

## New managers born of Italian funds M&A



Consolidation resulting from the current market turmoil is reshaping the fund management scene in Italy.

Continued market turmoil and sector consolidation in Italy has forced a number of banks and fund managers to re-assess their priorities, resulting in a succession of mergers and acquisitions.

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The latest arrival in the fund management sector is Anima Sgr, born from a merger with rival fund manager Prima Sgr. The merger agreement has been in the works since 2009, with the details finally signed off on 31 December last year. The merger creates one of the largest asset managers in Italy. This puts Anima among the leaders of Italy's fund management sector, after Intesa Sanpaolo (€208.7bn, for Eurizon Capital and Fideuram), the leading Italian insurance group Banca Generali (€134.2bn), UniCredit (Pioneer Investments, €107.7bn) and Mediolanum (€38.7bn)

Among Italy's independents, however, Anima now stands as the biggest fund manager (€34.7bn), well ahead of its nearest rivals Azimut (€15.1bn) and Arca (also €15.1bn), in terms of assets under management.

### Anima reborn

The 'new' Anima has been in operation for more than a year already, repositioned not so much as a funds factory but more as a provider of financial services to the consumer. It has more than €37bn in assets under management (including pension funds), a range of 120 funds distributed through 150 networks and 15,000 financial advisers and consultants.

The main shareholders of Anima, via the holding company Asset Management Holding, are Italian private equity firm Clessidra (with 38.1% of the shares), Banca Popolare di Milano (36.3%) and Banca Monte dei Paschi di Siena (23.4%).

The chief executive, in charge of day-to-day operations, is Marco Carreri, with Armando Carcaterra as chief investment officer. The supervisory board is headed by Giuseppe Zadra, the president of AM Holding, assisted by Francesco Minelli and Maurizio Biliotti. The new management team emerged after the previous team, headed by Alberto Foa, left to set up their own fund management business, called AcomeA.

Common to both firms is a belief that, after years of domination by the banking and insurance groups, the Italian fund management sector needs to regenerate, by reconnecting with the virtues of asset management as a socially responsible activity that gives top priority to the needs of the investor.

This principle is enshrined in AcomeA's unusual name (literally, 'A, as in A'). It refers to the principles of transparency and clarity, which the management believes should be the foundation for all asset management operations, given they have the responsibility for handling the assets of other people, their clients.

In its promotional literature, Anima (literally 'soul') draws heavily on family values and on the original purpose of saving: to take care of one's family and one's future.

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The range of mutual funds on offer at Anima is traditional and comprehensive. The Prima funds that have been distributed through the Monte dei Paschi di Siena network retain their original name for the sake of continuity.

The Anima funds family features four main types, each designed to meet investors' specific needs. The 'Soluzioni' funds, which provide ready made investment solutions with specific investment horizons; 'Strategie', a new generation of -flexible funds that aim for absolute and decorrelated returns; the traditional and comprehensive 'Mercati' range; and 'Profili', comprising funds with a range of pre-set risk/return profiles for different types of investor.

Retail clients form the core of Anima's business but -central to its growth plan is the development of the institutional business – pension funds, insurance firms and -foundations – currently worth about €9bn of assets under management and already one of the largest in Italy.

The consolidation in the Italian asset management sector continues. In the pipeline, but still not decided, is the fate of Banca Network, which has a network of 400 financial advisers. Candidates for the acquisition include Banca Popolare di Milano, one of the shareholders of AM Holding, Anima's parent company.

Fideuram, one of the asset manager subsidiaries of Intesa Sanpaolo, is also a candidate, along with online bank Fineco, Banco Popolare and Banca Monte dei Paschi di Siena, another of the AM Holding shareholders.

### **New acquisitions**

Another merger concerns real estate specialists Prisma Sgr and Zero Sgr, which was given the green light from the Bank of Italy just over a month ago in mid-December.

The enlarged Prisma, under the leadership of chief executive Alberto Carpani, will have assets of about €2bn. Five days after the merger was approved, Prisma announced the launch of a pan-European real estate fund with Invesco, and is looking to make further acquisitions, with the aim of gathering €3bn by the end of 2013.

Anthilia Capital is an example of a fund management boutique that was launched to escape the embrace of the big banking and insurance parent companies. Giovanni Landi (pictured), senior partner at the boutique, does not see Italy's fund management sector in crisis, but "in transition".

He says: "The banking system still predominates, but it is changing and has yet to reach maturity, while fund -managers offer far too many products."

As with Anima and AcomeA, Anthilia puts the stress on pure fund management free of any constraints placed on them by parent groups. The firm, with about €500m AUM, has plans to grow by acquiring other specialist boutiques, with a particular interest in global macro -specialists.

### **The need for boutiques**

Finding the right boutique is not easy, as both the -prospective boutique, and any prospective fund manager who wants to join the team at Anthilia, “have to have the right DNA”, says Landi. “What we need now in Italy is a lot more Anthilias – a lot more boutiques focusing on their areas of expertise.”

Anthilia’s distribution is through the networks of two of its shareholders. They are Cassa Lombarda di Milano, which has a 10% stake in the firm, and the open platform of PKB, a Lugano-based private bank, which holds a 36% stake in Anthilia.

Last year saw the launch of investment boutique Tages Capital, under the leadership of Panfilo Tarantelli, the former vice-chairman of Citigroup in Europe, and his friend and former head of Citigroup in Italy, Sergio Ascolani.

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The boutique specialises in alternative and absolute return funds, having bought up the funds of hedge funds and alternative funds business of UBI Pramerica. Tages is also targeting the Italian M&A advisory business.

Arca Sgr, headed by Ugo Loser, is another fund manager undergoing big changes. For long the subject of takeover attempts, Arca has instead decided to go on the offensive by announcing that it, too, wants to gain scale through acquisitions.

According to reports in Milano Finanza, Arca has bought the mutual funds business of NorVega Sgr, itself the result of a merger in 2009 between Vegagest Sgr and Nordea’s Luxembourg-based Italy funds business. A source at NorVega confirmed that negotiations are -currently under way.

If Arca is successful in taking over NorVega, it would be the second acquisition it has made in less than six months. Last September, Arca negotiated the acquisition of the mutual funds business of Optima Sgr, part of the Banca Popolare dell’Emilia Romagna, based in Reggio Emilia. The business comprises 13 mutual funds, worth just more than €1bn in assets at end of last August.

Azimut has also been on the acquisitions trail, but with a focus on foreign assets. In September last year, it bought 50% of Swiss company Katarsis Capital Advisors and its Luxembourg-based subsidiary Eskatos Capital Management, in a deal worth about €7.5m. Katarsis provides -actuarial and financial advisory services on insurance-related risks, in particular insurance linked securities.

Last May, Azimut chief executive Pietro Giuliani announced a deal to buy 50% of Compagnie de Gestion Privée Monegasque, a Monaco-based wealth manager. At the end of June, Azimut announced a partnership with Siqurgest, a Swiss-based advisory company.

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