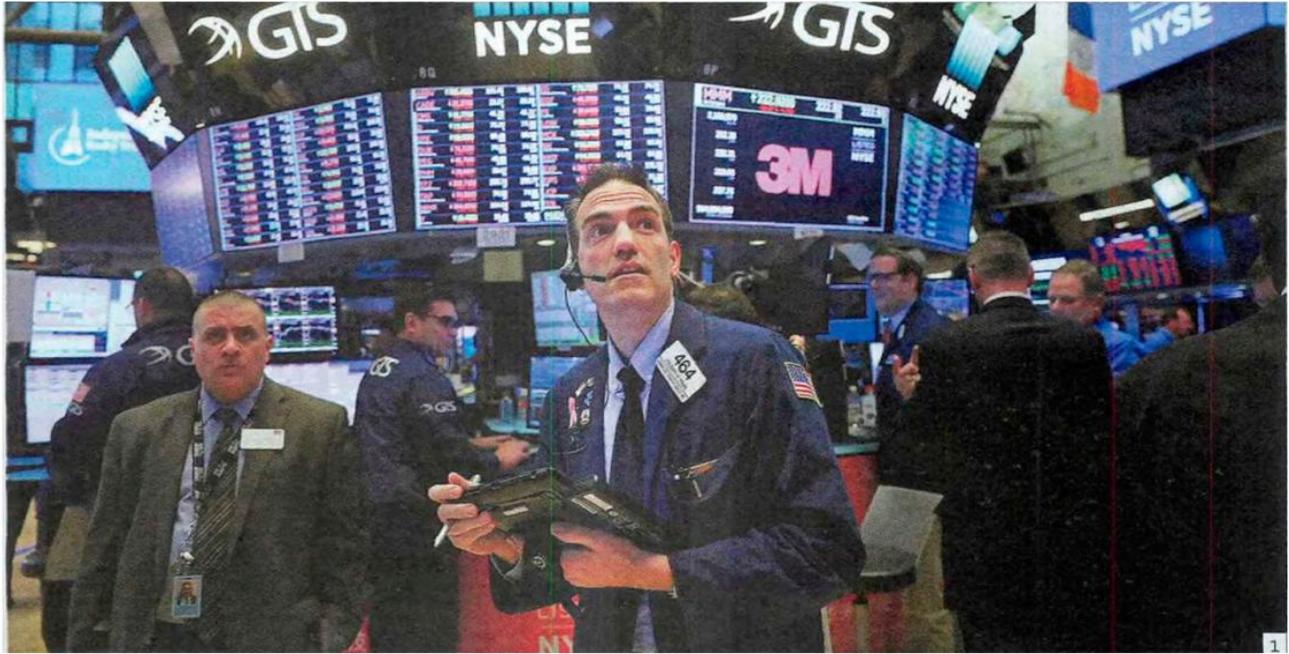




Focus

Quality & Finance



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Ranking

Returns at their lowest and risks are lurking, here are the best asset manager

The work of asset managers in creating balanced portfolios has become very precious. The research project conducted by the German institute identifies Deutsche Bank and Ersel Sim as the best in their sector.

SIBILLA DI PALMA, MILAN

Minimal, and in some cases negative, bond returns as a result of the expansionary measures undertaken by the most important central banks (the

ECB's choice to maintain zero interest rates and -0.50% for bank deposits is a recent example) have made building portfolios which can guarantee a return for investors more complicated. Hence, the choice to rely ever more frequently on wealth management professionals for managing their assets with a personalised approach which aims at striking a balance between risk and desired objectives. A sector which was the focus of a survey on "The Best Asset Managers - Italy Benchmark 2020 Edition" conducted by the German Quality and Finance Institute

(independent body specialised in the comparison of products and services), in collaboration with the Institute for asset growth ("Institut für Vermögensaufbau") of Munich, within which three rankings were drawn up relating to the best asset managers, the quality of the portfolios proposed and the best customer orientation.

The results, which rewarded the companies that exceeded the required assessment threshold (corresponding to 70% of the highest score achieved in each assessment category), show

Date: 23.12.2019 Page: 30, 31
Size: 1,652 cm² AVE: € 128,856.00
Publishing:
Circulation:
Readers: 237,000



Deutsche Bank Italia in pole position in the first two rankings, while Ersel SIM was the winner in the best customer orientation category.

THE SURVEY

To carry out the survey (conducted this year for the second time in Italy), 150 companies in the sector were invited to participate. The participants (45% of which were represented by Italian banks specialised in private banking, 36% by financial boutiques, 9% by private divisions of banks and 9% by other players) were assessed on the basis of a questionnaire and a typical customer portfolio request. Of the participating institutes, 73% provided the volume of assets under management, which on average amounted to 20 billion euro. On the other hand, looking at the internal organisation, participating banks have been managing assets for 21 years, on average.

FOCUS ON COSTS AND FEES

An important part of the survey is represented by an analysis of costs and fees, an aspect highlighted by MiFID 2, which came into force at the beginning of last year, imposing greater transparency through the disclosure of the costs and charges actually incurred by the customer on investments. From this point of view, one of the major changes with respect to the first edition of the survey is in relation to initial costs. While a third of financial institutions declared that they applied an average entrance fee of 0.59% in 2018, this year, the percentage of participating banks dropped to 18% (applying on average only 0.14%).

As in the previous year, commissions linked to performance are charged by approximately two thirds of financial institutions. Most of them apply this fee only if they outperform the chosen benchmark. In addition, more than half of the participants stated that their average annual transaction costs vary between 0.10% and 0.19%. In all cases, low costs have brought about a more favourable evaluation of the investment proposal, while high costs brought about a devaluation.

A more detailed analysis of the average allocation of the proposals reveals 50% invested in the stock market and 37% in bonds. The rest is split between cash and cash equivalents, alternative investments and raw materials. In particular, while the previous edition of the survey revealed that an average of three quarters of the bond market was invested in medium- to low-quality bonds, this year, this segment represents on average only 9%, reflecting a certain flight towards security. As Gabriel Laves of the Institute for Asset Growth also noted, "In an international context, a slightly more defensive approach in equity allocation with lower quotas compared to the norm in Switzerland and Germany draws attention".

CUSTOMER ORIENTATION

In the analysis of the final results in the "Customer Orientation" category, Ersel Sim came first, scoring 100%, followed by Cordusio Sim, Credem Banca and Banca Cesare, with equal scores of 95%. Mfm Investment Ltd (Moneyfarm) with a score of 91%, Deutsche Bank (88%), Banor (88%), Banca Generali (88%), Banca

Patrimoni Sella (74%), Cassa Lombarda (74%) and Banca Profilo (70%) complete the ranking of award winners.

PORTFOLIOS

In the second category, which analysed the quality of portfolios through characteristics such as the overall structure and maturity, exposure to fixed revenue, rating structure and equity segment allocation, Deutsche Bank stands out at the top of the list of winners with a score of 100%. It is followed by Banor (89%), Cassa Lombarda (86%) and, all scoring 82%, Cordusio Sim, Credem Banca, Banca Cesare Ponti, Mfm Investment Ltd (Moneyfarm), Banca Generali, Banca Patrimoni Sella and Banca Profilo. Ersel Sim completes the list with a score of 70%.

ASSET MANAGERS

Lastly, considering the "Best Asset Managers" category, for which the score is determined as a weighted average of four categories, organization (10%), transparency (25%), customer orientation (30%), portfolio quality (35%), Deutsche Bank is once again in the first place among the winners, with a score of 97%. And even in this case, it was followed by Banor (88%) and Cordusio Sim and Credem Banca, both scoring 87%. Further down the ranking we find Banca Cesare Ponti (86%), Banca Generali and Mfm Investment Ltd (Moneyfarm), both scoring 85%, Ersel Sim and Cassa Lombarda (81%) and finally Banca Patrimoni Sella and Banca Profilo (79%).

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The Analysis

Who is the investor? A company manager With 1.3 million to invest

MILAN

The hypothetical figure is a 45-year-old with a net annual salary of € 130,000 and a family to protect.

The analysis for "The Best Asset Managers - Italy Benchmark 2020 Edition" conducted by the German quality and finance institute requested the participation of 150 companies that belong to the sector in Italy. The assessment was made on the basis of a questionnaire and a typical investor portfolio for a medium- to high-end private customer with a balanced risk profile. The hypothetical figure is a 45-year-old with a net annual salary of € 130,000, married with two school-age children of seven and twelve. The assets total approximately € 700,000, of which 200,000 are to be invested in an equity fund with standard European values, 300,000 in short-term Italian government bonds, 150,000 in physical gold and 50,000 in cash held in an unrestricted deposit account. Additionally 100,000 Swiss francs will be held in an unrestricted Swiss deposit account as an emergency reserve. There is also real estate for personal use (with a residual long-term fixed-interest rate mortgage of € 120,000) and 600,000 that was inherited following the recent death of the investor's father, which should preferably be invested for their children. Four areas of analysis were taken into consideration, each with a series of sub-categories. These are "organisation" (managed assets in Italy, international presence, continuing education of personnel, standardisation of processes), "customer orientation" (initial and transaction costs, current expenses,

Focus

THE EXAMINER IS AN INDEPENDENT PARTY

"The Best Asset Managers - Italy Benchmark 2020 Edition" is the title of the survey conducted by the German Quality and Finance institute, which is an independent body specialised in the comparison of products and services and conducts surveys that are not sponsored in any way. The institute is part of the Burda Media publishing group, the top name in Europe for high quality surveys, with over a decade of experience. Its surveys conclude with the award of quality seals that companies can exhibit. In this case, the survey was carried out in cooperation with the Institute for asset growth ("Institut für Vermögensaufbau") of Munich.

performance commissions, justification of investment choices, allocation adequacy, cost of financial instruments), "quality of the proposed portfolio" (overall structure, fixed revenue exposure, equity segment allocation, structure by maturity, rating structure) and "transparency" (complete disclosure of costs, risks and additional information). In the end, the survey commended eleven companies that exceeded the required assessment threshold (corresponding to 70% of the score of the best classified in each assessment category), which are entitled to use the relative quality seal.

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The numbers

150

COMPANIES

invited to participate by responding to a questionnaire and submitting a typical investment portfolio for a high-earning and wealthy manager

11

AWARD WINNERS

these are the companies that exceeded the required assessment threshold: 70% in each assessment category

① Turbulence in financial markets extends the role of asset managers

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18

PERCENT

This is the percentage of financial institutions that declare the practice of charging an entrance fee of 0.14%.

0.10

PERCENT

More than half of the institutes stated that the average annual cost of transactions fluctuates between 0.10 and 0.19%.



THE BEST ASSET MANAGERS

Final ranking

COMPANY NAME	CUSTOMER ORIENTATION
DEUTSCHE BANK	97%
BANOR	88%
CORDUSIO SIM	87%
CREDEM BANCA	87%
BANCA CESARE PONTI	86%
BANCA GENERALI SPA	85%
MFM INVESTIMENTI LTD (MONEYFARM)	85%
CASSA LOMBARDA	81%
ERSEL SIM SPA	81%
BANCA PATRIMONI SELLA	79%
BANCA PROFILO SPA	79%

THE TABLE ONLY LISTS THE WINNING COMPANIES

The score derives from a weighted calculation based on the four categories: organisation (10%), transparency (25%), customer orientation (30%), quality of the proposed portfolio (35%)

SOURCE: RESULTS PROCESSED BY THE GERMAN QUALITY AND FINANCE INSTITUTE BASED ON DATA GATHERED BY THE ASSET MANAGERS

THE BEST CUSTOMER ORIENTATION

Category

COMPANY NAME	CUSTOMER ORIENTATION
ERSEL SIM SPA	100%
BANCA CESARE PONTI	95%
CORDUSIO SIM	95%
CREDEM BANCA	95%
MFM INVESTIMENTI LTD (MONEYFARM)	91%
BANCA GENERALI SPA	88%
BANOR	88%
DEUTSCHE BANK	88%
BANCA PATRIMONI SELLA	74%
CASSA LOMBARDA	74%
BANCA PROFILO SPA	70%

THE TABLE ONLY LISTS THE WINNING COMPANIES THAT EXCEEDED THE ASSESSMENT THRESHOLD

The threshold for winning an award corresponds to 70% of the best score in each assessment category. The "customer orientation" category analyses the following points: initial costs, current expenses, performance commissions, transaction costs, justification of investment choices, allocation adequacy, cost of financial instruments.

The survey does not claim to be exhaustive: There could be other asset managers on the market with comparable or more favourable offers that did not participate in the survey. For any specific investment, we recommend comparing different offers on the market before entering into a contract.

SOURCE: RESULTS PROCESSED BY THE GERMAN QUALITY AND FINANCE INSTITUTE BASED ON DATA GATHERED BY THE ASSET MANAGERS

THE BEST PORTFOLIOS

Category

COMPANY NAME	CUSTOMER ORIENTATION
DEUTSCHE BANK	100%
BANOR	89%
CASSA LOMBARDA	80%
BANCA CESARE PONTI	82%
BANCA GENERALI SPA	82%
BANCA PATRIMONI SELLA	82%
BANCA PROFILO SPA	82%
CORDUSIO SIM	82%
CREDEM BANCA	82%
MFM INVESTIMENTI LTD (MONEYFARM)	82%
ERSEL SIM SPA	70%

THE TABLE ONLY LISTS THE WINNING COMPANIES THAT EXCEEDED THE ASSESSMENT THRESHOLD

The "quality of the proposed portfolio" category analyses the following points: Overall structure, fixed revenue exposure, structure by maturity, rating structure, equity segment allocation.

SOURCE: RESULTS PROCESSED BY THE GERMAN QUALITY AND FINANCE INSTITUTE BASED ON DATA GATHERED BY THE ASSET MANAGERS

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QUALITY INDICATORS

The survey conducted by the German Quality and Finance Institute made an assessment based on four different excellence indicators, assigning to each category a different weighted relevance. The categories taken into consideration were therefore "Company Organisation" (weighted at 10% for the final ranking), "Transparency" (25%), "Customer Orientation" (30%), "Quality of a Proposed Portfolio" (35%). Deutsche Bank ranked first in the survey.