	249.2	226.5	55%	208.9	221.4	58%
3	= Pioneer - Unicredit	145.0	127.8	14%	105.9	95.6	52%	107.9	131.9	10%
4	- Blackrock Investment Mgmt	67.1	-	n.m.	-	-	n.m.	-	-	n.m.
5	▼ Poste Italiane	66.2	59.1	12%	42.7	33.2	99%	13.9	13.0	409%
6	▼ Anima Holding	66.0	56.6	17%	46.5	40.5	63%	35.0	-	-
7	▼ Allianz	48.4	44.7	8%	38.4	36.9	31%	33.7	37.8	28%
8	▼ Ubi Banca	45.6	38.4	19%	31.3	30.1	51%	25.9	34.1	34%
9	▼ Mediolanum	41.6	38.3	9%	46.1	42.4	-2%	39.2	40.1	4%
10	= Amundi Group	38.9	31.3	24%	25.7	24.5	59%	22.5	25.1	55%
11	= Azimut	35.6	29.3	21%	23.1	18.5	93%	15.0	14.8	141%
12	▲ Axa	33.1	28.8	15%	26.1	24.6	34%	22.0	24.1	37%
13	▼ Bnp Paribas	32.1	29.1	11%	25.4	25.7	25%	25.8	28.3	14%
14	▼ Banco Popolare	31.6	30.8	3%	24.7	19.9	58%	16.3	21.8	45%
15	▼ Arca	28.9	28.1	3%	21.0	17.5	65%	15.0	18.7	54%
16	= Jpmorgan Asset Mgmt	23.7	20.9	13%	15.5	10.7	122%	9.6	10.5	125%
17	= Deutsche Wealth Mgmt	22.1	17.0	30%	10.6	8.2	169%	5.6	6.7	227%
18	▼ Franklin Templeton Inv.	21.9	26.7	-18%	28.9	24.5	-11%	19.3	12.3	78%
19	▼ Invesco	21.0	16.0	31%	9.4	6.5	225%	3.8	3.2	551%
20	▲ Pictet Asset Mgmt	18.0	14.8	21%	11.5	9.5	89%	7.0	5.7	216%
21	▼ Credito Emiliano	17.8	14.6	21%	12.5	12.1	46%	12.2	15.3	16%
22	▼ Schroders	17.7	15.5	14%	11.2	9.6	85%	9.0	8.7	102%
23	▲ Fidelity International	17.0	12.8	33%	9.8	7.8	117%	5.2	4.4	288%
24	▲ Morgan Stanley	14.3	12.2	17%	10.0	7.5	90%	5.7	4.4	222%
25	▼ Credit Suisse	13.2	12.2	8%	11.0	9.5	39%	19.7	20.6	-36%
26	▼ M&G Investments	12.0	14.2	-16%	8.2	-	-	-	-	-
27	▼ State Street Global Adv.	11.3	10.1	11%	8.9	6.8	67%	5.2	4.3	161%
28	= Kairos Partners	10.4	9.0	15%	6.9	6.2	67%	6.1	7.3	41%
29	= Banca Esperia	9.2	8.2	12%	7.4	7.8	18%	8.8	10.8	-15%
30	= Societe Generale	9.1	7.9	15%	7.1	6.3	44%	6.5	-	-
31	▼ Idea Fimit	9.0	9.0	0%	9.2	9.4	-4%	9.7	5.5	65%
32	▲ Banca Finnat	7.6	7.8	-2%	4.4	4.6	66%	4.9	5.8	31%
33	▲ Iccrea	7.0	6.3	11%	3.3	2.7	161%	2.7	3.5	103%
34	= Groupama Asset Mgmt	6.8	6.3	8%	5.3	0.2	3380%	0.3	0.4	1500%
35	▼ Montepaschi	6.8	6.6	2%	6.3	6.9	-2%	6.6	7.6	-11%
36	▼ Banca Sella	6.7	5.9	13%	5.2	4.7	43%	4.3	5.0	35%
37	▼ Ersel	6.4	6.3	1%	6.1	5.9	8%	5.2	6.0	7%
38	▼ Ubs	5.8	5.9	-1%	4.1	3.8	53%	3.5	3.4	73%
39	= Bny Mellon	4.8	4.7	2%	3.7	3.2	51%	2.4	2.0	141%
40	▼ Fondaco	4.7	6.6	-28%	4.8	3.9	21%	4.0	-	-
	Total	1,786.2	1,543.7		1,284.3	1,150.1		887.3	911.3	
	Total in the market	1,834.0	1,588.4		1,330.0	1,194.5		937.6	1,006.8	

Source: Assogestioni as of year-end 2015 in € bn - Positions in the rank are with respect to 2014 rank

... and the people in charge (and their 1-y performance by AuM)

 Santo Borsellino Generali +8%	 Tommaso Corcos Intesa Sanpaolo +15%	 Giordano Lombardo Pioneer +14%	 Andrea Viganò Blackrock na	 Maria Bianca Farina Poste Vita +12%	 Marco Carreri Anima +17%
 Alberto D'Avenia Allianz GI +8%	 Andrea Pennacchia UBI Banca +19%	 Vittorio Gaudio Mediolanum +9%	 Alessandro Varaldo Amundi +24%	 Pietro Giuliani Azimut +21%	 Andrea Rossi AXA +15%
 Marco Barbaro BNP Paribas +11%	 Francesco Betti Banco Popolare +3%	 Ugo Loser Arca +3%	 Lorenzo Alfieri JP Morgan +13%	 Mauro Castiglioni Deutsche Bank +30%	 Sergio Albarelli Franklin Templeton -18%
 Sergio Trezzi Invesco +31%	 Luca Di Patrizi Pictet +21%	 Fulvio Albarelli Credem +21%	 Giuseppe Marsi Schroders +14%	 Francesca Martignoni Fidelity +33%	 Domenico Siniscalco Morgan Stanley +17%
 Andrea Sanguinetto Credit Suisse +8%	 Matteo Astolfi M&G Invest. -16%	 Danilo Verdecanna State Street +11%	 Paolo Basilico Kairos +15%	 Andrea Cingoli Banca Esperia +12%	 Marcello Chelli SocGen +15%
 Emanuele Caniggia IDeA Fimit =	 Arturo Nattino Banca Finnat -2%	 Vincenzo Palli Iccrea +11%	 Alberico Potenza Groupama AM +8%	 Livio Sianesi Montepaschi +2%	 Nicola Trivelli Banca Sella +13%
 Fabrizio Greco Ersel +1%	 Fabio Innocenzi UBS -1%	 Marco Palacino BNY Mellon +2%	 Davide Tinelli Fondaco -28%		

There was less portfolio rejigging among the medium-sized banks, which are striving to strengthen their resilience or to find a partner or an «alliance» that can bolster them. For example, there was an increase in assets of just 3% at Banco Popolare and 1% at Veneto Banca.

PRODUCTS AND TRENDS

Among the mutual funds, the majority of the fundraising is being done by solutions funds, flexible funds and target date funds, often with dividends. They tend to be single-product proposals for retail clients and asset allocation decisions are essentially left to the fund managers rather than the distributors or the end clients. In the target date fund market, it is becoming increasingly common to find products that are managed on behalf of third-party distributors, which are normally small and medium banks. New players are appearing alongside established names like Anima and Arca. Among them is Generali Investments Europe, which launched a white label product in early 2015 that is exclusively distributed by CheBanca! from the Mediobanca group. «We have a vehicle called the Generali

Top fund managers in 2016

		Net flows	Total assets*
1	Generali	9.68	464.6
2	Intesa Sanpaolo	5.15	352.9
3	Anima Holding	4.50	69.3
4	Bnp Paribas	1.90	28.2
5	Ubi Banca	1.37	46.7
6	Poste Italiane	1.36	69.0
7	Amundi Group	1.35	39.7
8	Azimut	1.04	36.1
9	Banco Popolare	0.98	31.9
10	Jpmorgan Asset	0.89	24.2
11	Invesco	0.71	19.5
12	Mediolanum	0.56	40.4
13	Axa	0.51	32.3
14	Credito Emiliano	0.50	18.1
15	Arca	0.04	28.7
16	Deutsche Wealth	-0.05	21.6
17	Blackrock	-0.40	66.7
18	Allianz	-0.48	47.2
19	Pioneer - Unicredit	-0.53	141.7
20	Franklin Templeton	-1.51	19.1

Source: Assogestioni - *as of end of March 2016

TESTIMONIAL/EDOARDO PALMISANI

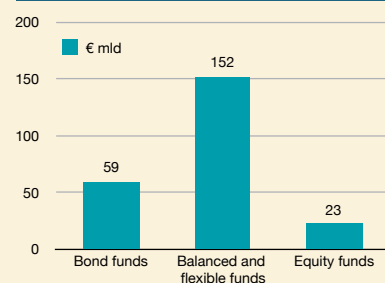
STRATEGIC ASSET ALLOCATION WILL BE

«A revolution in asset management». We are experiencing momentous changes in Italy. According to Edoardo Palmisani, a principal at The Boston Consulting Group, the structural growth trend in the asset management market will continue in the coming years, although perhaps not at the same high pace as in the last two years.

Lombard: What is the driving force behind the growth in fundraising by asset managers?

Palmisani: In the retail sphere, we are seeing a genuine paradigm shift. It is a revolution in asset management. Italian clients always tended to be traditional savers who looked for the safest investments possible, without any financial planning. When they invested, they favored schemes with guaranteed capital, bank bonds, government bonds or savings accounts. This approach – which is unique in Europe – has been undermined by interest rates that have fallen to zero and are destined to remain there for some time. Consequently, clients have been forced to go from being savers to investors.

Mutual funds net inflows 2013-2015



L. What will this transformation entail?

P. Firstly, there will need to be a financial planning process. Clients will have to decide why they are putting money aside and what their investment objectives are. They must realize that some needs can be satisfied with other products, such as protection from unforeseen events with insurance products. Meanwhile, for longer term investment objectives they must turn to professional asset managers and alter the risk/return profiles of their investments.

L. What approach must the asset management industry take during this phase?

P. Distribution networks must play an important role by helping their clients get a financial education. They can act as the fulcrum for client support during these changes, with the aid of new digital platforms and robo-advising.

L. What effects are the changes having on the creators of financial products?

P. The majority of the value-generating capacity in the current highly volatile markets with zero interest rates is shifting towards strategic asset allocation, in medium- and long-term planning. Consequently, asset managers are really having to boost their expertise and then do their utmost to convey their know-how through their products and direct interaction with end clients.

L. In terms of products, what does this mean?

P. It has given rise to a boom in multi-asset and flexible products, which leave the asset managers free to decide on the best allocation approach for the portfolio in accordance with the market conditions and the restrictions of the risk/reward profiles established with the clients. It is almost as if the asset managers are transferring their strategic asset

KEY WITH ZERO INTEREST RATES

allocation capabilities within the products, without them having to be defined by the networks or the clients. It is a very effective move in the mass/affluent client segment. The sales networks and clients are more demanding in the private segment, where clients remain in charge of strategic asset allocation.

L. Nonetheless, are dividend funds still in high demand?

P. During the current transition phase, they allow investors to keep their ties to the traditional system, with fixed income and guaranteed capital. However, the key today is to explain to end clients that while these products have dividends, they do not have the same risk/reward profiles as bonds.



Edoardo Palmisani, a principal at the Boston Consulting Group

L. Which products can be given to upper affluent and private clients?

P. With higher end clients, the secret to success is creating new drivers for returns. One of these is the ability to invest in global liquid assets. Another area which will be crucial in the years to come – especially for HNWIs – is private assets, private debt, private equity and infrastructure: assets that can offer excess returns and liquidity.

L. Will asset management continue to be a profitable business?

P. It is an industry that has grown a lot worldwide and in Italy, with little pressure on the margins so far. It is a bit unusual. In addition, in Italy approximately 60-80% of the value goes to the distributors and the rest to the producers.

L. What does that mean?

P. There will be pressure on the overall margins because more and more new players are entering the

scene and – quite rightly – the regulations will require more transparency about fees. Meanwhile, passive products – ETFs – are becoming more widespread and over time they will add extra pressure on the prices.

L. What measures can be taken to counteract the pressure on the margins?

P. There are two ways to go about it. The first is with economies of scale, which is the approach that the big global players are taking. They keep on getting bigger, so their costs are reduced and therefore they can afford to bring the sale prices for their products down slightly. The second option is finding ways to increase the added value of the products, such as strategic asset allocation.

L. What about the distribution networks?

P. A fall in the profitability of products is inevitable for them too, but they have huge opportunities to boost their volumes because a large proportion of savings are still managed in the traditional manner, with administered funds and liquidity in current accounts.

Investments Global Solutions Fund that we use to create areas dedicated either to individual distributors such as CheBanca! or to groups, as was the case with the Bridge 2021 fund, which was designed to cater to the needs of a pool of banks and was launched in February this year,» explained Paolo Casadonte, the Head of Sales for Italy at Generali Investments Europe. Both products are bond funds with dividends and Casadonte underlined that they are starting to attract attention even from networks of financial advisers, which are not normally interested in distributing products of this kind. «At the moment, we are focusing on funds of this kind because it is something that we do very well and because there is great demand for them in the market: there is no chance of having products with guaranteed minimum returns, but they are the next best thing in the current market conditions.» However, Generali's plans are not limited to target date funds with dividends. «We are looking into alternatives to what we do at the moment. We can use our vehicles for white label products or create portfolio management systems for other types of investments. Generali is renowned as a strong bond manager which also excels in stock markets, especially when it comes to more defensive strategies such as controlling volatility and approaches based on specific aspects like the ageing population and socially responsible investing, for which we have one of the best known teams on the market.»

The medium- to high-end of the



market is another area that has seen the emergence of a trend: after a slow period, there has been growth in portfolio management, especially among banking players and specialist private banking organizations. Further proof of the «desire» to delegate management comes from the strong growth in unit-linked plans, in a trend that began back in 2014 and stepped up in pace in 2015. It is particularly big in networks of financial advisers, although there is one exception: FinecoBank. The multi-channel direct bank from the UniCredit group tops the fundraising chart

**Total AuM
€ 266 bn**

Top players in open-end funds...

Rank	Group	AuM 2015	Mkt share	1 yr chg
1	Eurizon (Intesa Sanpaolo)	165,670	19.5%	18%
2	Pioneer (Unicredit)	90,429	10.6%	17%
3	Generali	70,379	8.3%	20%
4	Blackrock Investment Mgmt	58,436	6.9%	na
5	Anima Holding	52,014	6.1%	20%
6	Mediolanum	39,379	4.6%	11%
7	Azimut	29,286	3.4%	21%
8	Arca	24,137	2.8%	2%
9	Ubi Banca	23,975	2.8%	15%
10	Jpmorgan Asset Mgmt	23,726	2.8%	13%
11	Franklin Templeton Inv.	21,923	2.6%	-18%
12	Invesco	20,992	2.5%	31%
13	Amundi Group	19,937	2.3%	37%
14	Deutsche Asset & Wealth Mgmt	18,525	2.2%	33%
15	Pictet Asset Management	17,951	2.1%	21%
16	Schroders	17,675	2.1%	14%
17	Fidelity International	17,005	2.0%	33%
18	Banco Popolare	16,484	1.9%	14%
19	Bnp Paribas	15,524	1.8%	8%
20	Morgan Stanley	14,262	1.7%	17%
21	M&G Investments	11,994	1.4%	-16%
22	Société Générale	9,092	1.1%	15%
23	Allianz	7,379	0.9%	64%
24	Credito Emiliano	5,973	0.7%	20%
25	Axa	5,615	0.7%	36%
	Total	850,238		

... and by discretionary mandates

Rank	Group	AuM 2015	Mkt share	1 yr chg
1	Eurizon (Intesa Sanpaolo)	58,053	45.4%	23%
2	Ubi Banca	7,067	5.5%	-1%
3	Credito Emiliano	5,949	4.7%	20%
4	Azimut	4,888	3.8%	15%
5	Kairos Partners	4,797	3.8%	13%
6	Credit Suisse	4,183	3.3%	11%
7	Banca Sella	4,066	3.2%	11%
8	Anima Holding	3,857	3.0%	0%
9	Montepaschi	3,850	3.0%	1%
10	Banca Esperia	3,587	2.8%	19%
11	Cassa Centrale Banca	3,399	2.7%	74%
12	Bnp Paribas	3,189	2.5%	20%
13	Pop. Emilia Romagna	3,050	2.4%	5%
14	Deutsche Asset & Wealth Mgmt	2,651	2.1%	17%
15	Generali	2,645	2.1%	-3%
16	Banco Popolare	2,635	2.1%	24%
17	Ersel	2,255	1.8%	1%
18	Veneto Banca	1,683	1.3%	-2%
19	Allianz	1,226	1.0%	-71%
20	Pioneer (Unicredit)	1,040	0.8%	-29%
	Total	127,863		

Source: Assogestioni as of year-end 2015

TOP OF CATEGORY/DOMESTIC FM

BIG ALSO FOR GROWTH

Performance by AuM growth* 1-yr: 15% 3-yr: 55% 5-yr: 58%

Eurizon Capital put in the best performance among the big names in asset management in 2015. The Intesa Sanpaolo group's asset management company experienced 18% growth in mutual investment funds and a 23% increase in discretionary mandates, two double digit shifts obtained despite its size. Eurizon represents the largest fund manager in the Italian industry, with a 20% market share in mutual funds, twice as big

as the share of the second-placed Pioneer, and a huge 45% share of the mandates. Its performance continued

in the first three months of this year. It had a net increase in fundraising of €2.2 bn, taking its total AuM to €266 bn by the end of March. The success was partly down to the man at the helm: **Tommaso Corcos** became the CEO of Eurizon last year after winning numerous accolades in the past for his achievements when managing the group's bond funds, pillars of the company strategy. Eurizon's innovation and transparency make it stand out from the crowd: it was the first Italian asset management company to set up a dedicated corporate governance structure and establish a structured process for implementing the principles of stewardship. «Our strategy involves constant monitoring of relevant corporate events and a targeted approach to dialogue about governance-related issues with the companies in which we invest,» explained Corcos. «We like to take an active part in shareholders' meetings and we are committed to exercising our voting rights transparently». Corcos aims to play a dual role in pensions, both as a promoter of solutions and as an asset manager through the new Pan-European Personal Pensions (PEPPs), which can be provided throughout the EU. «In Italy, only 37% of investors have an adequate level of financial literacy,» Corcos underlined. Therefore, there is still great potential for growth in the asset management industry in Italy, where professional managers are only entrusted with 45% of all financial assets held by families.



Tommaso Corcos, CEO of Eurizon Capital and chairman of Assogestioni



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for networks, but a large proportion of its €5 bn inflow comes from advice based on an open architecture model. «In individual portfolio management, you have to entrust a single manager with either the management, the asset allocation or the stock picking. We prefer to diversify the manager risk,» explained Carlo Giausa, the head of investment services and wealth management at FinecoBank. «We have two favored approaches. The first involves an advisory contract combined with a securities portfolio. We can count on the largest investment platform in Europe, so we are able to propose portfolio models that have been put together after screening 7,000 funds and SICAVs from 75 investment firms. The second approach involves advice that is implemented through a unit-linked plan, with the same underlying structure.» Fineco stands out from the crowd because it is one of the few players that still has genuinely open – albeit guided – architecture. «We are always on the look-out for high-quality solutions. We continue to scout individual asset classes and assess all of the decent offerings on the boutique front in Europe, bearing in mind that the big names are all already in our portfolio.» The bank is going against the trend, because many players are moving towards a «captive» architecture model. «Strategically speaking, we continue to invest in open architecture because it brings quality. It is very difficult but it is the approach with which we were launched and we want to keep investing in it. While the market is moving in a different direction and heading towards closed or partly closed architecture platforms because they are easier to manage, to be frank there is no comparison in terms of the final level of quality for clients.» FinecoBank's broad range of products provides an interesting overview of the investment decisions of medium- and high-

**AuM
€ 17 bn**

TOP OF CATEGORY/INTERNATIONAL FM

THE MULTI-ASSET CHAMPION

Performance by AuM growth 1-yr: 33% 3-yr: 117% 5-yr: 288%

Fidelity led the way in fundraising over 12 months with a 33% increase in assets under management in Italy, taking the total to over €17 bn. The Boston-based asset management firm, which has specialized in multi-asset funds as well as investments in shares for some time now, has \$273 bn in AuM. Francesca Martignoni is possibly the only woman in charge of an asset management firm in Italy, but her role reflects a tradition at the American group: since 2014 Fidelity has been run by Abby Johnson, the daughter of the founder and espouses a management approach based on «integrity, innovation and excellence». Like asset managers that specialize in equity, Fidelity focuses on the medium and long term in its vision and results. In 5-year and 10-year schemes in particular, its funds are at the forefront with annual returns of 10% to 15%. This is especially true of the funds that invest in the US, technology and China, where Fidelity was one of the pioneers in the early 2000s. More recently, Fidelity has moved into multi-asset funds. «Fidelity has developed a range of multi-asset options that aim to boost the income of investors, as well as others that take advantage of growth in markets while keeping fluctuations under control and others still that take a long-term outlook,» explained Martignoni. «Multi-asset products are not a panacea but they can offer the best solution for each client's needs.» However, in the short term almost all of Fidelity's categories and products have suffered in the highly volatile markets. A look at the returns over 12 months reveals that the column for minus signs is clearly predominant. The search for returns is the number one challenge today for all asset managers, no matter how large or small they may be. «It is a challenge in all asset classes and not just for multi-asset funds,» noted Martignoni. «All the same, multi-asset funds can overcome it because professional managers are much more capable than individual investors of assessing when and how to alter portfolios in accordance with the circumstances in the market.»



Francesca Martignoni is the country manager of Fidelity

Top 10 companies by 1-yr asset growth ...

Rank	Group	1 Yr chg	3 yr chg	5yr chg	AuM € bn
1	Fidelity International	33%	117%	288%	17.0
2	Invesco	31%	225%	551%	21.0
3	Deutsche Asset & Wealth Mgmt	30%	169%	227%	22.1
4	Amundi Group	24%	59%	55%	38.9
5	Azimet	21%	93%	141%	35.6
6	Credito Emiliano	21%	46%	16%	17.8
7	Pictet Asset Management	21%	89%	216%	18.0
8	Ubi Banca	19%	51%	34%	45.6
9	Morgan Stanley	17%	90%	222%	14.3
10	Anima Holding	17%	63%	-	66.0

Source: Assogestioni as of year-end 2015

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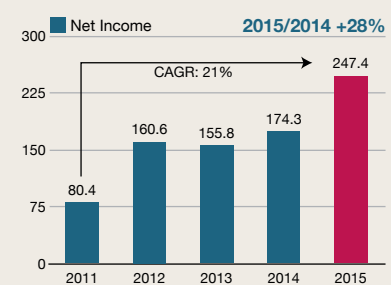
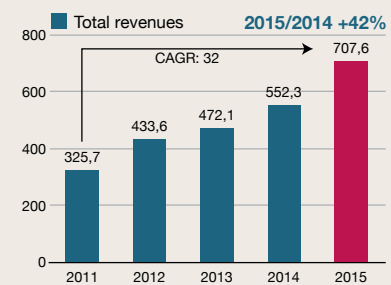
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THE GOOD IDEA

HOW TO PUSH FUNDS INTO THE REAL ECONOMY

One of the traditional limits of the Italian financial market is the gap between the asset management industry and the world of unlisted industrial and service companies. In an attempt to overcome it, the Azimut group created a new fund that will aim to finance efficient SMEs using a portion of the assets of affluent and upper affluent clients. «There are hundreds of SMEs that deserve attention and investments. The majority of them are in the fields typically associated with the 'Made in Italy' label, such as tissue paper, precision mechanics, food and agriculture, as well as the fashion, textiles and accessories area,» explained **Giancarlo Maestrini**, the head of Azimut Global Counselling and a former corporate banker at Mediobanca, who will be the main advisor for the selection of the companies in which the fund will

Azimut performance



Source: Company data

invest. «The real problem is that these exceptional enterprises are not known in the world of finance because they do nothing to communicate their value and history,» added Maestrini. For a couple of years now, the manager has been part of the Libera Impresa project that Azimut – the network of independent financial advisors with €37 bn in assets under management, which is run by **Pietro Giuliani** and **Paolo Martini**, has successfully launched in order to diversify the investment opportunities of its clients in new asset classes that are not bound to the trends in financial markets and have closer ties to the world of production innovation and new technology. With around €100 mn invested in 155 companies in the start-up, venture capital, private debt, private equity and SPAC spheres, in just over two years Azimut's initiative has proved to be the ideal way to invest in a market that is looking for new asset classes that have interesting potential for returns and are different from the traditional areas with zero returns. Azimut has now decided to take another step forward with the launch of a new €150 mn fund named Ipo Club. It aims to build a more substantial bridge between the financial market, and the stock market in particular, and the 1500 or so SMEs

in Italy with turnovers of between €10 mn and €300 mn that get almost half of their revenues from exports and have constant double-digit EBITDA margins. «The venture relies on the fact that only 5% of listable SMEs have been listed, while investments by PE and VC funds amounted to only 0.11% of the GDP in 2014, which is a paltry percentage when you consider that the SMEs in question are responsible for 60% of the Italian GDP,» explained Martini, who was one of the creators and biggest hands-on driving forces behind the Libera Impresa formula.

Ipo Club's co-sponsor is Simone Strocchi's Electa group. It will invest in three different ways: it will be a cornerstone investor in pre-booking company initiatives (in which the aim will be to list the target companies quickly) and in special purpose acquisition companies (SPACs) that already exist or are promoted by third parties, while it will act as a private equity fund and invest in the capital of companies that intend to list in the medium and long term. In each of these approaches, Ipo Club will be an equity investor and it will contribute 30% of the capital, while it will seek other investors to provide the remaining 70%. In addition, the fund's capital will be leveraged at a ratio of 1:2, so the project as a whole aims to pour approximately €450 mn directly into promoting the growth of companies and the real economy. Factor in the other investors and this figure could top €1 bn.



Paolo Martini, co-Ceo of Azimut Group and manager in charge of Libera Impresa

THE NEW FUND TARGETS

- ▷ Total amount: €150 mn, binding at call
- ▷ Minimum ticket: € 500,000
- ▷ Maturity: 7 years (investment plus divestment period)
- ▷ Dividends and capital gains in cash or listed financial products
- ▷ Annual yield: 10% or equivalent
- ▷ Management fee: 1.2% upon commitment and 1.3% upon invested
- ▷ Performance fee: 20% (hurdle rate 4% and high watermark)

ETF

Solo un leader¹
può offrirvi i mercati emergenti
al costo più basso*.



0,20%*

CheAper*, SmArter

Amundi, l'asset manager leader in Europa¹, offre agli investitori al prezzo più basso* gli ETF sui seguenti indici:

- MSCI Emerging Markets,
- MSCI Emerging Markets Asia,
- MSCI Emerging Markets Latam,
- MSCI Eastern Europe Ex Russia.

amundiETF.it

LA FIDUCIA
VA MERITATA
Amundi
ASSET MANAGEMENT

GLI INVESTITORI POTRANNO ESSERE SOGGETTI A UN RISCHIO DI PERDITA DI CAPITALE, TANTO PIÙ SIGNIFICATIVO IN CASO DI ESPOSIZIONE AI MERCATI EMERGENTI, E A UN RISCHIO COLLEGATO ALLA VOLATILITÀ DEI TITOLI MOBILIARI COMPRESI NELL'INDICE BENCHMARK DEL FONDO.

A cura di Amundi Asset Management SA, con un capitale azionario di €596.262.615 - regolata dall'AMF numero GP 04000036 - Sede centrale: 90 boulevard Pasteur - 75015 Parigi - Francia - 437 574 452 RCS Parigi. Le informazioni riportate non costituiscono offerta al pubblico.

Prima dell'investimento consultare il documento contenente le informazioni chiave per gli investitori ("KIID"), che il proponente l'investimento deve consegnare obbligatoriamente, e il prospetto del fondo Amundi ETF specifico, pubblicati in italiano sul sito www.amundiETF.it, anche per maggiori informazioni sui fattori di rischio. Possono essere addebitati costi di negoziazione e commissioni da parte di intermediari finanziari. Il presente documento non è destinato all'uso da parte di residenti o cittadini degli Stati Uniti d'America e di "US persons" così come definiti dalla "Regulation S" della Securities and Exchange Commission ai sensi dello US Securities Act del 1933 e inclusi nel Prospetto dei fondi descritti in questo documento. La politica relativa alla trasparenza del portafoglio e le informazioni sugli attivi dei fondi sono disponibili sul sito www.amundiETF.it. Il valore patrimoniale netto indicativo è pubblicato dalle Borse. Le azioni acquistate sul mercato secondario non possono di solito essere rivendute direttamente al fondo. Gli investitori devono comprare e vendere azioni sui mercati secondari avvalendosi dell'assistenza di un intermediario (ad es. un broker), esponendosi in questo modo al pagamento di commissioni. Al momento dell'acquisto di azioni, gli azionisti potranno pagare un prezzo superiore al valore patrimoniale netto corrente e potranno ricevere un prezzo inferiore al valore patrimoniale netto corrente al momento della vendita. I fondi non sono sponsorizzati, approvati, venduti o commercializzati dai fornitori di indici. I fornitori di indici non fanno nessuna dichiarazione sull'adeguatezza dell'investimento. Ulteriori informazioni su ciascun indice sono disponibili presso il sito web del relativo fornitore.

¹ Dati perimetro Amundi - Il maggiore asset manager Europeo per totale di asset in gestione (AUM) - Fonte IPE "Top 400 asset managers" pubblicato in giugno 2015 e basato sugli AUM a dicembre 2014. Tutti gli AUM sono stati ricalcolati da Amundi escludendo gli asset manager con capogruppo al di fuori dell'Europa.

* Al 25/03/2016, commissioni di gestione dello 0,20%, le più basse del mercato: confronto effettuato con ETF che replicano strettamente lo stesso indice, senza tenere conto delle commissioni applicate dagli intermediari finanziari, in quanto sostenute direttamente dall'investitore. Fonte Amundi ETF/Bloomberg. | W

Household financial portfolio breakdown

	Total Asset	Currency & deposits	Bonds		Stocks		Investment funds	Pension funds & life pr
			Total	issued by banks	Total	Listed		
Italy	€ bn	%	%	%	%	%	%	%
1995	1,799	38.3	22.6	1.9	19.3	2.8	5.8	8.7
2000	3,041	22.9	16.5	6.4	29.5	5.4	17.0	10.0
2005	3,864	23.6	19.0	7.1	28.3	2.4	11.0	14.2
2010	3,633	30.7	19.7	10.3	20.1	2.0	7.5	17.6
2012	3,732	31.6	19.3	10.0	19.7	1.6	7.3	17.8
2014	3,951	31.4	13.6	6.2	22.0	1.6	9.6	19.4
2015 Q3	4,014	30.9	10.8	5.0	23.8	1.7	10.4	20.1
2015 Q3								
France	4,804	28.5	1.4	n.a.	20.1	4.2	6.8	34.3
Germany	5,373	39.3	3.3	n.a.	9.8	4.6	9.7	31.2
UK	8,126	24.2	1.6	n.a.	6.4	2.4	3.9	59.6
USA	51,523	13.7	5.0	n.a.	33.8	n.a.	12.9	32.7

Source: Eurostat, OECD, BCE, Deutsche Bundesbank

end clients: in the last year, there has been a gradual outflow from bond funds with durations and an equally gradual move towards equity products, which currently account for approximately 35% of assets, and liquid alternative funds, which now make up roughly 6% of the total, mainly with global macro and long/short strategies.

THE FUTURE OF THE MARKET

Will the growth trend in asset management continue? There is no reason why it should not: Italian families have almost €400 bn in bank accounts and approximately €200 bn in bank bonds, interest rates seem destined to remain close to zero for a long time and banks can get very favorable conditions for financing from the ECB. Consequently, there is an air of what is customarily known as cautious optimism in the trade

and the feeling is that there will be growth, although perhaps not at the pace seen in the last two years. The only unknown quantity is how the market will act. «There is a clear tendency in the industry to move towards managed assets and this will also benefit product suppliers, who are at the other end of the chain,» confirmed Casadonte of Generali. «The issue is whether the markets will allow it: if they continue to lack a clear direction and there are no performing assets, it might not be very sustainable to present clients with the option of managed assets when the returns are actually low and there are fees to pay.» The highly volatile markets in the first few months of the year have slightly slowed down the rush towards managed assets, but some people believe that they will actually prove favorable. «The more volatile the markets get and the more the rates continue to hover around zero, the more the opportunity to have broadly diversified portfolio models that are shared by clients will promote the continuation of the trend seen in 2015,» claimed Giaux of FinecoBank. «The only change that we have noticed is a return to multi-branch plans that combine the advantages of re-assessable management with the

benefits of maximization offered by unit-linked plans.» The asset management market seems likely to keep on growing, but the number of Italian players that can take advantage of the changes in investment approaches may get smaller. There is a good chance that there will be a fresh round of mergers and acquisitions in the Italian banking industry, so the cards in the asset management value chain may be shuffled again. Banco Popolare, which has its own management company, and Banca Popolare di Milano, a shareholder in Anima, are considering a merger. The search is on for potential buyers at Monte dei Paschi, which sold its own management company a number of years ago and now distributes funds run by Anima and other companies. Arca SGR, which is controlled by several cooperative banks, is also on the market. Various private equity funds, like France's Amundi and Anima have shown interest. Poste Italiane is now among the shareholders of the latter, after it bought a 10% stake held by Monte dei Paschi. Thanks to the biggest distribution network in Italy, its fundraising in 2015 could be fresh impetus behind the placement of funds this year thanks to Anima's expertise in dividend/target date funds.



THE MARKET BREAKDOWN BY PRODUCT

(€ mn as of December 2015)

Rank	Group	AuM 2015	Mkt share	1 yr chg
1	Eurizon (Intesa Sanpaolo)	165,670	19.5%	18%
2	Pioneer (Unicredit)	90,429	10.6%	17%
3	Generali	70,379	8.3%	20%
4	Blackrock Investment Mgmt	58,436	6.9%	na
5	Anima Holding	52,014	6.1%	20%
6	Mediolanum	39,379	4.6%	11%
7	Azimut	29,286	3.4%	21%
8	Arca	24,137	2.8%	2%
9	Ubi Banca	23,975	2.8%	15%
10	Jpmorgan Asset Mgmt	23,726	2.8%	13%
11	Franklin Templeton Inv.	21,923	2.6%	-18%
12	Invesco	20,992	2.5%	31%
13	Amundi Group	19,937	2.3%	37%
14	Deutsche Asset And Wealth Mgmt	18,525	2.2%	33%
15	Pictet Asset Mgmt	17,951	2.1%	21%
16	Schroders	17,675	2.1%	14%
17	Fidelity International	17,005	2.0%	33%
18	Banco Popolare	16,484	1.9%	14%
19	Bnp Paribas	15,524	1.8%	8%
20	Morgan Stanley	14,262	1.7%	17%
21	M&G Investments	11,994	1.4%	-16%
22	Société Générale	9,092	1.1%	15%
23	Allianz	7,379	0.9%	64%
24	Credito Emiliano	5,973	0.7%	20%
25	Axa	5,615	0.7%	36%
Open-End Funds		850,238		
1	Eurizon (Intesa Sanpaolo)	58,053	45.4%	23%
2	Ubi Banca	7,067	5.5%	-1%
3	Credito Emiliano	5,949	4.7%	20%
4	Azimut	4,888	3.8%	15%
5	Kairos Partners	4,797	3.8%	13%
6	Credit Suisse	4,183	3.3%	11%
7	Banca Sella	4,066	3.2%	11%
8	Anima Holding	3,857	3.0%	0%
9	Montepaschi	3,850	3.0%	1%
10	Banca Esperia	3,587	2.8%	19%
11	Cassa Centrale Banca	3,399	2.7%	74%
12	Bnp Paribas	3,189	2.5%	20%
13	Pop. Emilia Romagna	3,050	2.4%	5%
14	Deutsche Asset And Wealth Mgmt.	2,651	2.1%	17%
15	Generali	2,645	2.1%	-3%
16	Banco Popolare	2,635	2.1%	24%
17	Ersel	2,255	1.8%	1%
18	Veneto Banca	1,683	1.3%	-2%
19	Allianz	1,226	1.0%	-71%
20	Pioneer (Unicredit)	1,040	0.8%	-29%
Discretionary Mandates - Retail		127,863		
1	Generali	57,447	66%	17%
2	Allianz	7,491	9%	9%
3	Ubi Banca	6,517	7%	9%
4	Poste Italiane	3,630	4%	32%
5	Banca Esperia	1,702	2%	1%
6	Anima Holding	1,501	2%	0%
7	Axa	1,442	2%	333%
8	Banco Popolare	1,192	1%	45%
9	Azimut	992	1%	151%
10	Fondaco	955	1%	-73%
Mandates - Institutional		87,398		

Rank	Group	AuM 2015	Mkt share	1 yr chg
1	Eurizon (Intesa Sanpaolo)	11,890	15%	-14%
2	Generali	10,293	13%	0%
3	State Street Global Advisors	7,654	9%	4%
4	Pioneer (Unicredit)	7,044	9%	4%
5	Groupama Asset Mgmt.	6,165	8%	3%
6	Blackrock Investment Mgmt.	4,021	5%	
7	Amundi Group	3,845	5%	23%
8	Axa	3,736	5%	21%
9	Arca	3,342	4%	7%
10	Anima Holding	3,155	4%	14%
11	Credit Suisse	3,112	4%	11%
12	Allianz	2,798	3%	7%
13	Banca Esperia	2,621	3%	2%
14	Candriam	2,235	3%	18%
15	Montepaschi	2,069	3%	-1%
16	Bnp Paribas	1,160	1%	4%
17	Banco Popolare	857	1%	3%
18	Bny Mellon	804	1%	-27%
19	Deutsche Asset And Wealth Mgmt	660	1%	-10%
20	Veneto Banca	600	1%	9%
Pension Plans		80,775		
1	Generali	304,721	48%	4%
2	Eurizon (Intesa Sanpaolo)	114,364	18%	13%
3	Poste Italiane	60,790	10%	12%
4	Pioneer (Unicredit)	46,091	7%	10%
5	Allianz	28,350	4%	11%
6	Axa	21,378	3%	5%
7	Amundi Group	13,543	2%	11%
8	Banco Popolare	10,433	2%	-17%
9	Ubi Banca	7,770	1%	83%
10	Bnp Paribas	6,194	1%	23%
11	Credito Emiliano	5,355	1%	26%
12	Anima Holding	5,310	1%	10%
13	Blackrock Investment Mgmt.	4,656	1%	
14	Credit Suisse	4,175	1%	4%
15	Iccrea	2,328	0%	19%
Insurance Products		639,508		
1	Idea Fimit	8,998	18%	0%
2	Banca Finnat	6,887	14%	-3%
3	Generali	5,824	12%	7%
4	Bnp Paribas	5,644	12%	2%
5	Fabrica Immobiliare	3,477	7%	2%
6	Prelios	3,203	7%	-1%
7	Sorgente	2,490	5%	7%
8	Castello	1,653	3%	17%
9	Fortress Investment Group	1,429	3%	-3%
10	Allianz	1,151	2%	9%
11	Finanziaria Internazionale	1,133	2%	0%
12	La Centrale Finanziaria Generale	1,132	2%	3%
13	Axa	893	2%	5%
14	Cdp	783	2%	11%
15	Polis	693	1%	5%
Closed End Funds		48,795		



Snapshot of runners

Here you have the breakdown of the best performers in the last five years since the slowdown of the industry. **Generali** and **Poste Italiane**, among insurance companies, **Azimut**, among the networks, and **Invesco**, **Deutsche** and **Fidelity** were in forefront

Top 10 by 1-yr asset growth ...

Group	1 yr chg (%)	3 yr chg (%)	5 yr chg (%)	AuM 2015 € bn
1 Fidelity International	33	117	288	17.0
2 Invesco	31	225	551	21.0
3 Deutsche Asset And Wealth Mgm.	30	169	227	22.1
4 Amundi Group	24	59	55	38.9
5 Azimut	21	93	141	35.6
6 Credito Emiliano	21	46	16	17.8
7 Pictet Asset Management	21	89	216	18.0
8 Ubi Banca	19	51	34	45.6
9 Morgan Stanley	17	90	222	14.3
10 Anima Holding	17	63	-	66.0

Source: Assogestioni as of year-end 2015

INTERNATIONAL FM GAIN

Large international fund managers and domestic networks of financial promoters, with the notable exception of two banks, Credito Emiliano and Ubi Banca, are the best performers on a 1-yr basis, chief among them Fidelity, Invesco and Deutsche Bank. In 2015 the average growth for the top 40 players in the Italian market was 10%

POSTE AND AZIMUT IN EVIDENCE

Also in the 3-yr performance ranking, the international operators are largely overwhelming domestic competitors. Notably, the exceptions are the Azimut Group, the independent network, and Poste Italiane, with its insurance and financial services business. The performance of Grupama was largely due to its low starting base. The average growth for the 40 top players was 11%

... by 3-yr...

Group	3 yr chg (%)	1 yr chg (%)	5 yr chg (%)	AuM 2015 € bn
1 Groupama Asset Management	3,380	8	1500	6.8
2 Invesco	225	31	551	21.0
3 Deutsche Asset And Wealth Mgmt	169	30	227	22.1
4 Iccrea	161	11	103	7.0
5 Jpmorgan Asset Management	122	13	125	23.7
6 Fidelity International	117	33	288	17.0
7 Poste Italiane	99	12	409	66.2
8 Azimut	93	21	141	35.6
9 Morgan Stanley	90	17	222	14.3
10 Pictet Asset Management	89	21	216	18.0

Source: Assogestioni as of year-end 2015

... and by 5-year

Group	5 yr chg (%)	1 yr chg (%)	3 yr chg (%)	AuM 2015 € bn
1 Groupama Asset Management	1500	8	3380	6.8
2 Invesco	551	31	225	21.0
3 Poste Italiane	409	12	99	66.2
4 Fidelity International	288	33	117	17.0
5 Deutsche Asset And Wealth Mgmt.	227	30	169	22.1
6 Morgan Stanley	222	17	90	14.3
7 Pictet Asset Management	216	21	89	18.0
8 Generali	208	8	34	451.3
9 State Street Global Advisors	161	11	67	11.3
10 Bny Mellon	141	2	51	4.8

Source: Assogestioni as of year-end 2015

THE REVENGE OF INSURERS

Three insurance operators, namely, Groupama, Poste and Generali, are in the top ten or this ranking as a consequence of the long term strategy of their business. The performance of Poste is particularly interesting due of the large size of its business. Among international players come again Fidelity, Invesco and Pictet. The average growth of the top 40 was 158% in the period

A 3-YEAR SECTOR BREAKDOWN BY CATEGORY

Group	AuM 2015	AuM 2012	2015-2012 CAGR
Eurizon Capital (Intesa SP)	263.3	172.2	15%
Pioneer Investments (Unicredit)	145.0	95.6	15%
Ubi Banca	45.6	30.1	15%
Banco Popolare	31.6	19.9	17%
Credito Emiliano	17.8	12.1	14%
Montepaschi	6.8	6.9	-1%
Banca Sella	6.7	4.7	13%
Veneto Banca	4.5	4.2	2%
Banca Pop. Emilia Romagna	3.0	2.9	1%
Banks	524.3	348.7	15%

Anima Holding	66.0	40.5	18%
Arca	28.9	17.5	18%
Iccrea	7.0	2.7	38%
Cassa Centrale Banca	3.6	-	-
Pensplan Invest	1.6	1.4	5%
Banks Networks	107.1	62.1	20%

Kairos Partners	10.4	6.2	19%
Banca Esperia	9.2	7.8	6%
Ersel	6.4	5.9	3%
Nextam Partners	1.2	1.0	8%
Banca Profilo	1.1	0.9	4%
Banca Del Ceresio	0.6	0.5	6%
Boutique/Private Banking	28.9	22.4	9%

Fideuram (Intesa Sanpaolo)	87.4	54.3	17%
Mediolanum	41.6	42.4	-1%
Azimut	35.6	18.5	24%
Consultinvest	1.2	0.8	15%
Fa Networks	166.4	116.7	13%

Generali	451.3	336.1	10%
Poste Italiane	66.2	33.2	26%
Allianz	48.4	36.9	9%
Axa	33.1	24.6	10%
Insurance / Financial Services	599.0	430.8	12%

Fondaco	4.7	3.9	6%
Acomea	1.0	0.4	32%
Hedge Invest	0.8	0.7	4%

Source: Assogestioni

Group	AuM 2015	AuM 2012	2015-2012 CAGR
Tages	0.7	-	-
Soprano	0.6	0.5	6%
Zenit	0.5	0.6	-6%
Fund Management Specialist	8.2	6.1	10%

Blackrock Investment Mgmt	67.1	-	-
Amundi Group	38.9	24.5	17%
Bnp Paribas	32.1	25.7	8%
Jpmorgan Asset Mgmt	23.7	10.7	31%
Deutsche Asset And Wealth Mgmt	22.1	8.2	39%
Franklin Templeton Investments	21.9	24.5	-4%
Invesco	21.0	6.5	48%
Pictet Asset Mgmt	18.0	9.5	24%
Schroders	17.7	9.6	23%
Fidelity International	17.0	7.8	30%
Morgan Stanley	14.3	7.5	24%
Credit Suisse	13.2	9.5	12%
M&G Investments	12.0	-	-
State Street Global Advisors	11.3	6.8	19%
Societe Generale	9.1	6.3	13%
Groupama Asset Mgmt	6.8	0.2	226%
Ubs	5.8	3.8	15%
Bny Mellon	4.8	3.2	15%
Candriam	4.0	3.5	4%
Nn Investment Partners	2.6	1.6	19%
Aberdeen Asset Mgmt	1.9	3.0	-14%
Janus Capital Group	0.9	-	-
Foreign Asset Managers	366.2	172.3	20%

Idea Fimit	9.0	9.4	-1%
Banca Finnat Euramerica	7.6	4.6	18%
Fabrica Immobiliare	3.5	2.4	13%
Prelios	3.2	4.0	-7%
Sorgente	2.5	2.2	4%
Castello	1.7	1.0	19%
Fortress Investment Group	1.4	1.3	3%
Finanziaria Internazionale	1.3	1.1	5%
La Centrale Finanziaria Generale	1.1	0.9	9%
Cdp	0.8	-	-
Polis	0.7	0.5	9%
Aedes	0.5	0.7	-13%
Prisma	0.5	0.6	-7%
Unipol	0.5	0.7	-12%
Real Estate Funds	34.2	29.4	5%

A new opportunity for yield-enhancement and portfolio diversification

Credit Suisse has launched in the last few months a number of new bond issues listed directly on Borsa Italiana, denominated in different currencies and combining different variations of fixed and variable coupons, offering high liquidity thanks to the listing on Exchange, with minimum trading size suited to small investors

In 2016, Credit Suisse launched the first bonds for retail investors, directly available through Borsa Italiana, and with minimum denominations of only 1,000 euros, US dollars or pounds sterling. From January 1 to June, Credit Suisse has launched six different bond issues, about one every month. Davide Massenzana, Head of Retail Structured Products Sales for Credit Suisse in Italy explains these offers.

Question: In 2016, Credit Suisse entered the bond market on the Borsa Italiana MOT. How did this choice come about?

Answer: Italy represents a well-developed market for this type of products. Investors are searching investment and yield opportunities in a context of low interest rates. The new Credit Suisse Bonds can gather interest for international issuers with elevated credit standing, as a means of diversification from investment in bonds issued by small or large Italian banks, or government securities such as BTPs. So far we are very satisfied – we’ve registered very significant volumes. These securities can be freely bought and sold directly on Borsa Italiana MOT, making them highly liquid. In fact we have

recorded a high number of transactions on the exchange, both purchase and sale orders.

Q. Can you give us a brief description of the features of the products?



Davide Massenzana is the Head of Retail Structured Products Sales of Credit Suisse in Italy

A. We strive to meet clients’ needs and to make our offer diversified. We have designed each product launch by analysing trends in investor flows and market conditions, consistently launching products that differ from one another and from the existing offer on the exchange. To this point, we’ve offered bonds denominated in euros, as well as US dollars and sterling, allowing investors to further diversify their personal portfolios, by gaining exposure on the appreciation of currencies other than the euro. In addition, we’ve proposed different durations and different combinations of fixed and variable coupons, allowing for the implementation of different market views on interest rates.

Q. Can you give us some examples?

A. In June alone we launched two new products on Borsa Italiana. The first is the Credit Suisse Fixed-to-Floating Bond in GBP, maturity June

CREDIT SUISSE ISSUES

Name	ISIN	Currency	Maturity	Fixed coupon*	Variable coupon *
Credit Suisse fixed rate 3.5% in US Dollar	XS1289165711	USD	26 Jan 26	3.5% p.a. to maturity	
Credit Suisse fixed-to-floating in US Dollar	XS1289106038	USD	26 Feb 26	6.0% p.a. first 2 years	USD Libor 3m + 1.00%
Credit Suisse fixed-to-floating in Euro	XS1355035335	EUR	30 Mar 24	4.0% p.a. the first year	Euribor + 0.40%, floor zero Cap 4.00%
Credit Suisse fixed-to-floating in US Dollar	XS1354962273	USD	29 Apr 26	4.3% p.a. first 5 years	USD Libor 3m + 0.50%, floor zero Cap 4.3%
Credit Suisse fixed-to-floating in US Dollar	XS1396700194	USD	7 Jun 24	4.0% p.a. first 3 years	USD Libor 3m + 0.25%, floor zero Cap 4.0%
Credit Suisse fixed-to-floating in GBP	XS1396701168	GBP	7 Jun 26	4.0% p.a. first 3 years	GBP Libor 3m + 0.40%, floor zero Cap 4.0%

* Gross value

2026, the first Credit Suisse bond in pounds sterling on the Italian market. It offers fixed coupons at 4.00% for the first three years, while from year four to expiry it offers a variable coupon equal to 3-month GBP LIBOR + 0.40%, with a minimum of zero and a maximum equal to 4.00% (all coupons are gross). The second product is the Credit Suisse Fixed-to-Floating rate Bond in USD, June 2024; it has a shorter maturity of eight years; for the first three years it offers a fixed coupon of 4.00%, then moving in years four to eight to a variable rate of 3-month USD LIBOR + 0.25%, with a minimum of zero and maximum at 4.00% (all coupons are gross). By comparison, the Credit Suisse Fixed-to-Floating Rate Bond in USD, April 2026, launched in May, is instead intended for those with expectations of a potential rise in US rates in the mid to long-term period; it combines the certainty of fixed coupons of 4.30% for the first five years, then moving onto a 3-month USD LIBOR + 0.5% rate, with minimum of zero and maximum fixed at 4.3%. The fixed coupons for five years represent a very interesting yield given the current level of US rates, over a sustained time horizon; the following variable coupons aim to capture a potential increase in rates over a longer time-horizon after the 5th year to the maturity of the

product. Investor can otherwise choose other Credit Suisse bonds offering different coupon combinations: for example, the Credit Suisse Fixed-to-Floating Rate Notes in USD, February 2026 offers two 6.0% fixed coupons over the first two years, while the first product we launched, the Credit Suisse 3.50% Fixed Rate Note is USD, first listed on the MOT in early February, pays a fixed coupon of 3.5% p.a. for the entire 10 years of its life, offering a constant coupon flow, not dependant on the movement in rates. Then we have the Credit Suisse Fixed-to-Floating Notes in EUR, March 2024, which offers a single fixed coupon of 4.00% in the first year, then moving to variable, 3-month Euribor + 0.40% with a minimum of zero and a maximum of 4.00% (all coupon are gross).

Q. What advice could you give to investors?

A. Credit Suisse bonds are meant at meeting the diversification strategies of investors. At the same time it’s always desirable for investors to consider their personal investment objectives, consulting their financial advisor in choosing their own investments and asset allocation. Nevertheless it’s still essential to read the documentation for each product, available on our website www.credit-suisse.com/obbligazioni.

Roboadvisory: how far off is it?

The **cost-cutting** digitization of services and more skilled bankers to increase yields are pushing the industry towards a **new format**. The role of advisors' entrepreneurial **skills** is enhanced as in the case of **Azimut, Banca Generali, Mediolanum**

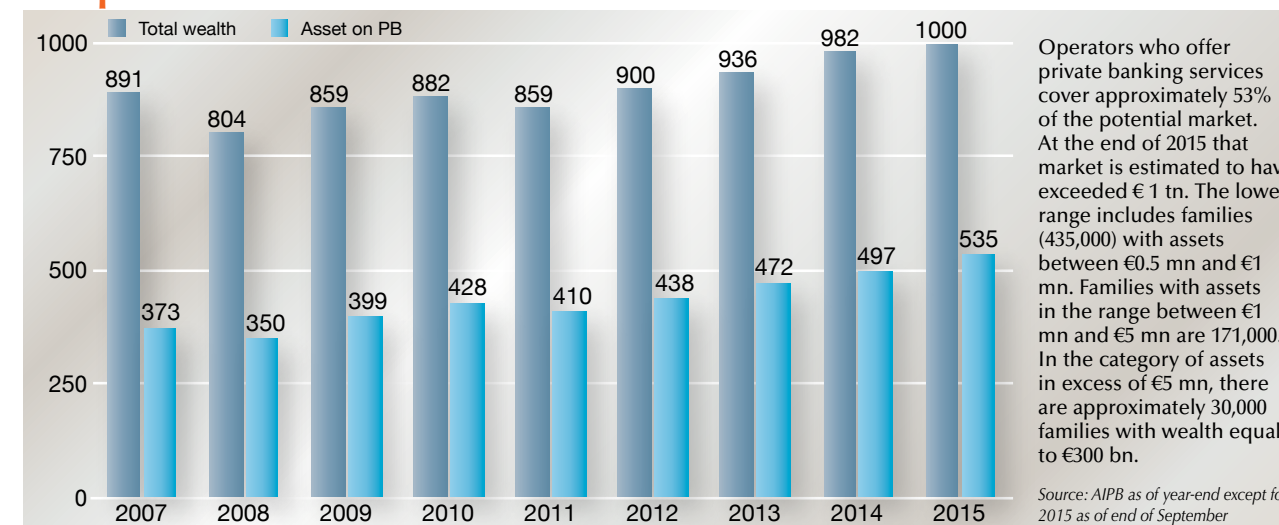
by Francesca Vercesi

If a golden boy of Italian finance like **Rodolfo De Benedetti** has decided to devote a significant proportion of his time to high-level private banking, it means that things are changing fast in a world that was very

much inward-looking until not that long ago. As well as serving as the chairman of the CIR group, which is controlled by his family, De Benedetti has acquired a 40% stake in a Genevan investment bank. He did so purely for

business reasons and not out of nostalgia for his experiences 20 years ago as the assistant to **Thierry Lombard**, CEO of his family's 500-year-old private bank (Lombard Odier) in the Swiss city. «Offering returns with alternative

The potential market still has room



products is a unique opportunity,» underlined De Benedetti in a recent interview with Bloomberg. From his equally privileged standpoint, **Luca Pedrotti** placed the emphasis on another factor: «The digitization drive will come sweeping through the banking world like a tornado and have an impact on all aspects of banks, including their roles as managers of large amounts of wealth.» Lugano-based Pedrotti is in charge of private banking for the Swiss bank UBS, which has opted to make wealth management its core activity. He offered some food for thought by revealing that UBS already invested up to Swf 2 bn in total into digitalization projects over the last 4 years. Most significantly, it aims to make it possible for clients all over the world to interact in real time with a virtual advisor who will be ready to take orders to invest, divest and alter portfolio strategies. «The virtual advisory service will be available to all clients of the bank who pay a fee,» added Pedrotti. Behind the advisors will be numerous flesh-

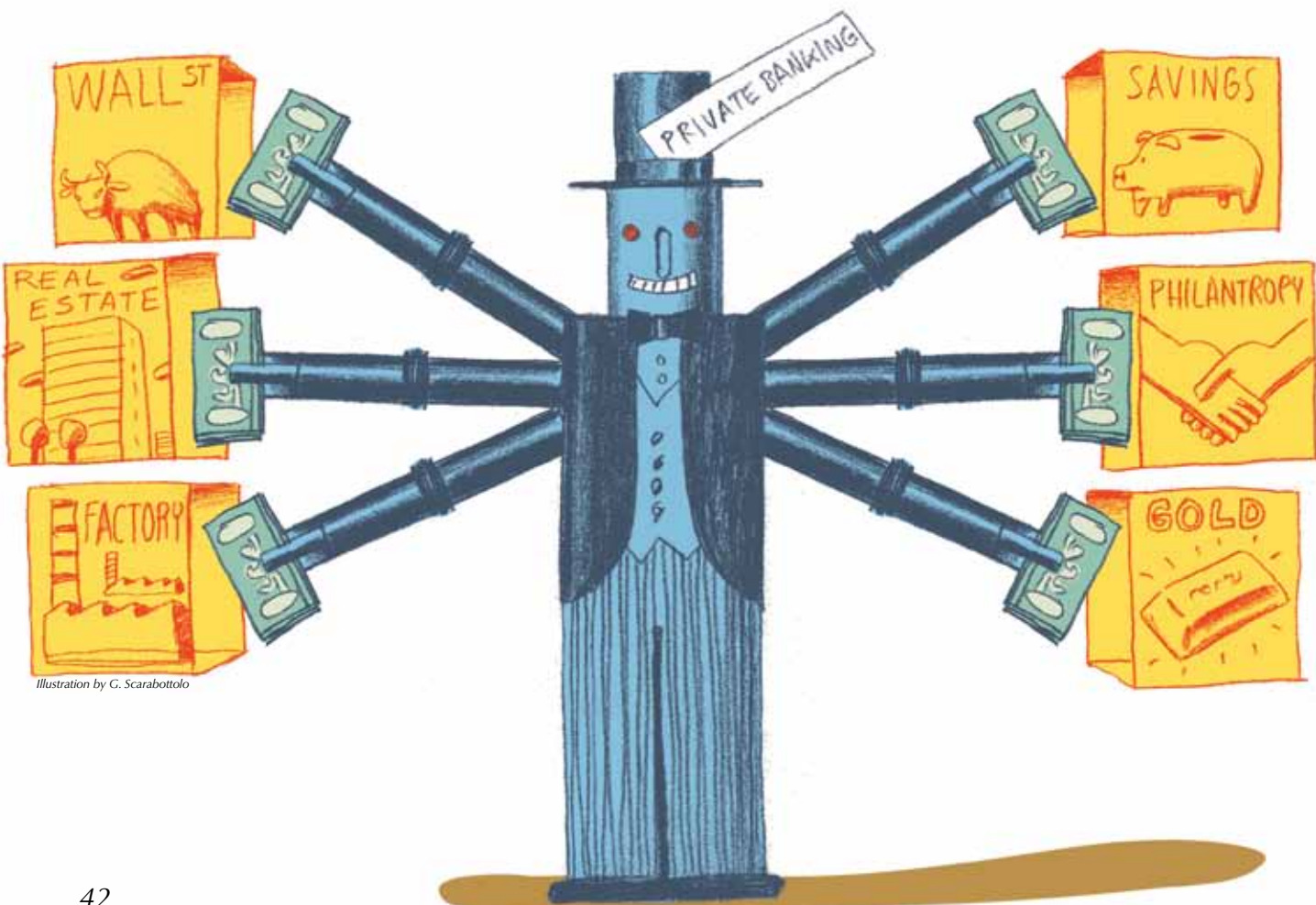
and-blood analysts and programmers feeding data into the system. The same degree of enthusiasm, albeit in slightly less venerable surroundings, was shown by **Paolo Martini**, the head of private business at Azimut (see also article page 34). A couple of years ago, the network of financial advisors proved that it was one step ahead of its competitors by launching a multi-family office service for its wealthy clients. It is going to great lengths to seize the new business opportunities that are arising. «We have raised approximately €8 bn with this product, having tripled the amount since we started,» he revealed to Lombard between one interview and the next as he continued the selection process for the bankers that are lining up to join the team (he has recruited 120 in four years and has already added another nine this year alone). Decalia (De Benedetti's boutique), UBS and Azimut are all very different, especially in terms of size, but they are all aware that in wealth management they need

a completely new approach and above all new ideas.

STRIVING FOR RETURNS

«When people are paying to lend you money, which is what is happening in our world of zero interest rates, there are no limits to the potential rise of wealth management and all that goes with it,» noted a long-standing banker. Things are changing fast, as highlighted by the record-breaking figures that are emerging in wealth management despite the troubled markets in the early months of 2016. They range from the funds raised by networks of advisors to the signing-on bonuses given to private bankers, which rival those of soccer players and investment bankers. The new normal in a world of negative interest rates can only lead to one thing: the search for investment solutions that offer returns even if it means paying substantial fees. Consequently, the numbers are getting very big but according to a number of market watchers they will remain sustainable

«The digitization drive will come sweeping through the banking world like a tornado and have an impact on all aspects of banks, including their roles as managers of large amounts of wealth.»



Major players and a breakdown of AuM growth

Pos	Bank		2015			2014			2013		
	2015	2014	€ bn	of which mng (%)	(%)	€ bn	of which mng (%)	(%)	€ bn	of which mng (%)	(%)
1	-	-	131.1	86.1	66	-	-	-	-	-	-
2	1	1	94.8	38.3	40	91.3	34.5	38	84.8	30.8	36
-	2	2	-	-	-	81.4	44.3	54	75.8	40.1	53
-	3	3	-	-	-	42.1	33.5	80	37.9	29.0	77
3	4	4	33.1	16.3	49	32.9	14.8	45	32.4	13.6	42
4	6	6	32.6	15.1	46	29.2	16.3	56	26.3	13.1	50
5	5	5	31.7	16.7	53	28.0	14.2	51	26.7	10.9	41
6	7	7	29.4	na	-	26.9	na	-	24.6	7.8	33
7	11	11	27.0	na	-	17.5	na	-	13.0	na	-
8	12	12	25.0	18.6	74	13.7	10.1	74	12.0	8.4	70
9	8	8	24.0	12.6	53	23.0	11.5	50	20.8	9.5	46
10	9	9	22.0	na	na	20.0	na	-	na	na	-
11	10	15	17.0	9.0	53	16.0	8.3	52	15.3	7.3	48
12	24	19	15.5	9.4	61	12.4	8.1	65	10.4	6.3	60
13	14	13	15.4	8.1	53	13.6	6.6	49	12.3	5.7	46
=	15	14	15.4	na	-	13.3	na	-	11.8	na	-
15	19	18	13.5	nd	nd	8.0	5.7	71	7.7	5.4	69
16	10	10	12.2	na	-	14.5	7.2	50	14.7	6.6	45
17	16	16	10.1	5.6	56	9.4	4.8	51	8.8	3.7	42
18	17	17	9.7	6.6	68	8.9	6.0	67	7.9	5.3	67
19	20	21	8.8	5.4	61	7.9	4.4	56	6.7	3.4	51
20	22	28	8.5	na	-	6.5	na	-	4.4	na	-
21	18	22	7.9	4.5	57	7.7	4.2	55	6.1	3.2	52
22	21	20	7.8	5.0	64	8.1	4.7	58	7.1	4.0	56
23	31	30	6.9	3.3	48	2.2	1.2	52	2.5	1.1	44
24	27	24	4.8	1.3	27	4.1	1.3	31	3.8	1.2	32
25	25	25	4.4	1.9	44	4.1	1.7	41	3.8	1.4	37
26	23	23	4.2	1.5	35	5.4	1.7	31	5.0	1.3	25
27	30	26	4.1	0.8	19	3.8	0.7	18	3.4	0.6	18
28	29	31	4.0	3.5	87	3.6	3.1	88	3.0	2.8	93
29	28	29	3.3	2.2	67	3.2	2.2	69	3.0	2.0	68
30	-	-	2.5	na	-	na	na	-	na	na	-
31	33	32	2.2	na	-	2.0	na	-	1.9	na	-
-	-	27	na	na	-	4.0	na	-	3.5	0.9	26
-	32	33	na	na	-	1.2	na	-	1.5	na	-
Total/average			628.7	55	543.7	503.9					

Source: Lombard on banks' year-end declarations since 2013, before the AuM were at the end of June - * at 30-9-2015 - In 2015 Intesa Sanpaolo Group reorganized the activities of Fideuram and ISP PB

€ bn	2012		2011		1yr Ch%	2 yr Ch%	3yr Ch%	10yr Ch%	Cagr (2006-2015)	
	of which mng (%)	of which mng (%)	of which mng (%)	of which mng (%)						
-	-	-	-	-	-	-	-	-	-	
82.9	36.7	44	70.8	69.1	36	3.8	11.8	14.4	163.3	10.17
72.8	32.1	44	66.4	28.6	43	6.3	12.8	17.4	2.6	0.2
31.9	22.1	69	32.0	30.0	20	5.9	17.7	39.8	121.9	9.4
35.0	na	-	37.0	36.9	21	0.6	2.0	-5.5	59.8	6.2
24.9	12.2	49	25.7	26.5	21	11.6	24.0	30.9	58.3	4
20.8	8.4	41	17.5	16.2	11	13.2	18.8	52.4	188.1	12.6
24.5	na	-	25.0	24.2	13	9.3	19.5	20.0	126.2	9.5
13.6	5.8	43	12.9	12.4	12	54.3	107.7	98.5	125.0	2.9
10.5	6.5	62	7.1	10.0	22	82.5	108.3	138.1	15.7	-5.5
22.5	9.6	43	24.2	24.2	18	4.3	15.4	6.8	33.3	2.4
15.5	na	-	13.5	13.0	8	10.0	-	41.9	165.1	11.6
9.4	3.8	40	9.0	7.1	9	6.3	11.1	80.9	100.0	7.8
5.3	na	na	5.5	2.4	2	24.5	48.2	189.1	930.0	16.3
11.3	4.5	40	11.0	10.8	10	13.2	25.2	36.3	51.0	3.1
10.3	na	-	10.0	9.3	7	15.8	30.2	49.5	136.9	8.7
6.9	4.4	64	6.9	7.3	7	68.8	75.3	95.7	90.1	1.5
11.3	6.1	54	11.0	4.7	6	-15.9	-17.0	8.1	117.9	13
7.6	2.8	37	6.8	7.1	-	7.1	14.7	32.4	-	-
7.5	4.5	61	7.9	5.1	7	9.0	22.8	30.2	47.0	3.6
4.7	na	-	2.5	2.9	na	11.4	31.3	86.1	-	-
2.8	na	-	-	-	-	30.8	93.2	203.6	-	-
4.2	na	-	4.5	na	4	2.6	29.5	88.1	92.7	8.7
6.0	na	na	5.0	na	na	-3.7	9.9	30.0	310.5	18.1
2.1	702.0	33	2.2	1.6	970	211.0	174.1	222.3	661.3	10.8
3.4	1.2	36	3.2	2.2	2	17.9	27.6	39.5	108.7	5.4
3.5	na	-	3.3	3.4	2	5.6	14.6	24.8	98.5	7.8
5.0	1.2	25	4.7	7.1	6	-21.4	-15.4	-15.7	-29.3	-1.5
3.5	na	-	2.4	na	-	6.6	20.0	14.7	50.4	1.3
2.2	2.2	100	2.1	2.8	2	11.6	34.0	82.7	73.3	3.8
2.5	1.5	60	2.5	1.5	61	3.0	11.5	32.2	94.1	7.7
-	-	-	-	-	-	-	-	-	-	-
2.2	772.0	35	2.7	2.8	2	10.0	15.8	0.8	0.0	-
-	na	-	-	-	-	-	-	-	-	-
1.2	-	-	1.1	750.0	na	-	-	-	-	-
457.6	-	-	439.8	420.8	335	15.6	24.8	37.4	87.7	6.2

in the coming years for at least three good reasons. The first is that the small amount of capital required by wealth management means that it is favored over other, much riskier uses in traditional banking, so traditional banks are being encouraged to move in this direction. The second reason is related to the first: investment and corporate banking are suffering from growing regulatory costs and – at the end of the day – the impact of these costs on tra-

ditional banking. Consequently, wealth management and private banking will continue to play an important role as a source of income for the financial world, attracting new players and shaking things up among the previously stable existing names. For example, take the debut in the affluent segment of private banking of FinecoBank, the multichannel bank from the UniCredit group. It is a leading light in digital innovation and the growth in

assets in its private banking area almost sneaked up on it. «At the end of last year, private banking accounted for approximately €20 bn of the overall total of €55.3 bn managed by the bank. The assets in our private banking area have more than doubled in the last four years.» Lombard was told by **Alessandro Foti**, the CEO of the bank. The bank had just over 1 mn clients at the end of February this year. Of these, 2% were in the private banking sphere and

managed using an original business model. «Rather than creating a separate private banking structure in the network of 2,600 personal financial advisors, approximately 170 wealth advisors have been picked out to contribute to the development of tailored services for the wealthiest clients. They are responsible for spreading the wealth management culture among their colleagues in the network,» stated Foti. The service model also involves working in

partnership with external tax and law firms such as Russo De Rosa Associati, which can provide advice on generational handovers, asset protection and tax and pension planning.

ROOM FOR EVERYONE

Everyone wants a slice of the private banking pie, which saw annual growth of €27 bn to €535 bn in 2015. With the exception of 2011, it has grown every year since 2008, with annual increases



Robot advisers are a trend, but

ranging from a minimum of 5.8% to a maximum of 7.8%. The real business in the coming years will come from the masses of funds worth approximately €450 bn that are currently largely languishing, with no specialist management, in traditional banks, either in accounts with varying degrees of liquidity or in bond investments whose returns are gradually decreasing. Italy is home to huge amounts of movable property. All of the leading players in the field are members of the Italian Private Banking Association (AIPB), which provides access to vast amounts of data. It claims that 95% of Italian families within

Lombard: What is your short-term view of the private banking business, which is caught between volatile markets and interest rates at zero?

Catania: If things start to get back to normal in the markets from the second quarter onwards, I still expect it to be a reasonably positive year in terms of both fundraising and profitability, coming in the wake of three exceptional years of fundraising in asset management. This year we will also see numerous professional figures moving from commercial banks to specialist players.

L. In the medium term, will growth in AuM or the profitability of the management system be the key factor in the sustainability?

C. In the last seven years, the big Italian players, which, by definition, count on economies of scale, have managed to cut their costs to a level

that cannot get any lower. The cost margin is almost 20 bps lower than the European average and the profit margin is higher, albeit only slightly. It is very positive from the managers' point of view but it gives some cause for concern about the sustainability of the model.

L. Why?

C. Because it is necessary to contemplate and prepare for the subsequent phase, i.e. expanding the market while striving to avoid competition from foreign and online players that might snatch away the potential new target assets that are currently held by non-specialist operators.

L. Are we talking about sizeable amounts of assets?

C. Estimates put it at between 25% and 30% of the financial wealth of Italian families, so that means several hundred billion. In addition, the market has reached a turning point due to the combined effect of multi-channel distribution and consolidation in the banking industry.

L. What are the likely consequences?

C. A greater digitization drive in areas including private banking, which will shatter a few stereotypes. For example, the widespread perception is that millennials are the keenest users of digital services but our research shows that there is a very high propensity to use social networks and online financial services among 50- to 60-year-old high-net-worth individuals, which is the top wealth cluster.

L. So will we soon see online advisory services in private banking as well?

C. Robot advisers are part of a medium-term trend and lots of organizations are working on it, including big names in both private banking and asset management. In the former area, the goal is to serve clients who want to operate without human



Cristina Catania, partner McKinsey in Italy, works on the Corporate Finance & Strategy team. She is also a core member of the European practice of Wealth Management and Insurance

they need a strong brand to debut

interaction. For asset managers, without distribution networks, the goal is to gain direct access to retail clients.

L. However, there are no initiatives in the market as yet. What is holding them back?

C. Innovative technological schemes like these must be associated with strong brands, not necessarily from the banking world, that offer a sense of confidence and trust.

L. In that respect, the networks of financial advisers seem to be ahead of the traditional specialist banks. Why is that?

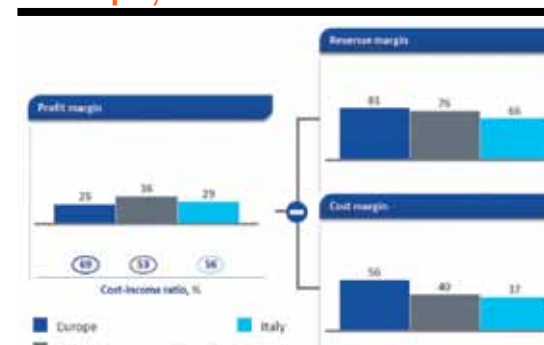
C. The best equipped networks have managed to develop an advisory model

that is more competitive (i.e. it has lower costs) than that of the specialist private banking players and it can be used on almost every level, starting with potential clients at the lower end of the wealth scale.

L. How were they able to do that?

C. By experimenting with an advisory tool

Italian players: efficient on the costs side



Source: McKinsey Private Banking Survey 2015

that has proved reliable in the last eight years, during which there have been two devastating financial crises, for a significant number of clients.

L. And what is in their tool box?

C. A combination of business methods and financial planning.

L. Could you explain what it means in practical terms?

C. In any business sector, the pre- and after-sales service is essential, but in financial services the advice has largely tended to stop at the product level. The networks were the only ones that took structural measures in order to stay close to clients even during the difficult times on the market, when the trusting relationship between an adviser and a client is at stake. In other words, the advisers in the networks have an entrepreneurial spirit towards their clientele, which encouraged them to put themselves on the line even when things got tough.

L. What challenges are facing the specialist players now?

C. The push for specialization in subsections of the service model. All of the players have realized that if they do not differentiate both their tools and their resources, i.e. their people, they will no longer be capable of serving the majority of private banking clients effectively.

L. What is the most successful financial planning model right now?

C. Open architecture is now a consolidated part of the networks, but a smaller impact is made by the option of having big brands in portfolios and a more important part is played by the role of bankers/advisers in putting together a portfolio.

the scope of the private banking industry have between €0.5 mn and €5 mn, while 5% of HNWI are worth a massive €300 bn, which is a third of the overall wealth of approximately 30,000 families. On average, financial assets make up 43% of their wealth, while 39% is in real estate and 18% in luxury goods, in particular art and jewelry. Quarterly monitoring of private portfolios by AIPB paints a picture of an asset mix in which €103 bn goes on wealth management products (the majority of which come from third parties). The figure for mutual funds is roughly the same at €97 bn, with 39% of this accounted for by bond

Top Banks by 1-yr AuM Growth

Pos	Bank	1yr Ch%	AuM*
1	Banca Cesare Ponti	211.0	6.9
2	Banca Generali	82.5	25.0
3	Ersel	68.8	13.5
4	Deutsche Bank Group	54.3	27.0
5	Azimet WM	30.8	8.5
6	Banca Mediolanum PB	24.5	15.5
	average	19.9	
7	Banca Profilo	17.9	4.8
8	Banca Sella	15.8	15.4
9	Credem	13.2	15.4
10	Bnl Bnp Paribas	13.2	31.7
11	Kairos WM	11.6	4.0
12	Banca Aletti	11.6	32.6
13	BP Emilia Romagna	11.4	8.8
14	Credit Suisse	10.0	22.0
15	Banca Akros	10.0	2.2
16	UBS	9.3	29.4
17	Banca Euromobiliare	9.0	9.7
18	Cariparma	7.1	10.1
19	Banca Finnat	6.6	4.1
20	Intesa SanPaolo PB	6.3	-
21	Banca Esperia	6.3	17.0
22	Banca Fideuram	5.9	-
23	Cassa Lombarda	5.6	4.4
24	Montepaschi	4.3	24.0
25	Unicredit PB	3.8	94.8
26	Albertini Syz	3.0	3.3
27	BP Milano	2.6	7.9
28	Ubi Banca	0.6	33.1
29	Banca Leonardo	-3.7	7.8
30	Banca Intermobiliare*	-15.9	12.2
31	BP Vicenza	-21.4	4.2

Source: Lombard analysis on data provided by the banks - * € bn as of year-end 2015

Top Banks by 3-yr AuM Growth

Pos	Bank	3yr	AuM €bn
1	Banca Cesare Ponti	222.3	6.9
2	Azimet WM	203.6	8.5
3	Banca Mediolanum PB	189.1	15.5
4	Banca Generali	138.1	25.0
5	Deutsche Bank Group	98.5	27.0
6	Ersel	95.7	13.5
7	BP Milano	88.1	7.9
8	BP Emilia Romagna	86.1	8.8
9	Kairos WM	82.7	4.0
10	Banca Esperia	80.9	17.0
	average	57.6	
11	Bnl Bnp Paribas	52.4	31.7
12	Banca Sella	49.5	15.4
13	Credit Suisse	41.9	22.0
14	Banca Fideuram	39.8	-
15	Banca Profilo	39.5	4.8
16	Credem	36.3	15.4
17	Cariparma	32.4	10.1
18	Albertini Syz	32.2	3.3
19	Banca Aletti	30.9	32.6
20	Banca Euromobiliare	30.2	9.7
21	Banca Leonardo	30.0	7.8
22	Cassa Lombarda	24.8	4.4
23	UBS	20.0	29.4
24	Intesa SanPaolo PB	17.4	-
25	Banca Finnat	14.7	4.1
26	Unicredit PB	14.4	94.8
27	Banca Intermobiliare*	8.1	12.2
28	Montepaschi	6.8	24.0
29	Banca Akros	0.8	2.2
30	Ubi Banca	-5.5	33.1
31	BP Vicenza	-15.7	4.2

Source: Lombard analysis on data provided by the banks - * € bn as of year-end 2015

Banker vs Financial Advisor: this

funds. Meanwhile, there is steady growth in the appeal and proportion of assets accounted for by insurance products.

The market shares of the individual players in the field have not changed in recent years. The top five are behind 52% of all assets under management. There has only been a slight redistribution in the market share of the big banks, which fell from 61.4% in 2010 to 58.2% in 2015. The difference went to small and medium banks with private banking business units. There has been a constant increase in market penetration by specialist (and foreign) banks focusing on the clients at the top end of the market. However, the figures reveal little about what is actually happening in the market and the unrelenting dedication to reorganization schemes by bankers and strategic advisors.

PROOF OF CONSOLIDATION

The initiative that seems to be nearest to completion is the deal to bring Banca Intermobiliare under the control of Fideuram – Intesa Sanpaolo Private Banking. This comes after the resignation of **Pietro D'Agui**, who was the heart and soul of Bim for more than 20 years. He had tried on a number of occasions to buy back the majority stake, currently held by Veneto Banca, but met with

Fabio Innocenzi, 55, CEO of UBS Italy, and Gianmaria Mossa, 41, the new CEO of Banca Generali, represent two different models of private banking and not just for the careers they have had: Innocenzi had a more traditional career, borrowed from the Swiss tradition, based on a global dimension and managed by bankers of the internal school, while Mossa is linked to the world of non-banking financial advisors, independent and very proactive with clients, whose collection results were a true novelty for the Italian market in recent years. In 2015, however, both UBS and Banca Generali achieved excellent performances, perhaps some of the best of the last 10 years. Both managers insist on the fact that their business model is the most effective in difficult market times. Hence our interest in comparing their arguments.

Lombard: How have you managed your portfolios in the highly volatile markets recently?

Innocenzi: In early January, we cut back to a neutral strategy for shares. In particular, we took a more cautious approach to emerging markets and reduced the proportion represented by Japan. We then bought shares in February in order to rebalance our positions and benefit from the rebound. At the end of February, we decided to go for an overweight position on the American high-yield market. It now offers returns of over 9%, which we believe is ample compensation for the risks involved.

Mossa: We concentrated a lot on the protection offered by insurance investments, which guarantee returns and exceptional diversification. We are pursuing the same objectives with new alternative management approaches, which make it possible to perform and control volatility even if the market is not heading in a clear direction.

L. What has proved to be a particularly rewarding move?

Mossa: Analyzing and selecting the best fund managers. We are really at the forefront of the field.

Innocenzi: Excluding raw materials from our asset allocation for almost three years, thus enabling us to avoid negative effects on performance and contain volatility. We are sticking to the same approach in 2016.

L. Does your main focus lie in the drive for digitization or client relations?

Innocenzi: It will be more and more important for private bankers in the future to be able to offer clients advice and services that are perfectly tailored to their specific needs, while it will become less and less important for them to serve clients from A to Z. In addition to the ability to explain trends in the financial markets, bankers must have professional expertise that revolves around clients' core needs, medium/long-term objectives, corporate or professional requirements and family situations.

Mossa: In the United States, the companies with the biggest market shares have private bankers aged over 50, because it is a profession in which it is necessary to build up know-how over time, like law and accountancy.

Fabio Innocenzi, 55, CEO of UBS Italia since 2011, is also in charge of the Spanish and Portuguese markets for the wealth management business. He previously served as CEO of Banco Popolare and of Pioneer Investments



is the match

L. So will private banking not be a young person's game?

Mossa: Young people must approach the profession by building their experience in banking, starting to manage some assets or working in operational areas where they can gain the necessary knowledge, while paying attention to clients' needs and listening to advice.

Innocenzi: I would say that it is a matter not of age but of the ability to manage services. Fresh balance will have to be introduced between the purely financial side and the overall array of services that cater to other client needs. There will need to be more and more diversification in the solutions in terms of timeframes, product types and insurance and trust aspects. In addition, they will have to be more and more tailored to the expectations and needs of clients.

L. What will be a key factor in the success of the new generation of private bankers?

Innocenzi: The ability to innovate and a huge focus on the requirements of clients, whose expectations and needs will become more and more challenging. Consequently, the business will be bursting with opportunities for those who are capable of taking a focused, forward-thinking approach.

Mossa: Placing the profiles and needs of clients at the heart of things. We have the opportunity to create relationships that are totally tailored to the needs of investors and based on a broad range of management solutions, transparent costs and selection methods, and advice that also covers non-financial assets.

L. In the consolidation of the banking industry what is most attractive: advisors' networks or specialized private banks?

Innocenzi: Wealth management is a business that requires excellence and that means substantial investments in IT systems and attracting talents. In addition, in order to remain competitive over time, it is necessary to build services with greater added value, which often require global platforms. The greatest appeal will be held by those who have capabilities and resources.

Motta: The networks act as a catalyst for those with a predisposition for the profession. The restructuring of the commercial credit system will lead to retraining and new opportunities, because above all the crisis in commercial banking is affecting the trust-based relationship with clients, whereas our structure offers transparency to clients and colleagues who want to make the most of their talents.

follow on page 74 ▶

Snapshot

€ mn	AuM	managed	share%	Bankers (n.)	avg/banker € mn
UBS	29.400	na	-	143	205
Banca Generali	25.000	18.6	74	na	-

Aum Growth perf

%	1Y	2Y	3Y	10Y	cagr (2006-2015)
UBS	9.3	19.5	20.0	126.2	9.5
Banca Generali	82.5	108.3	138.1	15.7	nm

Source: Lombard elaboration on banks reports



Gianmaria Mossa, 41, acquired significant experience in RAS (Allianz Group). In 2006, he joined Banca Fideuram where he headed up the Marketing and Private sectors. He has been with Banca Generali since 2013

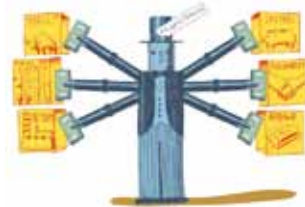
opposition from the Bank of Italy. Intesa's private bank is run by **Paolo Molesini** and confirmation of its interest came from the seller, **Cristiano Carrus**, the CEO of Veneto Banca. Carrus also alluded to interest from an American private equity fund and a number of Arab investors. Bim is listed in Milan and its acquisition could pave the way for the listing of the much bigger Fideuram. It is a pet project at the headquarters of Intesa, with the aim of making the most of the asset at a particularly favorable time for the sector. The market capitalizations of listed advisory firms such as Anima, Banca Generali and Azimut are reaching unprecedented heights. Fideuram had an outstanding 2015 and by the end of the year it had 5,846 financial advisors with an average portfolio per capita of €32.3 mn. The debut on Italy's Piazza Affari stock exchange is already scheduled for Kairos. Since early April, 80% of the firm has been in the hands of the Swiss bank Julius Baer, which acquired a majority stake from the founder **Paolo Basilico** and the management team. The plan is to list Kairos by the end of the year, in a process that will see Julius Baer's stake decrease to 50% and the management's stake to 15-20%. Meanwhile, UBS Italy was reinforced by the acquisition of Santander Private Banking Italia, which has €2.7 bn in assets under management and now falls under the UBS umbrella. «It is a great acquisition but we are also prepared to consider other opportunities in the Italian market, obviously in the area of private banking distribution.» Lombard was told by **Fabio Innocenzi**, the country manager of UBS for Italy and the CEO of the wealth management division. Geneva-based Lombard Odier & Co. is preparing to open a branch in Milan to serve clients with portfolios of at least €5 mn. In contrast, Schroders

Intesa SP vs Unicredit: the big

does not have any big ventures planned in Italy for the time being, after talks about buying Gerardo Braggiotti's Banca Leonardo collapsed due to differing valuations of the assets. At the end of last year, the two groups entered negotiations for a merger between their respective wealth management businesses in Italy: the idea was for Banca Leonardo's private banking arm to take over its counterpart at Schroders in Italy. However, the British bank, which currently plays a relatively small part in the Italian private banking market, would have been the real buyer of the assets because it would have become the main shareholder. Sellers overestimating the worth of their portfolios under management is something that has undermined a number of talks, including those regarding the sale of Banca Ponti, one of the grand old names in the field, by the Carige group and negotiations for the sale of Banca Mediolanum's 50% stake in Banca Esperia to the other shareholder Mediobanca, which wants to revitalize its presence at the high end of the market. Against this backdrop, there is more and more demand from customers for advisory services because there is now a widespread feeling that the only way to make profitable investments is to take risks. This is true both in affluent circles and at the higher end of the wealth scale, where a conservative outlook previously prevailed.

CHANGING SIDES

While there has still been little consolidation of the assets of



Summing up the activities of Intesa Sanpaolo Private Banking and those of the network of financial advisors of Fideuram, the group led by Carlo Messina has decidedly taken leadership in size in Italy, leaving behind its rival Unicredit, which instead focused on strengthening services for its UHNW clientele, the richest segment, by reorganizing the fiduciary activities of the subsidiary Cordusio. The Fideuram ISP aggregation that has been active since last July, currently manages approximately €131 bn against Unicredit's €95 bn. Lombard asked the two CEOs of the respective businesses, Paolo Molesini of ISP and Salvatore Pisconti of Unicredit, for their opinions.

Lombard: Which asset classes will come out on top in the current risk-averse circumstances for clients with medium to high net worth and extremely volatile markets?

Molesini: We believe that interest rates will remain low for a long time and investments in real estate can no longer be relied upon to generate returns, so we are focusing on rebalancing portfolios in the medium term and increasing the share-based portion, while continuing to concentrate on diversification in our strategic asset allocation.

Pisconti: The most interesting asset classes are those with flexible management strategies. Therefore, it is necessary to focus on absolute and total return schemes and more specifically those of a multi-asset nature. Investment decisions should be shared with bankers, who must be familiar with the risk tolerance levels of individual clients and their specific needs.

L. During the current market phase, is growth of AuM more important in the medium-term sustainability of business?

Pisconti: No, I believe that a professional management approach is essential in order to make the most of the opportunities and keep the critical issues of the markets under control. In terms of minimizing risks, asset management solutions offer a level of diversification that would normally be impossible for a DIY investor to attain.

Paolo Molesini is the CEO of the new venture between Intesa Sanpaolo PB and Fideuram. He joined the Intesa Group in 2003 and when, the following year, the bank decided to spin off the division to create Intesa PB he became its CEO



players hovering near the margins during the reshaping of the industry, there has been a lot of movement by individual bankers. The overriding preference is to leave the private divisions of commercial banks, where satisfaction and above all incentives are in short supply, to move to independent organizations, which offer better remuneration packages and plenty of other oppor-

tunities. «The advisory platform at our disposal is so diversified that anyone who joins our wealth management team will become an entrepreneur working alongside other entrepreneurs. It is a huge change of outlook and mentality that younger bankers in particular find especially gratifying and motivating,» stated **Paolo Martini** (Azimut), who counts on a Consultancy 3.0 approach to at-

ones at the glance

Molesini: I would look at it the other way around. The quality of the service model and the ability to innovate it on a constant basis are key factors in the medium-term sustainability of business. They help to build the loyalty of existing clients over time and attract new ones, leading to growth in the assets under management.

L. Who will benefit from the concentration in the sector due to the increasing costs of compliance and acquiring new portfolios, together with a standstill in revenues ?

Molesini: The strongest players, with streamlined business models that traditionally revolve around advisory services, considerable resources to invest in the training of their teams, state-of-the-art technological instruments.

Pisconti: We do not expect to see a drastic reduction in players because in private banking we firmly believe that there will continue to be room for dedicated, specialist boutiques, especially for the most important clients, thanks in part to the possibilities presented by regulatory changes. However, there will definitely be scope for rationalization.



Salvatore Pisconti is in charge of the Private Banking Italy network that consists of seven offices in charge of the same number of geographical areas

Snapshot

€ mn	AuM	managed	share%	Bankers (n.)	avg managed
Unicredit	94,856	38,300	40	765	124
FideuramISP	131,100	86,100	66	5846	22.5

Aum Growth perf

%	1-yr	2-yr	3-yr	10-yr	cagr 06-15
Unicredit	3,8	11,8	14,4	163,3	10,17
Intesa PB	6,3	12,8	17,4	2,6	0,2

Net fees&commission

€ mn	2015	2014	2013	2012	4-y ch%
Fideuram ISP PB*	1470	1220	723	494	198
Unicredit	na	na	na	na	na

Operating profit

€ mn	2015	2014	2013	2012	4-y ch%
Fideuram ISP PB	1105	835	650	494	124
Unicredit	na	na	na	na	na

Source: Banks report - * in 2012 and 2013 data are aggregated from Fideuram and Intesa SP PB reports
Unicredit does not communicate the revenues and profit data of the PB activity separately from that of commercial banking

tract bankers with portfolios of €30 mn to €50 mn. «The fact that we have doubled our number of clients in two years proves that it works.» Martini believes that the growth in the portfolios brought to the organization by new arrivals shows that motivating bankers is the key to the success of his initiative. «After two years, the growth rate is roughly 30%, which means that high-end clients

– who tend to have a number of advisors – are placing a growing proportion of their assets under our care,» he explained. According to AIPB figures, on average clients use the services of two or three managers for their assets. **Marco Mazzoni** is the chairman of Magstat Consulting, an independent Italian private banking monitor. He claims that one of the changes that is underway is

that «some people are leaving big foreign names with centuries of tradition behind them to join small boutiques or networks.» Due to their dynamic approaches, cultures and resources, specialist private banks and networks of financial advisors are seen by those in the trade as the organizations that can offer the best working platforms for people who want to work as financial advisors. Consequently, for at least 18 months now the economic incentives to change sides have been soaring. A number of people in the trade have revealed that new recruits are attracted by packages of between 2% and 4% of the assets under management that they bring with them. It means that taking €50 mn in client funds from one company to another can earn you at least €1 mn, either immediately or within a short timeframe that is usually between 12 and 24 months. As Mazzoni explained, «the fact of the matter is that the current conditions allow it. First and foremost, things have improved on the supply side. The main players have created wealth management divisions to target wealthy clients.» The core features of these divisions are products and services that are more individually tailored, from advice on tax, legal matters, succession planning and works of art to an open architecture-based advisory approach. On top of this come corporate finance, real estate and investment banking services, as well as consulting services for clients' entire portfolios, including their assets with other banks. «The attraction lies in the much improved economic conditions for the revenue produced. There are substantial portfolio transfer bonuses, especially for people with at least €30 mn concentrated on a small number of clients of high standing. The greater working independence is also attractive. Finally, the downturn in early

BNL-BNP Paribas vs Banca Aletti

In the segment of specialized banks, the division of BNL is comparable in size to Banca Aletti, the private bank controlled by Banco Popolare, who kept the sign of one of the most famous Italian banking families in Italy in its name. Lombard asked Gianpietro Giuffrida and Maurizio Zancanaro what the key factor for their development will be.

L. Do you believe that growth in AuM will be the key factor in the medium-term sustainability of business?

Dentella: Yes, because the market situation in recent years has inevitably made even the clients most accustomed to DIY investing appreciate state-of-the-art portfolio advisory and management services. Therefore, it will be down to the most cutting-edge players to establish a growth trend in volumes built on asset management and advisory systems. It will be the most virtuous development in the coming years and also the best way to generate value for clients and keep up a sustainable growth rate.

Giuffrida: I'm looking at the matter from a different point of view. To comply with recent and future developments in local and European regulations substantial investments will have to bring about change and improvements in client relationship management. Against this backdrop, compared to smaller operators, players of medium to large dimensions in terms of AuM will have more solid foundations to help them make these investments and amortize them over time.



Gianpietro Giuffrida (left) and Franco Dentella are the heads of the private banking business for their institutions, BNL-BNP Paribas and Banca Aletti, respectively

business models of the past and give innovative responses.

L. Which asset classes will come out on top in the current risk-averse circumstances for HNW clients?

Giuffrida: It unquestionably depends on the client profile. Those who are convinced that the fundamentals remain positive will look for non-correlated assets such as Newcits and Liquid Alternative Funds. Certain approaches such as Long/Short and Event-Driven strategies have recently proved effective in reducing the volatility of

portfolios if they are combined with share allocations. Alternatively, those who want to start adding again to a share allocation that was reduced as the markets fell may consider investing in multi-asset funds.

Dentella: In order to counteract or curb the effects of the fall in riskier listed values, we use asset management products based on share indices that adopt a market neutral (long/short equity) strategy. In addition, we invest in inflation-linked government bonds in euros to take advantage of the extremely high pressure resulting from energy prices. And finally, we use a greater share of liquid assets alongside the portion that is normally dedicated to government bonds in euros issued by non-periphery countries.

L. Which group of players in the Italian market will benefit from this situation?

Dentella: Time will tell who will manage to combine growth in volumes with economic stability, especially in circumstances in which margins are being squeezed while more and more investments in technology and training are required. Recently, the quest to gain market share by some players was not always been well-planned and orderly.

Giuffrida: It is difficult to say. Winners will be those capable of combining solidity with agility and the ability to adapt to an economic and social context that is undergoing profound changes. The private banking industry must take into account that a growing proportion of its clients are increasingly independent and digital-oriented. The fact of the matter is that client needs are changing radically and it is necessary to move on from the

Snapshot

€ mn	AuM	managed	share%	Bankers (n.)	avg managed
Banca Aletti	32,600	15,100	46	197	165.4
BNL BNP Paribas	31,700	16,700	53	339	93.5

Aum Growth performance

%	1-yr	2 -yr	3-yr	10-yr	cagr (06-15)
Banca Aletti	11,6	24,0	30,9	58,3	4
BNL BNP Paribas	13,2	18,8	52,4	188,1	12,6

Net fees&commissions

€ mn	2015	2014	2013	2012	2011	2010
Banca Aletti	-25.0	-46.7	11.1	22.3	43.2	35.8

Source: Lombard elaboration on company data



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Esperia vs Ersel, the match between boutiques

Lombard: Which asset classes will come out on top in the current risk-averse circumstances for clients with medium to high net worth, bearing in mind the extremely volatile markets at the start of the year?

Greco: The markets are giving the answer: triple A government bonds (US Treasury bonds and German Bunds), gold and currencies that are considered safe havens at risk-averse times like these, such as the yen as measured against the dollar. The markets are expecting



Fabrizio Greco is the general manager of the Ersel, the boutique of private banking, founded in Turin by the Giubergia family in 1936, one of the Italian oldest institution in the industry. Below, Andrea Cingoli the CEO of Banca Esperia, the partnership between Mediobanca and Banca Mediolanum



global growth prospects to worsen, hence the focus on the asset classes that can offer a low but steady flow of dividends, such as high-quality fixed-rate assets. Gold is back in favor both because of its traditional role as a safe haven asset and because the negative rates mean that the opportunity cost of holding an asset with zero returns is very low.

Cingoli: Clients with substantial assets who were preparing to shift the balance of their investments towards shares at the start of the year got a shock from the markets. Their initial reaction was to concentrate on liquid assets, even if it meant no or negative returns. If things remain volatile for an extended period, we may see movements in liquid assets, on one side towards medium/long-term euro curves and on the other towards non-management strategies in the form of UCITS funds.

L. During the current market phase, is growth in assets under management the key factor for sustainability of business in the medium term?

Greco: Size is definitely a significant factor in business sustainability but it is not the only one. A valid alternative is building your business model around highly customized services for your target clientele. The market today is clearly divided. On one side, you have big international players and Italian national champions, who take advantage of economies of scale and combine private banking and ordinary banking services. On the other side, there are the boutiques, which focus on pure private banking with increasingly client-oriented services and high-level advice.

L. Will some players be able to benefit during the concentration of the market that is bound to follow the squeezing of margins and greater operating difficulties?

Cingoli: Marginal operators in the field will inevitably be put under pressure by competition, pricing difficulties in unstable financial markets and a lack of profitability. However, numerous factors relating to regulations, reputation and cost control may mean that we are more likely to see these players being gutted rather than being involved in genuine acquisitions.

Greco: The first signs of a consolidation process that will have a broader impact in the coming years have begun to appear in the last 12 months, due not only to the volatility of the markets but also to regulatory pressure and the need to invest in technology and human resources. Some foreign groups that were operating directly in Italy but had never really managed to establish themselves have left the market. Meanwhile, some long-standing financial boutiques have entered the realms of foreign groups that specialize in private banking.

Snapshot

Assets under management

€ mn	AuM	managed	share%	Bankers (n.)	avg/banker
Ersel	17,000	9000	53	89	191
Banca Esperia	13,500	na	-	43	314

Aum Growth perf

%	1Y	2Y	3Y	10Y	cagr (2006-2015)
Ersel	68.8	75.3	95.7	90.1	1.5
Banca Esperia	6.3	11.1	80.9	100.0	7.8

Source: Lombard elaboration on banks data



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MARIO CARELLI
Age: 42
Portfolio: upper affluent (asset > € 1mn)
Specialization: wealth management



Mario works with clients from professional circles, business owners and personalities from the worlds of sport and entertainment with complex wealth management needs. «The opportunity of working for one of Europe's leading private banking businesses is a great spur for my professional and personal growth,» Lombard was told by Carelli, who works for Intesa Sanpaolo Private Banking in a dedicated branch on Via del Corso, right in the center of Rome. He started his career at the insurance firm Generali in 1998 before moving to UniCredit, where he began to specialize in private banking. In 2001 he moved to Credito Bergamasco, which is a local bank but has links to the corporate world. There, he was able to establish ties with entrepreneurs and businesses among the clientele that he subsequently developed further at Banca Aletti, which is one of the few Italian private banks. Carelli has a Law degree and he is married with two children. In his free time, he enjoys sport, watching movies and travelling to discover different worlds and cultures.

VINCENZA BELFIORE
Age: 46
Portfolio: > € 100 mn
Specialization: private insurance



Vincenza is one of the best known bankers in her field in Turin, where she lives and works. Her private banking career began in 1996, when she decided to leave her work as an interpreter to join the Sanpaolo group. In 2000 she moved to Citibank and in 2002 she created its first private banking branch in Turin, becoming its Citiwoman for Italy. Before Citibank left the Italian market, in 2006 Belfiore moved to the BSI private banking division, which was subsequently taken over by Banca Generali Private Banking. At the end of July 2014, she took another big step forward by joining Azimut Wealth Management as its Head of Private Insurance Solutions. In addition to managing a client portfolio worth more than €100 mn, she is responsible for financial and fiscal optimization and finding international players that can offer her clients increasingly tailored asset protection solutions.

MARGHERITA MASERA
Age: 40
Portfolio: > € 80 mn
Specialization: multi brand mandates



Margherita started working as a financial advisor in 2000, straight after she graduated in business and economics. Since then she has gained more and more experience and reached ever greater heights. She currently manages a diversified portfolio of approximately €80 mn that is mainly spread across multi-brand asset management solutions and investment policies, working on behalf of Banca Generali Private Banking. She is married with a daughter and she lives in Piacenza. She has built up expertise of wealth planning for upper affluent clients, who make up more than 70% of her portfolio. «There is renewed interest in wealth management mandates and alternative investments, as well as advice on handing over businesses to the next generation,» she explained

DAVIDE PIOVERA
Age: 33
Portfolio: > € 42 mn
Specialization: wealth management



Davide's first record is a biographical one: he is the youngest banker at Banca Mediolanum. He has a degree in Economics and he works in the provinces of Novara and Varese in northern Lombardy, where there are a large number of SMEs. He joined the bank at 23, when he started his career as a financial planner. In addition to his expertise, in his relationships with clients he places a big emphasis on transparency and credibility. «It is an aspect of the job that allows me to put into practice values that I believe in,» he explained. «Doing so brings results, first and foremost for the clients, but consequently also for me.» He maintains that the first step is making clients feel that they are important to the advisors, who must be willing to help and show care and interest in their financial needs. Only after this can they move on to selecting the ideal solutions and the most suitable responses. Piovera manages approximately €42.5 mn.

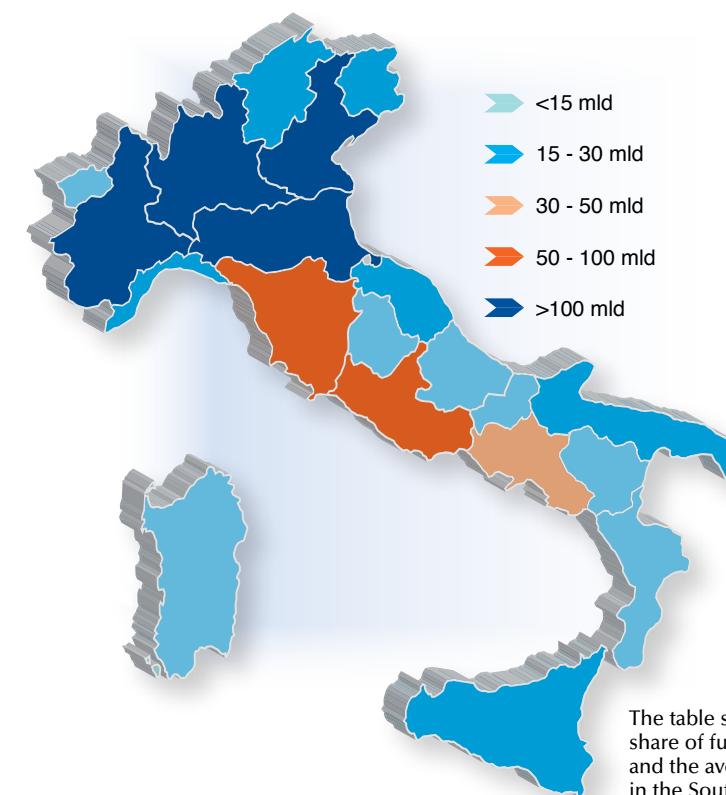
GIORGIO D'AMBROSIO
Age: 34
Portfolio: > € 25 mn
Specialization: wealth management



After graduating in Civil Engineering from the Politecnico di Milano and earning a master's degree in Economics and Finance, Giorgio gained four years of management experience before embarking on a career as a financial advisor. In 2011, he signed up for the first Master in Private Banking course promoted by Fideuram for young graduates and after six months of study at Tor Vergata University in Rome, he was appointed as a self-employed contractor at the Bergamo branch. His main focus initially was building up a client portfolio and he has now expanded into advisory services for established business owners with complex needs for the protection of their overall assets. «By listening to the needs and requirements of clients, I am able to plan and share details of the tools that will allow us to achieve our goals together,» he explained. D'Ambrosio is a finance and music enthusiast (playing the electric and acoustic guitars) and he takes part in sports in his free time.

2016 hit less solid banks with a high percentage of NPLs, leading to much lower benefits and year-end bonuses even for directly employed bankers,» stated Mazzoni.

NETWORKS ATTACK
The most aggressive organizations are Mediolanum PB, Azimut WM, Banca Generali PB and Fineco WM. Recently, Allianz Bank and Finanza & Futuro have been taking a similar approach. In addition, there are a number of networks that have always focused on the wealthy, such as Banca Fideuram, Banca Euromobiliare and Banca Patrimoni Sella. They are expanding their ranges and focusing in particular on cutting-edge advisory services. More assets means more capitalization and if the price of getting them is overpaying the people that bring them in then so be it: the focus is on the long term. Italian clients pay some of the highest fees in Europe for mutual funds and similar vehicles. The perform-



The potential market region by region

Region	Amt (€ mn)	Share %	Average (€ 000)
Piedmont	101,943	10.4	1,499
Valle d'Aosta	1,839	0.2	1,384
Lombardy	294,830	29.9	1,900
Trentino Alto Adige	17,229	1.7	1,424
Veneto	102,516	10.4	1,655
Friuli Venezia Giulia	15,885	1.6	1,354
Liguria	26,918	2.7	1,363
Emilia Romagna	109,163	11.1	1,647
Tuscany	64,669	6.6	1,496
Umbria	8,956	0.9	1,256
Marche	19,256	2.0	1,296
Latium	87,694	8.9	1,496
Abruzzo	11,949	1.2	1,240
Molise	2,533	0.3	1,188
Campania	44,244	4.5	1,264
Apulia	24,928	2.5	1,229
Basilicata	3,311	0.3	1,166
Calabria	9,457	1.0	1,192
Sicily	29,069	3.0	1,228
Sardinia	8,151	0.8	1,270
Italy	984,621	100.0	1,567

Source: AIPB, 2014

The table shows the wealth amount region by region (first column), the share of funds managed by the private banking industry (second column) and the average funds under management (third column). Noteworthy: in the South and Central Italy private banking services are simply non-existent. The colors on the map illustrate the concentrations of wealth

ance fees for foreign funds and funds that are based abroad really work in the favor of the managers because they are calculated on a monthly or quarterly basis, so they are paid every time that a period ends with a positive result, regardless of the results in the medium and long term. A few months ago, Credit Suisse sold a team of around 60 bankers and €2 bn in assets to Banca Generali and it was pleased to earn 2.5 times the assets from the transaction. However, the buyer – which was being traded for approximately 7 times its assets on the stock exchange – also felt that it was getting a good deal. The market capitalization of Banca Generali is now €3.3 bn, which is approximately 11 times its assets under management. It got there by continuing its recruitment campaign: last summer it was the turn of the private bankers at Cesare Ponti, the jewel in the Carige crown. It was put up for sale, then the sellers realized their mistake and took it off the market, but in the meantime Cesare Ponti's CEO **Andrea Ragaini** decided to join Banca Generali. Azimut has also snapped up assets and staff, focusing in particular on those with ties to institutional clients. Similar efforts are being made at Allianz Bank Financial Advisors, which has taken on 600 people in the last five years and more than 100 in 2015 alone, with most of them snatched away from rival private banking networks. Part of the reason for the large number of changes lies in the restructuring of a number of cooperative banks and other organizations that were forced to cut costs, with more

to come following future mergers. They are helping to speed on the departure of their veterans, including numerous figures with sufficient experience and big enough portfolios to justify a little entrepreneurial risk. The people in question are leaving the banking groups, setting up as sole traders, taking their clients with them and selling the assets to the sparkling new names. The overhauled asset mix in the field is helping to drive a positive trend in the margins of private banking services, with 60.5% of revenues coming from managed funds and just 12.9% from administered funds, while 3.1% can be classified as advisory fees. The really interesting piece of information to emerge from the analysis of the margins in managed fund services is that 82% of the total

amount is recurring. According to experts, the introduction of MiFID II, which has now been postponed to 2018, will give the industry «incentives to change, by requiring more formally established selection processes for the financial products in the range, specific business strategies for private banking clients and monitoring of the investments for their entire duration.» The regulatory emphasis on service aspects is highlighting the success of highly service-oriented products for new types of funds, asset management and insurance products, although the measures taken by the Italian market regulator Consob for complex products have underlined the precautions that should be taken when recommending them to clients. There are also substantial costs involved. **L**

Family Offices Get a New Start

More skilled advisors and new products are pushing the industry to focus on international standards

There are currently approximately 120 teams in Italy fighting for a share of the wealth management market for families with more than €100 mn in financial assets, according to Magstat, an independent think tank on private banking. Recent research by Knight Frank claims that the families in question number approximately 380, including around 40 with more than €1 bn to their names. Given the poor fiscal transparency in the market, analysts believe that these figures are rather conservative. 391 family officers work in the field, in which the

total assets under advisement are worth approximately €56 bn altogether. «The majority of the family offices studied have opted to form joint-stock companies, but around 20 independent family offices deemed it necessary to continue as partnerships,» stated **Marco Mazzoni**, the chairman of Magstat. The share structures can be used to distinguish between offices owned by a single family, those owned by a number of families, those owned by a group of independent professional figures (such as consultants, lawyers and accountants) and those that belong to a bank or financial institu-



TESTIMONIAL/DANTE PERRUCCIO

Main targets: dealing with handovers and family cooperation

After a 30-year career working in asset management for big institutional players and an interlude as an entrepreneur, in July last year Matteo Dante Perruccio became the chairman of Secofind, the family office created by the Zambon family, who have owned the pharmaceutical company by the same name for three generations. Perruccio took over the helm from Anna Procopio, who had been with Secofind for 10 years. He is now responsible for approximately €2 bn in liquid assets under management and a team of 6 professionals with roles in investment, risk management and customer service. They look after the interests of multi-



Matteo Dante Perruccio, chairman of Secofind, the family office created by the Zambon family

generational families from the business world with assets that are mainly invested in companies and families with large amounts of liquidity following the sale of businesses.

Lombard:
What strategic

approaches are you taking?

Perruccio: My experience in traditional, wide-ranging asset management and alternative and private equity funds can bring new input and ideas in areas that remain unexplored by a company that has epitomized the very best in independent advisory services ever since it was founded. It stands out thanks to its quest for investment opportunities with added value.

L. What sort of room for growth is there in the Italian market?

P. There is lots of room, especially in Italy, for truly sophisticated, independent advisory services with an international outlook. After all, we are living in a global world with global problems and opportunities, so a professional approach is required.

L. Are family offices still an undeveloped part of the market?

P. Yes, it is a bit of an anomaly on the European front because a lot of wealth is held by families but there is not much of a family office and multi-family office culture. They tend to stick to the traditional way of doing things here, which is to leave the management of assets to members of the family or other trusted figures who

may not be suitably qualified to do it or also perform other roles in the company or for the family.

L. Why does that happen?

P. It is a form of narrow-mindedness and reluctance to cooperate and share ideas and resources with others, while failing to consider the benefits offered by economies of scale and scope.

L. Are these factors important in the running of a family office?

P. They are essential. In the past, a family with assets of €300 mn had lots of options, but now they have to rely on economies of scale because the investment clubs are closed and the access thresholds are very high. I know a group in the USA that has brought together 40 families with independent family offices, each of which covers a sector. I like to call them cooperatives, in other words vehicles that create links and perform a supervisory role. Then there is another factor to consider.

L. What?

P. It has become much more important to diversify in a number of ways, including geographically and in the management techniques for complex assets. One of the biggest areas of change today is dealing with generational handovers. Meanwhile, there is no such thing as a low-risk investment nowadays, the old correlations between the different asset classes no longer exist and real estate is less relevant.

L. So what action do you intend to take against this backdrop?

P. One of the things that I would like to explore is the culture of cooperation, so that I can export the different families and bridge the gap with other countries. I have connections with lots of players that can present opportunities. Instead of things like buying a house in Milan, today my clients need my help in order to create digital marketing platforms in places like the USA or buying land in Asia.

L. What are you working on at the moment?

P. I am developing a venture club opportunity that will cover Italy and all of Europe.

L. What are the keys to success in this field?

P. The ability to pick up on and understand the needs and problems of investors, especially those from the business world. An equally important part is played by finding managers with strong convictions and a real desire to perform well, especially those with a transparent approach and a big focus on risk management. It can happen if you run things with an independent spirit and no conflicts of interest.

TESTIMONIAL/ROBERTO RANDAZZO

Impact investing: less risk, more diversification

Philanthropy is now an essential part of higher end wealth management and its new frontier is impact investing, which caters to two needs by offering tangible social benefits while also diversifying the portfolios of investors. The latter may either involve yields from bond, overall, or potentially, capital gains in the case of direct investments of capital through specialist funds. Lombard discussed the matter with Roberto Randazzo, who is a lawyer and partner at R&P Legal, an expert in commercial and corporate law, a Social Innovation lecturer at the Politecnico di Milano, having previously taught at Bocconi University, and a Family Office Association adviser.



Roberto Randazzo, lawyer and partner at R&P Legal, an expert in commercial and corporate law

Q. How can the social benefits of impact investing be quantified?

A. At present, there is no standard, globally recognized measure for the social benefits of investments. However, in Italy efforts to measure the impact have been made by organizations such as the Politecnico di Milano, Bocconi University and Giovanna Melandri's Human Foundation.

Q. What is the risk/return ratio for impact investments?

A. Setting up an impact fund is like starting a venture capital fund, except for the fact that you focus on fields such as health and social care. The main instruments for raising funds on the market are social impact bonds, which are sold directly to retail clients with interest rates that might be described as "requiring patience". Investors have to accept lower returns than they might get elsewhere on the market because the investments are partly used for social initiatives. It goes without saying that they require a longer term outlook than traditional investments. Nonetheless, as a rule impact investing is less risky than investing in other areas – such as technology and energy – and it has the advantage of guaranteeing returns, while interest rates on the market are still at the zero mark.

Q. How does Italy compare to other European countries on this front?

A. There is money available for impact investing in Italy and there is also a very attractive market. According to estimates, it has the potential to reach €2.8 bn in investable assets by 2020. There is scope for investments in areas such as health, disability, family, housing and social exclusion. The problem lies in finding targets and above all teams with investing experience and expertise. It's hard for impact investors to get involved at the moment.

Q. Why?

A. There are still not very many social players that are capable of putting an appropriate company structure in place in order to sell themselves on the capital markets, with a business plan that can be assessed with due diligence and suitable governance. Furthermore, the cooperation rules prevent investors from playing a part in the governance that is in proportion with the money invested in terms of votes in meetings and there is still a lack of a secondary market where investments can be sold on after a while.

Q. How can these obstacles be overcome?

A. Potential targets for investment must transform themselves from social cooperatives into companies with suitable legal structures (such as limited liability companies), social aims and an upper limit for profit distribution. In order to make the step up, it is necessary to attract private capital to the sector and convince the players on the social scene to move on from the protectionist stance that they have always had towards private capital. It is worth noting that private capital is actually subject to far more transparency rules than purely philanthropic funds.

Q. Are the public authorities aiding the development of the sector?

A. Things are happening through the Social Impact Agenda, especially on a European scale. It is behind a European Social Entrepreneurship Fund (EuSEF) at the European Investment Fund (EIF) with somewhere between €60 mn and €70 mn for impact investments. The money has been provided in tranches of €10 mn to German, French and Italian investors.

Q. Which are the busiest players in impact investing in Italy?

A. Generally speaking, pension and social welfare funds are the busiest and most dynamic players in the field, along with real estate funds for retirement homes. Oltre Venture was the first impact operator in Italy to receive funding from the EIF. Other names that should not be overlooked include UBI Banca and the Terzo Valore non-profit platform at Banca Prossima, from the Intesa Sanpaolo group.

tion. A number of Italian banking groups have created family offices in recent years. Banca Sella launched Family Advisory SIM Sella & Partners. The UniCredit group founded Cordusio SIM Advisory & Family Office. Banca IP-

IBI created an in-house division to provide all of the usual family office services. After London and Geneva, UBS has now also opened a branch of its Global Family Office in Milan under the management of Oscar D'Intino.

Meanwhile, Edoardo Spezzotti is in charge of the global structure, which brings together wealth management and investment banking activities for families from the business world and their family offices worldwide. **L**

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Source: Lombard elaboration on company data as of 2015 year-end - *Aum (2014 in the brackets) are in € bn, in the line below the average amount per banker is in € mn - ° number of private banker/advisor (2014 in the brackets)

Running on the Disintermediation of Banks

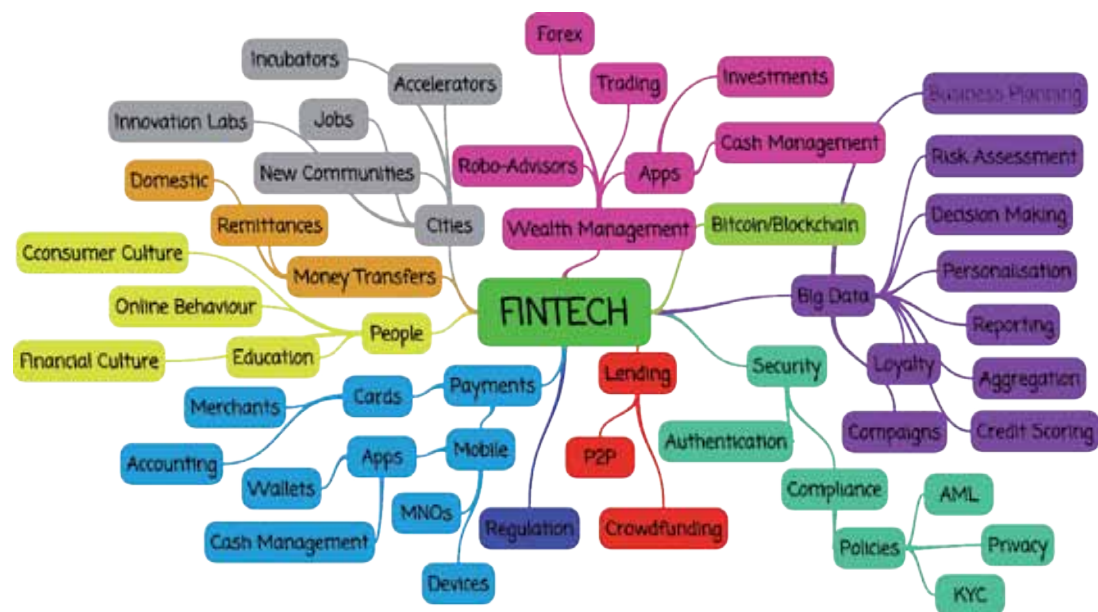
Italy could be the next **frontier** for fast online **payments** and the financing of **MSMEs** since 80% of transactions are still done in **cash** and banks must **deleverage** their assets. Here are the people and the **ideas** involved in the **game**

by Marco Barbieri

The first bank in Europe designed for smartphone-only access will be launched in Italy by one of the continent's big banking groups, with an American nickname, Buddy. «Because of its warm, affectionate and informal connotations,» explains the father of Buddybank, at Unicredit. The new credit institution, whose debut is scheduled for next January will offer current accounts, credit and debit cards and loans of up to €10,000, and personal advice available over the telephone 24 hours a day, seven days a week. It will break even with 300,000 customers and its objective is to get to 1 mn. It will start out with 42 staff members and the plan is for the number to increase to 100 within five years. The FinTech (financial technology) industry has reached maturity and it is having an impact on the tra-

ditional banking world. According to FinTech 100: Leading Global FinTech Innovators, a report created by KPMG, in 2015 the total amount invested in combining cutting-edge digital technology with financial systems was \$20 bn, which marked an increase of 66% on 2014. The numbers are not on the same scale in Italy but the growth trend remains the same. In 2015, the total amount invested in FinTech start-ups stood at over €20 mn, which was five times more than in 2014. Rather than a bubble or a fad, it seems like a process that will change things forever. The use of digital technology in the financial world is bringing about an evolution in capital markets, payment systems and approaches to personal and business loans that can only really be compared to

WHERE FINTECH IS PLAYING A DISRUPTIVE ROLE



These are the three hottest areas of fintech influence: Money Transfers, Payments, and Wealth Management. All Money Transfers could be divided into two groups: domestic money transfers and the remittance industry. Payments cover mobile payments and card payments. Wealth Management solutions include investments and cash management apps. Big Data and Security impacted by fintech as it is shown on the fintech mind map. Security issues are related to authentication process and compliance policies.

TOP 100 IN THE WORLD

Insurance and wealth are the new business

Fintech 100, the KPMG report on the leading global fintech innovators in 2015, selected the leading 50 companies across the globe and the most intriguing 50 emerging stars. Of these, 40% are from Americas, 20% from EMEA region, 18% from the UK and 12% from Asia. Below are reported the top three in the ranking, according to KPMG.



The homepage of ZhongAn, first online insurance to get a license in China

ZhongAn

The Chinese insurer, founded by Jack Ma and Chen Ing, CEO, was started in 2013 with backing of the Chinese Internet giant Alibaba Group Holding financial-services affiliate. It generates the bulk of its insurance-business revenue from a return-delivery insurance product for buyers on Taobao.com, Alibaba's flagship online marketplace in China. Zhong An, China's first online-only insurer to be issued an internet online license, is planning a domestic IPO by next June that could raise up to \$2 bn, according to people familiar with the situation. The JV between Alibaba, Tencent, the online gaming and social networking company, and Ping An Insurance, utilize big data technology to assist with product design, automatic underwriting, auto claims and risks management.



Kevin Nazemi (center) and Josh Kushner, co-founders of the health insurance

Oscar 02

Oscar's team of world-class engineers, data scientists, and healthcare experts has come together to tackle the industry's toughest problems. They are reinventing how to manage care, process medical claims, control healthcare costs, and provide transparency, with all the complexity hidden behind an easy experience for the clients, who don't get insurance from their job or through

Medicaid and Medicare. They currently offer plans in parts of New York, New Jersey, California, and Texas and continue to expand. In February Fidelity led a \$400 million investment in the tech-savvy insurance start-up. The deal values Oscar at \$2.7 bn, up roughly \$1 bn from September 2015 when Oscar took in \$32.5 mn from Google Capital at a \$1.7 billion valuation.



Daniel Carroll, founder & chief strategy officer and, above, Adam Nash, president & CEO

Wealthfront

Launched in 2011, Wealthfront is one of the biggest players in the robo-advisory movement, with just under \$3 bn in AUM. The company is an automated investment service which «makes it easy for anyone to get access to world-class, long-term investment management without the high fees or steep account minimums». Management fees are 25 bp but the first \$10,000 is free with a minimum account of \$500. Dan founded Wealthfront to bring client-centric, transparent and low cost financial advice to the retail investor. During the financial crisis of 2008, he was determined to fix his family's precarious position with their financial advisor, and this experience ultimately led to the mission-driven model that Wealthfront offers today.

the changes that have been made in the media and personal relationships by social media, which continue to have a groundbreaking impact. Traditional banks are the most obvious victims of the disruption caused by the FinTech revolution, but they are not coming under fire, not even from the big names behind the start-ups. «It would be wrong to say that traditional financial systems have not helped the real economy, because a total of €400 bn in loans proves otherwise,» argued Ignazio Rocco di Torrepadula, the founder of InstaPartners, which will soon be offering SMEs a new form of financing based on an innovative invoice discounting system. The idea conveyed by the new players seems to be that they are not an alternative to the traditional banking system but a complement to it that can provide additional opportunities and services for small and large savers, businesses and institutional investors. «Banks deal with the short-term needs of businesses,» stated Andrea Crovetto of Epic SIM, a private capital initiative. «We are here to look at things in the medium term.» They may be from outside the banking world, but these innovators will encourage banking institutions to evolve. Even the big players like UniCredit are working towards introducing at least some mobile banking capabilities. The changes are underway and there is no going back, although the traditional banking world is slow moving. «In the long term, banks will follow in the footsteps of others and embrace the innovative technology, but they will have to leave behind employees, suppliers and interests that they current-

FinTech Italian start-ups

Name	Activity	Founders	Other Investors	Funding € ml
FattureInCloud	administration	Daniele Ratti	Teamsystem	nd
Equinvest	equity crowdfunding	Fabio Bancalà +	business angel, Equi sam, lph holding	50th
Symbid Italia	equity crowdfunding	Symbid Holding, Banca Sella+	Giuseppe Donagemma, Iccrea Banca	nd
AscomFidiPiemonte	equity crowdfunding	Coop Garanzia Fidi Confcommercio	nd	nd
AssitecaCrowd	equity crowdfunding	Tommaso d'Onofrio, Carlo S. Pellizzari +	nd	nd
CrowdFundMe	equity crowdfunding	Tommaso Adolfo Baldissera Pacchetti	nd	nd
Ecomill srl	equity crowdfunding	Chiara Candelise	nd	nd
Fundera srl	equity crowdfunding	Fulvio Mariani, Paola Mocchi +	nd	nd
InvestiRe	equity crowdfunding	Baldi & Partners	nd	nd
MuumLab srl	equity crowdfunding	Paolo, Davide e Pierpaolo Ciccolella	nd	nd
Next equity Crowdf. Marche	equity crowdfunding	Domenico Formica e Michela Centioni	nd	nd
OpStart	equity crowdfunding	Alessandro Arioldi	nd	nd
Crowd4Capital	equity crowdfunding	Luca and Daniele Ughi + others	nd	nd
StarsUp	equity crowdfunding	Matteo Piras	nd	nd
Startzai.com	equity crowdfunding	Filippo Cossetti, The Hive (Sida srl) +	nd	nd
The ING Project	equity crowdfunding	Matteo Masserdotti	nd	nd
UnicaSeed	equity crowdfunding	Unica sim	nd	nd
WeAreStarting	equity crowdfunding	Carlo Allevi	nd	nd
Instapartners	factoring	Ignazio Rocco di Torrepadula +	Alessandro and Mauro Benetton +	8
Moneyfarm sim	financial advisory	Paolo Galvani e Giovanni Daprà	Cabot Square, United Ventures	16
Jusp	mobile payment	Jacopo Vanetti e Giuseppe Nicola Saponaro	Private investors, Vertis vent.	6*
Tinaba (This is not a bank)	mobile payment	Sator Capital (trough Arepo Ti)	nd	nd
Satispay	mobile payment	Jonathan Weiner, Ray Iglesias +	Nicola Carbonari	8.5
Smartika	P2P lending	Maurizio Sella, Pierluigi Loy Donà +	Hamilton Ventures, TP&Partners	4.52
Prestiamoci (Agata spa)	P2P lending	Roberto Condulmari, +	Digital Magics, Innogest B. Sella	1
Borsa del Credito	P2P lending	Alessandro Andreozzi and Antonio Lafiosca+	P101	1
Epic sim	private capital	Andrea Crovetto+	Filippo Sabatini and Francesco Pavan	1.5
SiamoSoci	private equity	Cristiano Esclapon, Dario Giudici +	Azimut holding+ private investors	1.5
Crowdway (ex WolfofTrading)	trading online /adv	na	Tim Ventures, Club Italia Investimenti 2	0.15

Source: Lombard and BeBeez.com

ly have no intention of abandoning. It'll take years before it happens,» noticed Rocco. Some people have gone so far as to claim that FinTech will have an Uber-like effect on the banking world. While the Uber model is proving to have unpredictable consequences across the globe, there is no doubt that it has been very disruptive for the traditional licensed public transport system. Whether the changes will be quite so big in banking remains to be seen, but there is no doubt

that something new and enduring is afoot. Recently, Mondo, a UK-based online bank, raised £1 mn in a crowdfunding campaign that lasted just 96 seconds. It was a «call» that took only a minute and a half and it was no surprise that it happened in the UK. Through all of their disruption and challenges in Italy and international markets in the last two or three years, the new businesses have operated under the supervision of the Bank of Italy and the

authority for the Stock Exchange (Consob), complying with national and European legislation that is struggling to keep up with the rapid changes, exactly the opposite of the fintech mood. «If you work under the supervision of Italian authorities then you will be less competitive. FinTech businesses in Italy are held back by overly invasive regulations and the fact that too much discretion is given to the authorities,» said Alberto Dalmasso, the founder of Satispay,

a company for cash pay through smartphones. But according to Andrea Crovetto (Epic) «the freedom offered by new digital technology must not make us overlook the fact that we are handling other people's money.» On the same side is Paolo Galvani, the founder of MoneyFarm, one of the pioneers in FinTech in Italy. He claims to have had «a very positive experience with the Bank of Italy. We decided to apply for a second license in London not because we wanted to bypass the Italian authorities but because we wanted to target the UK market and all of its specific characteristics. On the whole, it is more accustomed than Italy to innovative financial instruments and technology.»

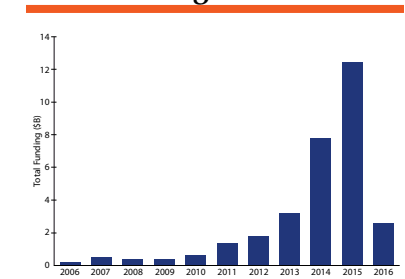
Payment systems fall into a different category of more sensitive financial services, such as loans and investments by small, institutional and professional investors. It is no surprise that a quarter of the companies in the global top 100 listed in KPMG's 2015 report make payment easier and more innovative, doing away with the need not only for cash, which may be replaced by digital currencies, like bit-coin, but also for systems that are more consolidated, albeit to a lesser extent in Italy, such as credit and debit cards. 80% of all transactions in Italy are still in cash, compared to 45% in the UK. With this in mind, Jusp aims to develop thanks to the expected growth in electronic payments in Italy. Its mobile card readers can be used in conjunction with all smartphones, turning them into tills for all kinds of payments.

That's why Italy must be on the frontier with fintech, but it is the UK that seems determined to assert its pre-eminence on the new horizons. The Innovative Finance manifesto sets ambitious objectives. By 2020, the goal is to attract at least \$8 bn in new investments in the companies in the industry, creating at least 100,000 new jobs, which would mean almost doubling the current number of

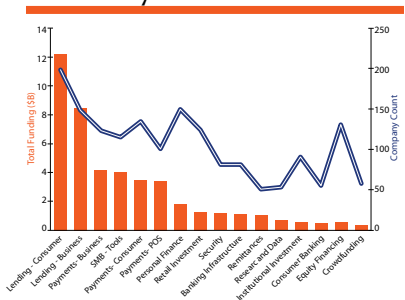
135,000 in four years, and boosting GDP by \$20 bn.

In this challenge, the technological innovation is essential, but it is not enough by itself. Key factors to success are knowledge of the new regulations in the financial industry and skilled human resources. By consequence all fintech in-

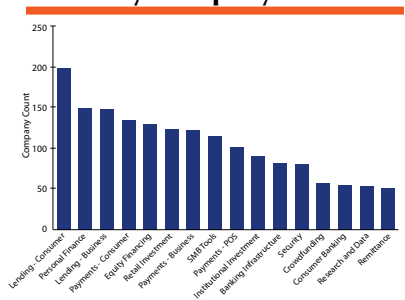
Total funding trend...



... and by sector



... and by company numbers



novators are extremely careful about regulatory developments. For example, the new SEPA rules for payments throughout Europe were behind the groundbreaking approach of Satispay, a fast cash platform, that won the confidence of Iccrea Holding, the service company of the cooperative banks network with several million clients. «The demand today is for new human resources for back office

administration and management work and for sales and marketing. Good software can be ordered from an independent contractor if necessary,» admitted Jacopo Vanetti of Jusp. This is a surprising but widely held view. Computer scientists may have been «indispensable» in the pioneering stage but now it is necessary to make the business grow and raise awareness of the financial technicalities.

Another question on the way to growth is which of the sectors will be the new frontier.

One of the latest arrivals on the scene in Italy is ModeFinance, which has ventured into a new realm: FinTech ratings. It is a spin-off from the University of Trieste, where it is based in the AREA Science Park. The idea behind it is being developed by two academics named Mattia Ciprian and Valentino Pediroda and it involves applying big data analytics to the financial statements of companies in order to produce genuine ratings and assess the ability of the companies analyzed to repay their debts. Predictive elements can also be introduced into the system in order to assess bond issues by the companies in question. Next up was the area of loans, social lending and peer-to-peer lending, which is still being fine-tuned and following its social calling. Straight after came investments and asset management, which still have a long way to go before they reach maturity. Intertwined with all of these developments is mobile banking: we have gone from home banking to banking on the move on smartphones and tablets. As for what the future holds, the new developments in FinTech will lead to security issues and at some stage it will be the turn of insurance, but not just direct firms working over the telephone. And finally only seven of the 100 FinTech start-ups in the KPMG report work in insurance. Some people are prepared to bet that the number will be three times as high two years from now. **L**

Who's Who in the Business

MONEYFARM

X factor: service and low fees combined with tech

Founders & Cto: Paolo Galvani and Giovanni Daprà

Business: robo advisory

Equity raised: € 6 mn

Founded in 2011, MoneyFarm is the best known platform of online advisory, with some 60,000 registered users, growing by 20% every month, according to management. The majority (60%) was bought by venture capital firms (the UK's Cabot Square and Italy's United Ventures), while 20% is in the hands of the founders, Paolo Galvani and Giovanni Daprà, and the rest is held by a group of private investors. The promotion initiatives have now spread into the offline world, with radio campaigns and outdoor advertising, albeit only in Milan at present. «There is no one else like us on the European scene,» stated Paolo Galvani, «it is not only the product that makes us unique



Paolo Galvani is one of the two founders of the company

«It is not only the product that makes us unique but the technology-based service and the low fees»

tripled in two years and there are now 50 of them, a third of whom are programmers.

but the technology-based service and the low fees, at no more than €70 a year for €10,000 in investments.» Additional advice is available over the telephone and in person to any clients that want it. A few weeks ago, MoneyFarm was awarded a license to operate on the UK market. In a few months, the app, which is currently used for mobile monitoring of investments, will also enable users to sign up and invest money, making it a sort of mobile bank. The aim is to offer a professional portfolio composition service on a par with that of a private bank for investors with average savings of €30,000 to €40,000. The number of employees has

SMARTIKA

Private lending, Italian style

Founder & Chairman: Maurizio Sella

Business: private lending

Equity raised: € 6 mn



Maurizio Sella, CEO of Smartika, has the same name as the chairman of Banca Sella and past president of the Italian Banking Association

«There is a consolidated consumer credit market that is worth € 46 bn, with 5% of this already online»

One of the forefathers of social lending is Zopa, which was launched in the UK in 2005. There are now around 40 social lending platforms worldwide, with the US-based Prosper and Lending Club leading the way. Smartika was one of the first organizations to introduce entirely online peer-to-peer personal loan services to Italy. It brings together small lenders and small borrowers. «There is a consolidated consumer credit market that is currently worth €46 bn, with 5% of this already online. We are targeting the €2.3 bn in online loans,» summed up Maurizio Sella, the founder and chairman of Smartika. Borrowers can apply for personal loans of between €1,000 and €15,000. Lenders can provide

between €500 and €100,000. «The average lender gives us €3,000. The amounts are split between 50 different applicants,» explained Sella. «We check whether applicants have suitable credit scores and if they do, we use their scores to place them in one of our creditworthiness classes.» Taking this and the duration of the loan into account, we make an offer for the returns. The average return last year was 5%-6%, net of fees. In order to give lenders even more security and protection, Smartika has used the fees from loan applicants to launch a Lender Protection fund. For all intents and purposes, Smartika is run as a payment institution under the supervision of the Bank of Italy. It started operating in late 2012. A few weeks ago, it completed a €4 mn capital increase led and structured by the British merchant bank Hamilton Ventures.

INSTAPARTNERS

A quick service for discounting invoices

Founder & CEO: Ignazio Rocco di Torrepadula

Business: digital factoring

Equity raised: € 6 mn

Instapartners aims to finance companies through invoice discounting in a matter of hours instead of countless days or even months, as is usually the case. Everything is assessed on an invoice-by-invoice basis and it is not binding or complex like lines of credit from banks or factoring. Its highly innovative approach for drawing money against invoices almost instantly will be operational from the fall. «We are trialing the process. More than 50 companies are testing our platform with us and their feedback is invaluable,» explained Ignazio Rocco di Torrepadula, the founder and CEO of the new company, past partner of the Boston Consulting financial practice. The company platform, which was started in September last year, is based on the successfully approach of Fundbox in the USA and MarketInvoice in the UK. «It is a new way of providing companies with financing without forcing them to produce financial statements and other documents,» added Rocco. «All that we need is the invoice in question.

Ignazio Rocco, first in the second row, with the management team

« We will carry out a quick assessment using databases and online data and make an offer within 24 hours»

in just a few hours.» At present, it can only be used for invoices issued to clients in the private sector, but the target is also those in the public sector. In addition to the hands-on founders, Alessandro and Marco Benetton, Lorenzo Pellicoli, Paolo Merloni, Hans-Paul Bürkner and the Venesio family have invested in InstaPartners.



We will carry out an in-depth but quick assessment using reliable databases and online data and make an offer within 24 hours of the presentation of the invoice. If it is accepted, we will provide the funds

SATISPAY

Paypal model goes straight, but retail networks...

Founder & CEO: Alberto Dalmaso

Business: digital cash

Equity raised: € 6 mn

«We are also focusing a lot on local communities: at the moment, we are promoting Milan and Turin»

Satispay advances the concept behind the huge success of PayPal, which has 6 mn users worldwide. The goal is make everyday payments and larger purchases possible without cash or credit cards. Instead of transferring sensitive data during transactions, it has a prior authorization system based on the user's IBAN. It can be used in 35 European countries following the establishment of the new SEPA protocols in 2014. Users can create personal virtual wallets by authorizing Satispay to use the new direct debit system and take a set amount from their bank accounts every week. The platform transfers cash and payments between retailers in its network and customers, but it can also be used for peer-to-peer transfers. For example, if two friends are buying something together and they are both on the platform, they can pay each other what they owe with no need for cash or bank transfers. «So far, 2,400 retailers have signed up to use the platform,» revealed Alberto Dalmaso, the founder and CEO of Satispay, «at

an estimated growth rate of 60 new retailers a day.» The real development will come when joint sales platforms get involved, such as big retail networks (TotalErg, Grom and MyChef have signed up so far) and couriers. «We are also focusing a lot on local communities: at the moment, we are promoting

Milan and Turin,» added Dalmaso. Apart from the low fees, cheaper than credit cards, the main advantage for retailers is that there is no need for a card terminal. Meanwhile, consumers can count on the security of the IBAN system. More than 60,000 contacts have been made on the app and the system has 25,000 private customers.

Alberto Dalmaso, founder and CEO of the company



EQUINVEST

Slow growth: it is a matter of equity

Founder & CEO: Fabio Bancalà
Business: crowdfunding
Equity raised: € 6 mn

Equinvest is Italy's first crowdfunding-based venture capital firm. That's the headline-grabbing claim, although in actual fact it looks for investments for start-ups using a hybrid formula, presenting itself as a direct investor while also asking for investments from others. Fabio Bancalà, the founder and CEO of the company, added: "We did it for ourselves and we are doing it for other companies that want to grow." Equinvest increased the capital in three rounds. It has now reached €300,000 and includes an investment by a Luxembourg-based asset management company, as well as the stakes of the founding shareholders and a group of business angels. The business model is the traditional one: companies looking for resources undergo a legal, fiscal and commercial due diligence process and the appeal of the business is assessed. Equinvest makes equity investments, with a portion for itself and portion being



Fabio Bancalà, the founder and CEO

«We want to grow, inspiring confidence: finance is a matter of trust. Therefore, we have set a maximum of five to ten companies every six months»

offered on the web platform. It is a form of financing that does not require the applicants to take on debt. Rather than issuing bonds or paying interest, they are sharing the business risk. So far, five companies have been adopted by Equinvest, in the fields of food, fashion, mechatronics and high tech. «We want to grow, while inspiring confidence: finance is a matter of trust,» added Bancalà. «Therefore, we have set ourselves a maximum limit of five to ten companies every six months. We will step up the pace at a later stage. When we are in full swing, the objective may be to launch a start-up every week.» Spontaneous applications can be made directly on the web platform, but Equinvest also has an investment committee that independently works with a network of business incubators and adds more projects for financing.

BORSA DEL CREDITO

Lending to micro and small companies

Founder & Cto: Alessandro Andreozzi and Ivan Pellegrini
Business: corporate lending
Equity raised: € 6 mn

The core business idea is essentially the concept established by Funding Circle, the UK start-up with a model for raising funds for small businesses directly from private investors. Borsa del Credito was authorized to carry out social lending activities, last year. «Our killer feature is the ability to make predictions using



Alessandro Andreozzi (far left) and Ivan Pellegrini are co-founders along with Antonio Lafiosca, the COO

«Our killer feature is the ability to make predictions using the information available on the web and social networks»

the information available on the web and social networks in order to give out loans,» explained Antonio Lafiosca, co-founder and COO. It goes without saying that the algorithm based on big data is backed by solid financial analysis capabilities in both quantitative terms (with examination of the financial statements) and qualitative terms, including targeted telephone interviews with the applying companies. From the time an application for a loan is made online, «we will say yes or no within 24 hours,» noted Lafiosca. «If it is a yes, we will state our offer and if the applicant accepts, the loan will be paid directly into their account in the next 48 hours» The platform brings together demand from applicants and supply from lenders, which may be retail investors with a limit of €50th or institutional players, funds or banks that want to invest liquid assets, with no maximum limit in this case. Buyers of micro-bonds can choose a duration from 12 to 60 months and the risk profile and associated returns. The broker makes money from the management fees paid by investors, as well as those paid by the applicants once the procedures are complete. The target is to reach €1 bn in turnover in the next three years. There are currently around 50 shareholders, including the founders and the P101 institutional fund.

EPIC SIM

Underwriting minibonds, not an easy task

Founder & CEO: Andrea Crovetto
Business: minibond underwriting
Equity raised: € 6 mn

Epic SIM's killer feature is the fact that in some respects it goes against the trend: «We have a web platform, but it is not for retail customers. It is a web service exclusively for professional, expert investors» Andrea Crovetto, the founder and CEO, told Lombard. The company's mission is to place mini-bonds issued by Italian SMEs. It is a way of financing and supporting the country's real economy that is completely independent from banking channels and it guarantees a unique service thanks to the speed, transparency and capacity for monitoring that only technology can offer. There are two reasons why Epic SIM has excluded small investors from its online mini-bond market: «it would have been inappropriate both because small-time investors do not always understand the risks and because they are unable to diversify their portfolios, which is essential because statistically there will always be the odd investment that does not produce the expected results,» argued Crovetto. Although it only

«Small investors do not always understand the risks and they are unable to diversify their portfolios»



Andrea Crovetto had a long career in banking before founding Epic. He was at Citibank, Intesa Sanpaolo and Unicredit

deals with equity and not bonds, the US-based SharesPost was the inspiration behind the model. Europe is not one big market like the US, but Epic SIM's objective is to push beyond the national boundaries to reach the continent as a whole. After two years in business, the company is now ready to enter the Spanish market. Last year, a 5.5% stake in the company was bought by a corporate investor in the shape of Prometeia. According to Crovetto, the market objective is to «gain a 30% share of the Italian mini-bond market, which is currently splintered into dozens of investors.» The revenue model is not yet set in stone, but it currently charges membership fees (establishing a sort of club or community) and transaction fees for each completed deal.

JUSP

Killer application: a mobile card reader

Co-founders: Jacopo Vanetti and Giuseppe Saponaro
Business: mobile payment
Equity raised: € 5.1 mn

The start-up created by Jacopo Vanetti provides mobile card readers for use in conjunction with smartphones so that everyone can receive payments. The aim is to allow everyone who runs a business – and not just shop owners – to accept payments from credit and debit cards. Vanetti named some of the clients that helped take Jusp's turnover to €800,000 in 2015: «agents from an insurance company, travelling freelancers (who are now legally required to accept electronic payments in Italy), financial planners and even a little bank with 50 branches but no card reading network.» In 2016, it aims to double the figure. The revenues come from sales/subscriptions for the card readers and the percentage-based fees applied for transactions: they range from 1.50% to 1.95% for debit or credit card payments for the smallest clients to 0.99% for medium clients. Big clients can negotiate deals on fees.



Jacopo Vanetti, co-founder and CEO

«The online communication channel is perfect for small clients. We also make sales in person through our partner sales networks, such as Fastweb and Ariston,»revealed Vanetti. «Meanwhile, our account managers deal directly with bigger clients.» Jusp, that has 26 people on its team led by CEO Stefano Calderano, is a joint-stock company with capital of €200,000. Among its shareholders are the Vertis and Principia funds (which have invested more than €5 mn), the founders Jacopo Vanetti and Giuseppe Saponaro, and a number of business angels. In the first round of financing in 2012, €500,000 was raised from investors, spent on financial company and product licenses. In 2013, Jusp raised another €4.6 mn, which it used to repay technological research and launching the business.

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VUOI SAPERE IN POCHI SECONDI COSA SANNO LE BANCHE DELLA TUA AZIENDA?



www.mfcentralerisk.it



COME FUNZIONA MF CENTRALE RISK

Volete sapere qual è la vostra posizione presso la Centrale Rischi di Banca d'Italia? Dal 16 maggio è online sul sito www.mfcentralerisk.it, l'innovativa piattaforma che permette di leggere e monitorare in formato grafico i dati forniti dalla Centrale Rischi ai privati e alle aziende che ne fanno richiesta alla Banca d'Italia.

La piattaforma di MF Centrale Risk permette ai privati e aziende e ai loro delegati di compilare direttamente il modello per la richiesta alla Banca d'Italia della propria posizione presso la Centrale Rischi. Una volta spedita via PEC la richiesta e ricevuto il file contenente i dati e i codici della Centrale Rischi, la piattaforma

permette all'interessato di importare i propri dati "CR" e ottenere in pochi secondi il risultato dell'elaborazione, con una procedura che garantisce l'assoluta privacy del richiedente sia in fase di navigazione che di storage dei dati stessi.

Il vantaggio della piattaforma MF Centrale Risk è quello di avere in pochi secondi dati comprensibili, attendibili ed interattivi sia in forma grafica sia tabellare, sia sul totale della posizione sia sullo spaccato banca per banca, evitando all'interessato l'analisi di un documento che può arrivare a 400 pagine e più, nel caso di rapporti bancari plurimi.



A CHI È RIVOLTO MF CENTRALE RISK

La piattaforma MF Centrale Risk, oltre che dai Privati e dalle Aziende, può essere utilizzata anche da Associazioni di categoria, istituti bancari o consorzi Confidi che intendono offrire un servizio ai propri associati o clienti. Le analisi di MF Centrale Risk si prestano a molteplici utilizzi sia per i diretti interessati, sia per i loro professionisti di fiducia, per il direttore amministrativo o finanziario o per i soci di un'azienda, persino per gli eredi interessati a verificare l'esistenza di debiti bancari o garanzie prestate sui beni dell'asse ereditario. Per esempio, il direttore finanziario di un'azienda, piuttosto che quadrare i saldi contabili

delle singole banche, potrà verificare velocemente con il semplice passaggio del cursore sullo schermo, se l'azienda è segnalata correttamente dalle banche con cui lavora, se è in caso di tensione o di sconfino sui fidi/anticipi, e potrà avere immediatamente e facilmente la visione delle garanzie ottenute o prestate e per quale importo. MF Centrale Risk può essere anche utilizzato anche da Sindaci, Revisori dei conti e Curatori fallimentari o di altra procedura concorsuale legittimati a richiedere alla Banca d'Italia i dati della Centrale rischi dell'azienda da controllare.

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- L'ammontare di utilizzi su fidi a revoca.
- L'esposizione dell'azienda con ogni singola banca.
- Le eventuali garanzie che sta prestando l'azienda e a favore di chi.
- L'autoliquidante utilizzato.
- Eventuali crediti di firma.
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COVER STORY

► from page 16

identified with a single password, rather than the dozens that are currently required to access public services online. When not only the Italian Social Security Institute and the Italian Revenue Agency but also local councils, the land registry and other large public services adopt the standard, it will make things much simpler and significantly reduce the costs of interaction between citizens and public bodies. Poste Italiane has been a pioneer in this respect.

L. E-commerce has led to growth in demand for deliveries of online purchases all over the world. Can this present an opportunity for Poste Italiane in the logistics area?

C. We are experiencing very significant, double-digit growth in all aspects of deliveries to homes driven by e-commerce. In response to the flows generated by e-commerce, we can offer an intrinsically widespread network of postal delivery workers and post offices which can already be used as collection points for goods bought online in some cities. In addition, there is a big corporate business to develop.

L. Could you tell us about it?

C. Many SMEs do not have the tools, platforms and sheer size of big e-commerce companies. We can combine the logistics side of things with payment via Postepay, while also allowing them to be reasonably confident about the origins of their orders.

L. Do you plan to bolster your range of digital services through mergers and acquisitions?

C. Mergers and acquisitions are becoming a strategic matter for us. One of the challenges that we highlighted when we presented our strategy to investors at the time of the IPO was making a step up in scale in e-commerce. It is an area in which we are smaller than the postal services of other European countries such as France and the UK.

L. So do you already have some deals in the pipeline?

C. We are all interested in growing but first it is necessary to get a clear idea of how the margins and cross-

ups are distributed in the value chain, between payment, logistics and the costs of goods. It is definitely a key topic for the future and not just in terms of logistics.

L. Which other areas will it affect?

C. Online payments: an area where Poste Italiane has one of the biggest Italian platforms. Every year it handles approximately €500 bn in payments of an increasingly digital nature. Digitization is really shaking up the existing structures in the market here.

L. Will growing digitization lead to a reduction in the size of the postal network? It would also help to cut costs in the deliveries sector, which is still making a heavy loss.

C. I don't expect to make sweeping cuts in the network because trust and proximity are two distinctive, indispensable features of the Poste Italiane service. Our touch points are postal delivery workers and post offices. They provide the foundations for our reliable reputation, which fuels our credibility in the savings market. You need to look at the overall picture. However, it goes without saying that we take great care over the management of the network from an economic point of view.

L. So what can you do in terms of costs?

C. We are noting big variations in the unit costs of technology-related activities and we are working on these aspects. Meanwhile, the value of the company's infrastructure is increasing. A more and more important part will be played by the data of our customers. Profiling and interaction will make it possible to personalize all relationships with the Poste Italiane brand. Therein lies the core value and cornerstone of structures like ours.

L. Does that mean that you are preparing to sell a second tranche of shares in 2016?

C. That is a question for the interested shareholder, but once a company is on the market, it is there in every sense of the term. In any case, the business plan will not be altered by decisions by the shareholder.

L. Are you satisfied with the results achieved with the IPO on 27 October 2015?

C. It was a marvelous experience that I enjoyed with numerous colleagues at Poste Italiane. It was an opportunity to get to know ourselves better and present the company to the market. It allowed us to appreciate the strategic value of the business even more and start on a journey that is going in the right direction.

L. Are the results coming?

C. Yes. It is apparent not only to those of us that work for the company but also to the customers on one side and the shareholders on the other. However, it is important to remember that we are at the start of a journey. For the first time, Poste Italiane has drawn up a five-year plan rather than a three-year one with the specific aim of underlining the profound process of change that we have started.

FACE TO FACE

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L. What does it mean in practical terms?

Mossa: The ability to make proposals and willingness to accompany clients even in the most complex situations, such as in 2009 and 2011, when there were the same sources of tension as today. Investors know that they can count on us when things get tough.

L. Will taxation and compliance requirements put the margins under even more pressure and therefore make the business less attractive?

Mossa: Smaller players and in general anyone who is less prepared for the new challenges will suffer. The changes to the regulations come in parallel with a trend in the market for clients to want to see the added value in advisory services and no conflicts of interest. The advanced, fee-only advisory model that we have added alongside our core approach means that we are actually already in line with the new regulations.

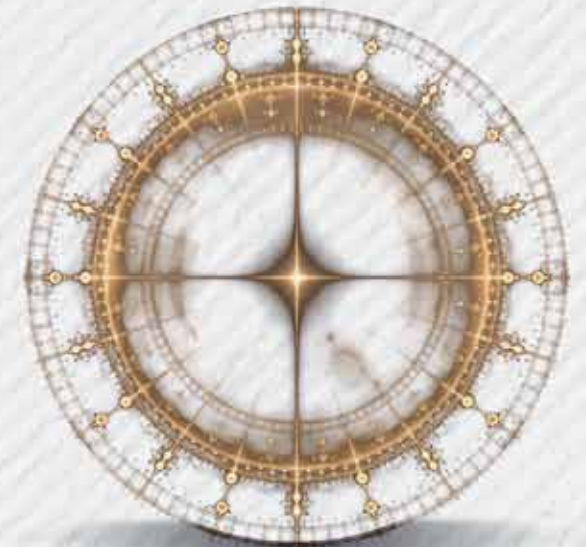
Innocenzi: The real issue is growing in one of the main wealth management markets in Europe, which is worth approximately €1 tn but is still served to a large extent by non-specialist players. For us, that means that there is an opportunity to expand and we are already working towards this goal.

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KPMG Corporate Finance acted as financial advisor in the "Piano Concordatario" to Sacci S.p.A. on the binding offer submitted by

€ 125 mln
On going

KPMG Corporate Finance acted as financial advisor to Aedes Siiq S.p.A. in the sale of a 95% stake of Aedes Real Estate SGR S.p.A.

Value not disclosed
May 2016

KPMG Corporate Finance acted as financial advisor to Fiere di Parma S.p.A. in a joint venture partnership with

with reference to re CibusTec exhibition
Value not disclosed
April 2016

KPMG Corporate Finance acted as financial advisor to Banco di Sardegna in the sale process of a majority stake of Banca di Sassari to

€ 213 mln
March 2016

KPMG Corporate Finance acted as financial advisor to the shareholders in the disposal of a 100% stake of IKS to Kirey/Synergo PE

Value not disclosed
February 2016
Project Joanna
KPMG Corporate Finance acted as financial advisor of a major European bank on preparation, options analysis and sale of its Italian commercial Real Estate NPL portfolio

€ 160 mln
December 2015
Project Door
KPMG Corporate Finance acted as financial advisor of a UK bank on the sale of a mixed secured CRE NPL portfolio in Italy

€ 93 mln
December 2015

KPMG Corporate Finance acted as financial advisor to Banca Monte dei Paschi di Siena in the sale process of a 49.9% stake in Fabbrica Immobiliare SGR S.p.A to Caltagirone Group

Value not disclosed
November 2015

KPMG Corporate Finance acted as independent financial advisor in the fairness opinion process on the swap of Telecom Italia's savings shares into ordinary shares

November 2015

KPMG Corporate Finance

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