

Italian Mid/Small Caps Monthly

Surging Global Risk and Peaking Interest Rates Not Good News

by Intermonte Research Team

Italian Equity Market

- **Performance (-).** The Italian equity market (prices as at 19 October 2023) has lost 3.7% in the last month but remains up 14.9% YtD. The FTSE Italy Mid-Cap index (-5.1%) has underperformed the main index by 1.4% in the last month (-16.9% YtD on a relative basis), with the FTSE Italy Small Caps index (-5.3%) performing 1.6% below the market, or-24.9% on a relative basis since the beginning of 2023. Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has decreased 6.2% in the last month, performing slightly worse than Italian mid/small caps.
- **Estimates (=).** Since the beginning of 2023, we have implemented an +18.1% upward revision to our 2023 EPS estimates for the whole market, with a more limited revision (+11.4%) to 2024 EPS; focusing on our mid/small cap coverage, however, we have raised 2023 EPS by a more moderate 6.1% since 1 January 2023. Notably, in the last month, we have not significantly changed our estimates for either FTSE MIB stocks (+0.6% on 2023 EPS) or our mid-cap coverage (+0.5%).
- **Valuations (+).** If we compare YtD performance to the change in FY23 estimates over the same period, we see that FTSE MIB stocks have recorded a 2.2% de-rating YtD (the same metric was -3.0% one month ago); mid-caps have de-rated by 11.3%, while small caps have re-rated by 12.4%. On a P/E basis, our panel is trading at a 25% premium to large caps, above the historical average premium (17%) but below the level one month ago (30%).
- **Liquidity (+).** Looking at official Italian index trends, we note that liquidity for large caps in the last month (measured by multiplying average volumes by average prices in a specific period) is 31.1% higher than in the corresponding period one year ago, but is up just 4.5% from a YtD perspective. The picture is more worrying for mid/small caps: specifically, YtD liquidity is down 13.7% YoY for mid-caps and 19.4% YoY for small caps, despite improving in the last month, mainly thanks to a YoY comparison that is becoming easier.
- **Investment strategy.** The macro picture, already weak, has recently been shaken by new fears of war ignited by the tragic situation in Israel. In the meantime, government yields are not normalising, as the public deficits that mounted up during Covid years in all main economies are creating an excess of supply. Specifically, in Italy interest rates have exceeded 5%, reviving ancient problems such as an unbalanced debt/GDP ratio, a worrying demographic trend, and inadequate workforce productivity. This represents an adverse scenario for mid/small caps, a relatively riskier asset class especially in terms of liquidity. From an operating point of view, 3Q23 results should provide little support, with some sectors starting to reflect the ongoing economic deterioration. We still believe, though, that the risk of a fully-fledged recession is fairly limited. In this context, we advise investors to focus on stocks capable that enjoying superior business visibility, at least in relative terms. We think that valuations are particularly attractive in some sectors, such as technological business services. In terms of PIR flows, redemptions in the first 8 months were almost Eu1.7bn and visibility on an inversion of the trend remains low. In this context, we hope the government will not forget the importance of sustaining a struggling equity market by renovating incentives to new listings and allowing investors to hold more than one personal savings plan (PIR).

This material is an extract of research reports by Intermonte that have already been published and delivered to Clients. It is available for free on the Intermonte SIM website (<https://www.intermonte.it>) and it qualifies as a "minor nonmonetary benefit" in accordance with article 12, paragraph 3, sub-paragraph b) of Commission Delegated Directive (EU) 2017/593 of 7 April 2016.

Performance

Mid/Small caps kept on underperforming large caps in the last month

The Italian equity market (prices as at 19 October 2023) has lost 3.7% in the last month but remains up 14.9% YtD. The FTSE Italy Mid-Cap index (-5.1 %) has underperformed the main index by 1.4% in the last month (-16.9% YtD on a relative basis), with the FTSE Italy Small Caps index (-5.3%) performing 1.6% below the market, or-24.9% on a relative basis since the beginning of 2023.

Italian Market Indexes – performance analysis (prices as at 19 October 2023)

Index	Price (Eu)	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
FTSE Italia Mid Cap	38,590	-5.1%	-9.1%	-12.2%	-2.0%	7.6%	-22.7%	14.1%	5.9%
FTSE Italia Small Cap	24,951	-5.3%	-6.7%	-16.8%	-10.1%	-5.6%	-20.3%	32.7%	33.0%
FTSE Italia Star	40,538	-5.5%	-12.7%	-16.9%	-12.4%	-4.5%	-35.2%	1.1%	21.3%
FTSE Italia Growth Index	7,894	-7.9%	-13.2%	-14.8%	-14.7%	-11.6%	-29.1%	22.2%	-12.7%
FTSE Italia All-Share	29,547	-3.7%	-3.9%	-1.9%	14.9%	26.6%	2.1%	39.6%	40.4%
FTSE MIB	27,747	-3.5%	-3.4%	-0.7%	17.0%	29.2%	5.4%	43.2%	45.4%

Relative Performance vs FTSE Italy All Share	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
FTSE Italia Mid Cap	-1.4%	-5.2%	-10.3%	-16.9%	-19.1%	-24.8%	-25.5%	-34.5%
FTSE Italia Small Cap	-1.6%	-2.8%	-14.9%	-24.9%	-32.2%	-22.4%	-6.9%	-7.4%
FTSE Italia Star	-1.8%	-8.9%	-15.0%	-27.3%	-31.2%	-37.3%	-38.5%	-19.1%

Source: FactSet

Looking at mid/small cap performances across Europe, the MSCI Europe Small Caps index has decreased 6.2% in the last month, performing slightly worse than Italian mid/small caps.

European Market Indexes – performance analysis

Index	Price	% Change 1 Month	% Change 3 Months	% Change 6 Months	% Change YTD	% Change 1 Year	% Change 2 Years	% Change 3 Years	% Change 5 Years
MSCI Europe	148	-3.6%	-4.5%	-5.9%	3.9%	10.7%	-4.6%	21.9%	21.3%
MSCI Europe Small Cap	361	-6.2%	-10.7%	-10.9%	-5.0%	2.7%	-27.2%	-0.2%	4.0%

Source: FactSet

For individual stocks, in the following tables we rank the best and worst performers over two periods: the last month and the year to date.

Intermonte Mid & Small Cap Coverage – best and worst performers, 1M

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
MAIRE TECNIMONT	4.41	1,449	18%
ESPRINET	4.82	243	9%
BANCA IFIS	16.08	865	6%
REVO INSURANCE	8.38	206	3%
ANIMA	3.89	1,281	3%
INDEL B	23.70	138	3%
SAES GETTERS	33.70	566	2%
OMER	2.90	83	2%
GREENTHESIS	0.95	147	1%
DOVALUE	3.73	298	1%
CEMENTIR	7.74	1,232	1%
CREDITO EMILIANO	7.80	2,662	1%
TALEA GROUP	9.38	64	0%
SARAS	1.34	1,274	0%
BUZZI-UNICEM	25.36	4,885	0%
SALCEF GROUP	22.45	1,401	0%
ACEA	10.80	2,300	-1%
RELATECH	1.97	85	-1%
BANCA SISTEMA	1.10	88	-1%
BRUNELLO CUCINELLI	71.65	4,872	-1%
FTSE Italia Mid Cap			-5%
FTSE Italia Small Cap			-5%
FTSE MIB			-4%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. 1M (%)
SCIUKER FRAMES	3.32	72	-41%
SECO	3.23	423	-25%
SERI INDUSTRIAL	3.00	162	-24%
AQUAFIL	2.28	98	-20%
CYBEROO	2.58	103	-19%
MARR	10.88	724	-18%
OVS GROUP	1.77	515	-18%
TOD'S	31.90	1,056	-17%
AVIO	7.38	195	-17%
ALKEMY	7.45	42	-17%
ELICA	1.90	120	-17%
FERRAGAMO	11.92	2,012	-15%
FRANCHI UMBERTO MARMI	6.84	225	-14%
PIAGGIO	2.83	1,014	-13%
BREMBO	10.45	3,490	-13%
ENAV	3.20	1,731	-12%
SAFILO	0.75	308	-12%
GPI	8.48	245	-12%
LU-VE	19.52	434	-11%
CY4GATE	7.29	172	-10%

Source: FactSet

Intermonte Mid & Small Cap Coverage – best and worst performers YtD

Best Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
SAES GETTERS	33.70	566	44%
MAIRE TECNIMONT	4.41	1,449	44%
BUZZI-UNICEM	25.36	4,885	40%
SALCEF GROUP	22.45	1,401	28%
CEMENTIR	7.74	1,232	26%
THE ITALIAN SEA GROUP	7.19	381	25%
BANCA IFIS	16.08	865	24%
BFF BANK	9.06	1,692	23%
CYBEROO	2.58	103	22%
IREN	1.81	2,353	22%
WEBUILD	1.65	1,682	21%
OMER	2.90	83	19%
CREDITO EMILIANO	7.80	2,662	18%
TXT E-SOLUTIONS	15.26	198	17%
SARAS	1.34	1,274	16%
MONDADORI	2.07	541	15%
IEG	2.76	85	11%
CIVITANAVI SYSTEMS	3.88	119	9%
TIP	7.91	1,458	8%
ANIMA	3.89	1,281	6%
FTSE Italia Mid Cap			-2%
FTSE Italia Small Cap			-10%
FTSE MIB			17%
Worst Performers	Price (Eu)	Market Cap (Eu mn)	Perf. YTD (%)
AQUAFIL	2.28	98	-63%
SCIUKER FRAMES	3.32	72	-53%
SAFILO	0.75	308	-51%
DOVALUE	3.73	298	-46%
SECO	3.23	423	-42%
EL.EN.	8.42	673	-42%
SERI INDUSTRIAL	3.00	162	-41%
GPI	8.48	245	-41%
IGD	2.00	220	-35%
ELICA	1.90	120	-34%
DATALOGIC	5.55	324	-33%
ALKEMY	7.45	42	-32%
TINEXTA	15.76	744	-32%
LU-VE	19.52	434	-29%
ESPRINET	4.82	243	-28%
FRANCHI UMBERTO MARMI	6.84	225	-27%
FERRAGAMO	11.92	2,012	-27%
INTRED	10.20	162	-27%
BANCA SISTEMA	1.10	88	-27%
AVIO	7.38	195	-24%

Source: FactSet

Earnings Momentum

In the last month, forecasts broadly unchanged

Since the beginning of 2023, we have implemented an +18.1% upward revision to our 2023 EPS estimates, with a more limited revision (+11.4%) to 2024 EPS; focusing on our mid/small cap coverage, however, we have raised 2023 EPS by a more moderate 6.1% since 1 January 2023. Notably, in the last month, we have not significantly changed our estimates for either FTSE MIB stocks (+0.6% on 2023 EPS) or our mid-cap coverage (+0.5%).

Italian Market – Intermonte changes to 2022 and 2023 estimates

EPS REVISION	Since January 1st 2023		Since 22/9/2023	
	% chg in EPS FY23	% chg in EPS FY24	% chg in EPS FY23	% chg in EPS FY24
Total Market	18.1%	11.4%	0.6%	0.6%
Total Market - Ex Energy	21.8%	12.8%	0.6%	0.6%
Domestic	14.6%	8.2%	0.3%	0.3%
Non domestic	21.9%	14.8%	0.9%	0.8%
Non domestic - Ex Energy	20.9%	15.2%	0.6%	0.6%
FTSE MIB	19.2%	12.1%	0.6%	0.6%
Mid Caps (our coverage)	9.3%	6.6%	0.7%	0.3%
Small Caps (our coverage)	-22.5%	-18.9%	-1.6%	-1.5%
Intermonte Mid&Small Caps coverage	6.1%	3.7%	0.5%	0.1%

Source: Intermonte SIM

For individual stocks, the following tables rank the biggest changes to our 2023 adjusted net profit estimates YtD.

Intermonte Mid & Small Cap Coverage - largest changes to 2023 est. (up/down) YtD

Stock	Restated Net Profit 23 as of 31/12/22	Restated net profit 23 last estimate	% chg from 31/12/22
Upward Revision			
AVIO	4	10	177.4%
BUZZI-UNICEM	477	844	77.1%
CREDITO EMILIANO	294	451	53.4%
IEG	10	14	37.6%
CEMENTIR	158	201	27.8%
BANCA IFIS	121	155	27.7%
TOD'S	34	43	25.1%
WEBUILD	153	191	24.2%
PIAGGIO	91	114	24.2%
BRUNELLO CUCINELLI	90	109	20.2%
Downward Revision			
FINCANTIERI	126	-50	-139.3%
SERI INDUSTRIAL	12	-1	-105.7%
AQUAFIL	25	0	-100.4%
ESPRINET	59	29	-51.5%
CYBEROO	9	5	-45.7%
ELICA	24	14	-43.5%

Source: Intermonte SIM

Valuation

Mid/small cap valuation premium down in the last month

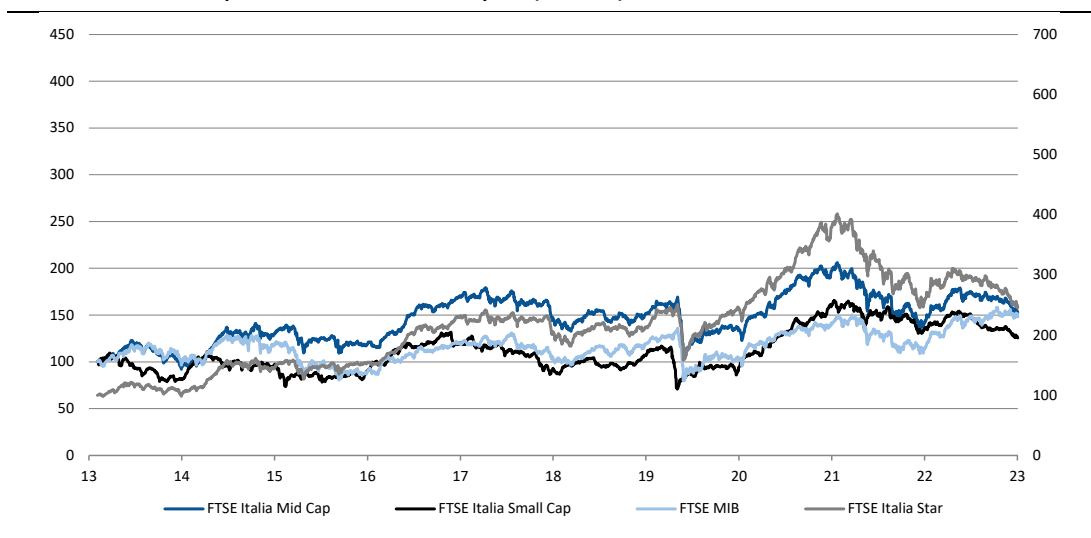
If we compare performance YtD to the change in FY23 estimates over the same period, we see that FTSE MIB stocks have recorded a 2.2% de-rating YtD (the same metric was -3.0% one month ago); mid-caps have de-rated by 11.3%, while small caps have re-rated by 12.4%.

Italian Market – re/de-rating by index

Index	% Change YTD	on FY23 estimates	
		Chg in estimates	Re/De-rating
FTSE MIB	17.0%	19.2%	-2.2%
FTSE Italia Mid Cap	-2.0%	9.3%	-11.3%
FTSE Italia Small Cap	-10.1%	-22.5%	12.4%

Source: Intermonte SIM and FactSet

Italian Market Indices – performances for the last 10 years (base 100)

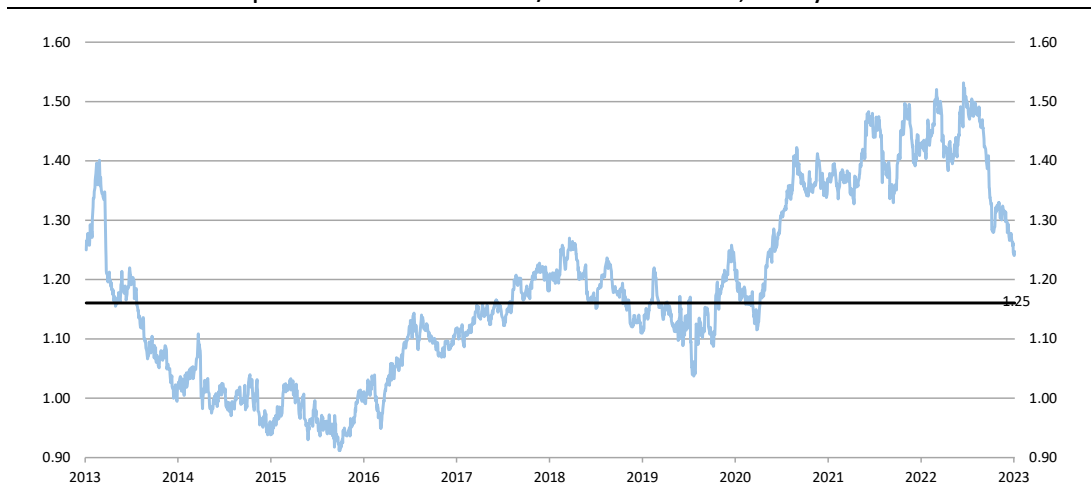


Source: FactSet

In addition to our analysis of the main Italian market indices, we have also compared valuations for our panel of Italian mid/small caps against the main FTSE MIB index.

On a P/E basis, our panel is trading at a 25% premium to large caps, above the historical average premium (17%) but below the level one month ago (30%).

Intermonte Mid & Small Cap Panel – next twelve months' P/E relative to FTSE MIB, last 10 years



Source: Intermonte SIM and FactSet

The table on the next page shows the stocks in our mid/small cap coverage that have posted the largest re-ratings/de-ratings since January 2023, based on 2023 estimates.

European Market – Valuations

	P/E11	P/E12	P/E13	P/E14	P/E15	P/E16	P/E17	P/E18	P/E19	P/E20	P/E21	P/E22	P/E23	P/E23 vs Italian Equivalent	Last 10Y Median	Premium vs Avg
FTSE MIB	14.9 x	12.8 x	11.4 x	11.4 x	18.8 x	19.7 x	16.7 x	n.m.	15.7 x	21.6 x	11.5 x	8.6 x	8.9 x	-	15.7 x	-43.3%
FTSE Italy Mid	18.0 x	17.3 x	15.4 x	15.4 x	22.0 x	20.2 x	16.6 x	18.4 x	19.2 x	60.7 x	18.3 x	15.5 x	10.3 x	-	18.3 x	-44.0%
FTSE Italy Smi	35.8 x	23.9 x	60.5 x	34.2 x	nm	nm	18.9 x	14.5 x	nm	51.5 x	20.2 x	14.9 x	10.0 x	-	18.9 x	-46.9%
Germany DA	11.3 x	14.6 x	16.5 x	12.9 x	15.5 x	14.3 x	14.2 x	14.8 x	20.5 x	20.8 x	13.1 x	12.4 x	11.8 x	33.2%	14.3 x	-17.1%
Germany MD	30.2 x	28.8 x	24.4 x	16.7 x	19.7 x	21.6 x	16.3 x	21.0 x	55.5 x	43.8 x	26.6 x	16.4 x	15.9 x	55.1%	20.3 x	-21.7%
France CAC 4i	14.1 x	15.9 x	17.5 x	16.1 x	16.2 x	16.1 x	15.3 x	16.0 x	28.6 x	28.6 x	15.6 x	13.1 x	14.2 x	59.7%	16.0 x	-11.4%
France CAC IV	18.2 x	23.1 x	26.0 x	20.4 x	20.4 x	36.8 x	16.2 x	15.6 x	623.1 x	-31.9 x	20.2 x	13.3 x	12.8 x	25.0%	18.2 x	-29.5%
France CAC Si	n.m.	28.5 x	24.9 x	25.3 x	26.5 x	32.9 x	31.0 x	32.6 x	-56.1 x	-77.1 x	45.0 x	23.8 x	22.0 x	119.4%	25.9 x	-15.0%
FTSE 100	12.2 x	15.0 x	14.8 x	15.3 x	18.2 x	14.7 x	13.2 x	12.6 x	21.8 x	21.1 x	13.0 x	10.5 x	10.8 x	21.3%	14.0 x	-22.7%
FTSE 250	16.1 x	19.0 x	19.8 x	17.3 x	16.5 x	14.6 x	12.7 x	13.4 x	43.1 x	43.8 x	21.2 x	14.3 x	11.5 x	11.6%	15.5 x	-26.2%
IBEX 35	18.8 x	19.5 x	19.9 x	19.4 x	15.8 x	13.3 x	13.7 x	13.0 x	32.1 x	34.8 x	11.9 x	10.8 x	11.1 x	24.6%	13.5 x	-18.1%
IBEX MEDIUM	18.3 x	28.6 x	18.1 x	20.5 x	18.9 x	20.9 x	17.0 x	13.8 x	20.4 x	20.4 x	15.4 x	14.5 x	13.9 x	35.7%	18.0 x	-22.4%

Source: Intermonte SIM and FactSet

Intermonte Mid & Small Cap Coverage – de-rating/re-rating on 2023 estimates since Jan 2023

Stock	Restated Net Profit 23 as of 31/12/22	Restated net profit 23 last estimate	% Chg in Net Profit 23	Share Price perf. 31/12/22	De-rating(-) Re-rating(+)
FINCANTIERI	126.0	-49.6	-139%	(13%)	127%
CYBEROO	9.1	4.9	-46%	22%	68%
SERI INDUSTRIAL	11.6	-0.7	-106%	(41%)	65%
SAES GETTERS	33.1	28.8	-13%	44%	57%
AQUAFIL	25.5	-0.1	-100%	(63%)	37%
MAIRE TECNIMONT	105.6	119.7	13%	44%	30%
THE ITALIAN SEA GROUP	34.3	33.0	-4%	25%	29%
SERVIZI ITALIA	6.5	5.0	-23%	2%	25%
ESPRINET	59.5	28.8	-52%	(28%)	23%
BFF BANK	185.3	190.0	3%	23%	21%
FILA	45.8	38.1	-17%	2%	19%
IREN	257.5	273.6	6%	22%	16%
ANIMA	175.3	157.8	-10%	6%	16%
FERRAGAMO	50.4	29.5	-41%	(27%)	14%
BANCA SISTEMA	27.9	16.7	-40%	(27%)	13%
CY4GATE	14.5	9.8	-33%	(20%)	12%
SALCEF GROUP	64.7	75.3	17%	28%	11%
NOTORIOUS PICTURES	5.5	4.4	-21%	(11%)	9%
ELICA	24.1	13.6	-44%	(34%)	9%
CIVITANAVI SYSTEMS	7.3	7.5	1%	9%	8%
SOMECC	12.6	10.5	-17%	(11%)	6%
DE' LONGHI	217.0	205.6	-5%	(0%)	5%
TECHNOGYM	90.2	85.6	-5%	(1%)	4%
MEDIA FOR EUROPE	217.1	213.7	-2%	2%	4%
UNIPOLSAI	741.8	711.9	-4%	(1%)	3%
TXT E-SOLUTIONS	13.3	15.2	14%	17%	3%
OMER	6.7	7.8	17%	19%	3%
SARAS	278.9	317.2	14%	16%	2%
EMAK	27.1	21.8	-20%	(19%)	0%
WIIT	19.3	15.3	-21%	(22%)	(1%)
MONDADORI	56.3	65.5	16%	15%	(1%)
DATALOGIC	31.7	21.8	-31%	(33%)	(2%)
CEMENTIR	157.6	201.5	28%	26%	(2%)
WEBUILD	153.4	190.5	24%	21%	(3%)
TESMEC	16.4	13.4	-18%	(22%)	(4%)
BANCA IFIS	121.1	154.7	28%	24%	(4%)
ALKEMY	6.9	5.2	-25%	(32%)	(7%)
BREMBO	281.8	309.0	10%	2%	(8%)
GEOX	8.6	8.1	-6%	(15%)	(9%)
GREENTHESIS	15.7	17.5	12%	2%	(9%)
INTERCOS	56.5	60.5	7%	(3%)	(10%)
INDEL B	16.1	17.1	6%	(6%)	(12%)
REPLY	204.8	186.7	-9%	(21%)	(12%)
IGD	70.5	55.6	-21%	(35%)	(14%)
ACEA	304.0	297.3	-2%	(17%)	(14%)
GPI	20.7	15.3	-26%	(41%)	(14%)
FINE FOODS	8.3	9.1	9%	(6%)	(15%)
MARR	51.4	56.5	10%	(5%)	(15%)
UNIDATA	9.7	9.6	0%	(17%)	(17%)
BRUNELLO CUCINELLI	90.3	108.5	20%	4%	(17%)
SESA	100.5	100.1	0%	(21%)	(20%)
ENAV	107.8	109.1	1%	(20%)	(21%)
PIAGGIO	91.4	113.6	24%	3%	(21%)
TOD'S	34.4	43.0	25%	4%	(21%)
TINEXTA	58.7	52.5	-11%	(32%)	(21%)
EL.EN.	62.8	50.5	-20%	(42%)	(22%)
RELATECH	8.1	9.6	19%	(5%)	(24%)
RAI WAY	79.9	91.6	15%	(10%)	(25%)
IEG	10.1	13.9	38%	11%	(26%)
OVS GROUP	58.6	64.8	11%	(17%)	(27%)
PHARMANUTRA	14.5	15.7	8%	(20%)	(27%)
LU-VE	33.3	34.3	3%	(29%)	(33%)
CREDITO EMILIANO	293.9	451.0	53%	18%	(35%)
BUZZI-UNICEM	476.6	844.2	77%	40%	(37%)
DOVALUE	56.8	51.8	-9%	(46%)	(38%)
SAFILO	23.7	23.7	0%	(51%)	(51%)
SCIUKER FRAMES	30.0	30.0	0%	(53%)	(53%)

Source: Intermonte SIM

Liquidity

Mid/small cap liquidity up in the last month

Looking at official Italian index trends, we note that liquidity for large caps in the last month (measured by multiplying average volumes by average prices in a specific period) is 31.1% higher than in the corresponding period one year ago but is up just 4.5% from a YtD perspective. The picture is more worrying for mid/small caps: specifically, YtD liquidity is down 13.7% YoY for mid-caps and 19.4% YoY for small caps, even if improving in the last month, mainly thanks to a YoY comparison that is becoming easier.

Italian Market – liquidity analysis

	Avg Daily Volume * Avg Price (Eu mn) 2023			Avg Daily Volume * Avg Price (Eu mn) 2022			% Changes (YoY)		
	1M to 20/10	3M to 20/10	YTD to 20/10	1M to 20/10	3M to 20/10	YTD to 20/10	1M to 20/10	3M to 20/10	YTD to 20/10
FTSE MIB									
All stocks	51.02	51.34	52.16	38.90	37.23	49.91	31.1%	37.9%	4.5%
Top 20% by market cap	147.22	153.39	159.20	127.62	122.19	159.11	15.4%	25.5%	0.1%
FTSE Italia Mid Cap									
All stocks	2.07	1.88	2.00	1.58	1.57	2.31	31.1%	20.3%	(13.7%)
Top 20% by market cap	2.97	3.35	3.44	2.63	2.69	4.36	13.0%	24.5%	(21.3%)
FTSE Italia Small Cap									
All stocks	0.19	0.18	0.20	0.14	0.15	0.25	38.4%	25.8%	(19.4%)
Top 20% by market cap	0.56	0.54	0.55	0.31	0.39	0.57	78.8%	39.6%	(4.6%)

Source: FactSet

For individual stocks, the following table ranks liquidity in our mid/small cap coverage.

Intermonte Mid & Small Cap Coverage – most liquid stocks

Stock	Market Cap (Eu mn)	6M Avg Volume * Avg Price (Eu)
SARAS	1,266	10,516,811
BUZZI-UNICEM	4,870	6,463,397
BRUNELLO CUCINELLI	4,865	6,045,314
REPLY	3,165	4,892,028
BFF BANK	1,709	4,171,108
BREMBO	3,550	3,975,444
IREN	2,335	2,781,808
FERRAGAMO	2,029	2,693,846
ANIMA	1,302	2,526,179
OVS GROUP	511	2,442,897
MAIRE TECNIMONT	1,465	2,398,955
WEBUILD	1,693	2,370,218
DE' LONGHI	3,157	2,310,080
UNIPOLSAI	6,440	2,293,262
ACEA	2,296	2,193,933
TECHNOGYM	1,421	1,966,627
ESPRINET	244	1,961,866
TOD'S	1,044	1,876,191
SESA	1,426	1,778,937
DOVALUE	307	1,776,605
BANCA IFIS	885	1,719,264
ENAV	1,726	1,451,615
CREDITO EMILIANO	2,673	1,415,911
TINEXTA	735	1,264,441
MARR	718	1,188,904
MEDIA FOR EUROPE	1,291	1,171,940
TIP	1,462	1,126,328
SAES GETTERS	570	1,048,008
EL.EN.	664	991,951

Source: FactSet

Criteria for investing in mid/small caps

Italian Mid & Small Cap Coverage - geographical breakdown of sales (FY22)

Stock	Italy	Europe (incl. Russia, UK, Turkey)	North America (incl. Mexico)	South America	Asia (incl. China, India, South East Asia)	RoW (Africa, Middle East, Australia, Japan)
Intermonte Coverage	56%	23%	10%	1%	7%	3%

Source: Company data and Intermonte SIM (financial companies excluded from the sample)

A ranking of stocks with the highest expected earnings growth for 2023 vs. 2022, and the highest 2023 dividend yields, can be found in the following tables.

Intermonte Mid & Small Cap Coverage – dividend yield 2023

Stock	Price (Eu)	Mkt Cap (Eu mn)	EPS 23	DPS 23	Yield 23 %	PayOut 23 %	Net Debt/EBITDA 23
DOVALUE	3.8	307	0.647	0.720	18.8%	111%	2.2x
SCIUKER FRAMES	3.3	72	1.383	0.415	12.6%	30%	-0.3x
IGD	2.0	224	0.504	0.207	10.2%	41%	9.2x
BFF BANK	9.2	1,709	1.025	0.900	9.8%	88%	
BANCA IFIS	16.4	885	2.874	1.450	8.8%	50%	
ACEA	10.8	2,296	1.396	0.851	7.9%	61%	3.7x
PIAGGIO	2.9	1,038	0.321	0.225	7.8%	70%	1.0x
ABITARE IN	5.2	138	0.908	0.397	7.6%	44%	0.5x
SARAS	1.3	1,266	0.334	0.100	7.5%	30%	-0.2x
UNIPOLSAI	2.3	6,440	0.256	0.170	7.5%	66%	
MEDIA FOR EUROPE	0.6	1,291	0.076	0.040	7.0%	52%	1.1x
IREN	1.8	2,335	0.210	0.121	6.7%	58%	3.2x
RAI WAY	4.9	1,326	0.337	0.324	6.6%	96%	1.0x
ENAV	3.2	1,726	0.201	0.203	6.4%	101%	1.2x
MARR	10.8	718	0.849	0.679	6.3%	80%	1.5x
NOTORIOUS PICTURES	1.3	29	0.195	0.078	6.1%	40%	2.5x
ESPRINET	4.8	244	0.572	0.286	5.9%	50%	0.9x
GPI	8.6	248	0.546	0.500	5.8%	92%	4.7x
ANIMA	4.0	1,302	0.477	0.230	5.8%	48%	
EMAK	0.9	154	0.133	0.054	5.8%	41%	2.6x
MONDADORI	2.1	544	0.251	0.110	5.3%	44%	1.0x
CREDITO EMILIANO	7.8	2,673	1.321	0.400	5.1%	30%	
BANCA SISTEMA	1.1	90	0.208	0.052	4.6%	25%	
TECHNOGYM	7.1	1,421	0.426	0.327	4.6%	77%	-1.0x
FRANCHI UMBERTO MARMI	6.9	227	0.431	0.264	3.8%	61%	0.6x
MAIRE TECNIMONT	4.5	1,465	0.364	0.165	3.7%	45%	-0.9x
THE ITALIAN SEA GROUP	7.1	376	0.622	0.258	3.6%	41%	0.0x
WEBUILD	1.7	1,693	0.191	0.060	3.6%	31%	-0.5x
DATALOGIC	5.6	325	0.389	0.200	3.6%	51%	0.6x
ELICA	2.0	123	0.215	0.070	3.6%	33%	1.1x

Source: Intermonte SIM and FactSet

Intermonte Mid & Small Cap Coverage – EPS growth, 2024 vs. 2023

Stock	Price (Eu)	Mkt Cap (Eu mn)	P/E 23	P/E 24	EPS Growth
GEOX	0.7	178	22.0	5.1	329%
FERRAGAMO	12.0	2,029	68.7	36.8	87%
GPI	8.6	248	15.7	9.6	64%
SERVIZI ITALIA	1.2	38	7.7	4.8	58%
SOMEK	28.9	199	19.0	12.2	56%
SECO	3.1	403	17.5	11.7	50%
CYBEROO	2.6	103	21.8	14.8	47%
FINE FOODS	7.9	173	22.2	15.2	46%
NOTORIOUS PICTURES	1.3	29	6.5	4.5	45%
TESMEC	0.1	66	4.9	3.4	44%
ABITARE IN	5.2	138	5.7	4.0	44%
TOD'S	31.6	1,044	24.3	17.1	42%
REVO INSURANCE	8.4	206	13.8	10.2	35%
THE ITALIAN SEA GROUP	7.1	376	11.4	8.4	35%
TECHNOGYM	7.1	1,421	16.6	12.3	35%
DATALOGIC	5.6	325	14.3	10.7	33%
WIIT	14.1	396	25.8	19.5	32%
AVIO	7.3	193	19.8	15.0	32%
ALKEMY	7.5	43	8.2	6.4	29%
WEBUILD	1.7	1,693	8.7	6.8	29%
CIVITANAVI SYSTEMS	3.8	116	15.6	12.1	28%
MAIRE TECNIMONT	4.5	1,465	12.2	9.7	26%
UNIDATA	38.7	120	12.4	10.0	24%
TINEXTA	15.6	735	14.0	11.4	23%
ESPRINET	4.8	244	8.5	6.9	23%
CY4GATE	7.3	173	17.7	14.5	23%
BANCA SISTEMA	1.1	90	5.4	4.4	22%
MARR	10.8	718	12.7	10.4	22%
SALCEF GROUP	22.3	1,388	18.4	15.4	20%
EMAK	0.9	154	7.0	6.0	18%
PIAGGIO	2.9	1,038	9.0	7.7	18%
OVS GROUP	1.8	511	7.9	6.7	18%
GREENTHESIS	1.0	149	8.5	7.2	17%
RELATECH	2.0	86	9.0	7.7	17%
IEG	2.7	85	6.1	5.2	17%
DE' LONGHI	20.9	3,157	15.4	13.2	17%
REPLY	84.6	3,165	17.0	14.6	16%
INTERCOS	12.3	1,188	19.6	17.0	16%
OMER	3.0	86	10.9	9.4	15%

Source: Intermonte SIM and FactSet

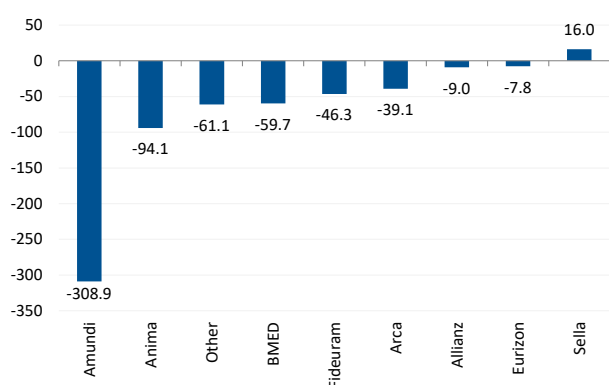
UPDATE on the Individual Savings Plan (PIR)

PIR: official figures for 2Q23

	2Q23 (Eu mn)	1Q23 (Eu mn)	FY22 (Eu mn)	FY21 (Eu mn)	FY20 (Eu mn)	FY19 (Eu mn)	FY18 (Eu mn)	FY17 (Eu mn)	Nr. Of Funds		Invested Capital	
									# Funds	%	at June 2023 (Eu mn)	at June 2023 in %
Ordinary PIR	(610)	(815)	(734)	323	(759)	(1,097)	3,950	10,903	66	32.5%	17,479	
Alternative PIR	1	58	242						14		1,512	
EQUITY FUNDS	(209)	(264)	(338)	280	(281)	(369)	349	2,260	26	32.5%	5,380	28.3%
BALANCED FUNDS	(474)	(466)	(385)	214	(321)	(587)	2,525	5,962	22	27.5%	6,877	36.2%
FIXED INCOME FUNDS	181	35	(12)	17	(1)	(20)	10	75	6	7.5%	427	2.2%
FLEXIBLE FUNDS	(108)	(114)	2	(187)	(160)	(121)	1,067	2,605	14	17.5%	4,808	25.3%
CLOSED-END FUNDS	0	52	240						12	15.0%	1,498	7.9%

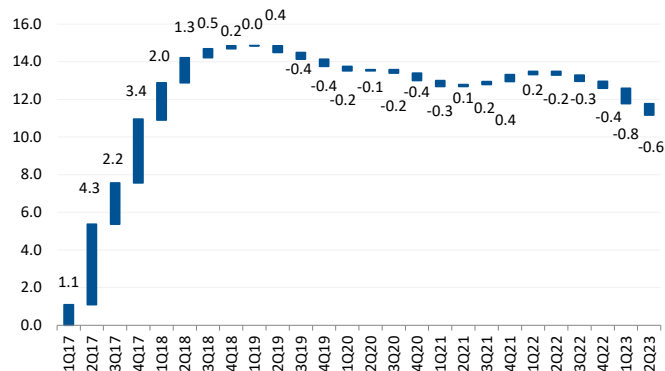
Source: Assogestioni, Quarterly Report, May 2023

Ordinary PIR - Net inflows by asset manager (Eu mn, 2Q23)



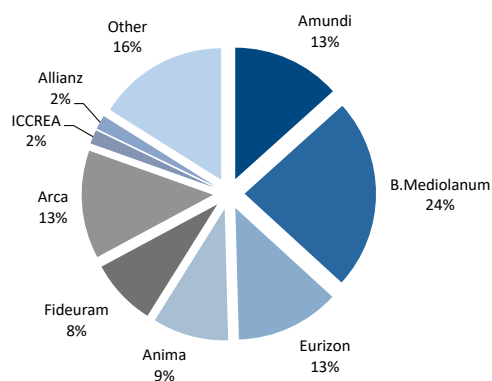
Source: Assogestioni

Ordinary PIR - Inflows by quarter (Eu bn)



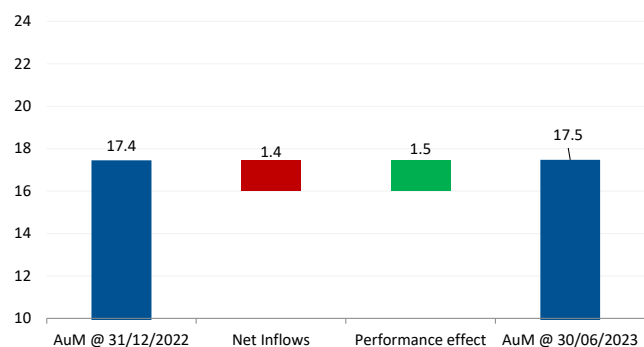
Source: Intermonte SIM estimates, Assogestioni

Ordinary PIR - Market share by asset manager (on AuM as at 31/03/23)



Source: Assogestioni

Ordinary PIR - Inflows and total AuM (Eu bn)



Source: Assogestioni

Significant PIR outflows continued in July and August

In its quarterly review on 7 September 2023, **Assogestioni** released updated figures on 2Q23 PIR inflows. **During the quarter, ordinary PIRs saw outflows of Eu610mn, while Alternative PIRs recorded inflows of Eu0.7mn.** In terms of AuM, ordinary PIRs had Eu17.5bn under management, while Eu1.5bn was invested in alternative PIR funds.

According to ‘Osservatorio PIR’, outflows in July and August remained unsupportive and amounted to Eu169.4mn and Eu87.5mn, respectively.

As a reminder, the features of PIR 3.0 are as follows: at least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not on the main index (FTSE MIB in the case of Italian-listed stocks). The principal novelty in the new regulation is a mandatory minimum investment of 5% of the 70% (or 3.5% of the total fund) in small caps that are not listed on either the FTSEMIB or the FTSE MID indexes. This measure is likely to channel flows into a universe of small companies that are expected to obtain particular benefits from renewed investor interest. The new regulation also allows Italian pension funds to invest up to 10% of their assets in PIR funds. The fiscal benefit (unchanged) still relates to the elimination of capital gains tax after the investment is maintained in the fund for at least 5 years.

The Alternative PIR is a wrapper with tax benefits similar to PIR (i.e. tax exemption of capital gains for investments held for at least 5 years) and is capable of investing in ELTIFs, private equity funds or private debt funds. Because of the investments in illiquid assets (closer to the real economy but riskier), affluent investors are the target clients. The maximum investible amount per year is Eu300k per person (vs. Eu40k for PIR) up to a cumulative maximum of Eu1.5mn per person. Moreover, the concentration limit (i.e. max cumulative investment in a single stock) has been set at 20% (10% being the limit for regular PIR funds).

These alternative instruments are suitable for overcoming market volatility given their long-term commitment and are complementary to PIR funds in a broader sense (they are designed for semi-professional rather than retail investors).

ALTERNATIVE PIR vs. PIR 3.0

	PIR 3.0	Alternative PIR
Investor Target	Retail Investors	Semi-institutional investors
Main Investment Focus	Mid and Small Caps	Small and Micro Caps, Privately held SMEs
Type of Fund	Open-end Funds	Closed-End Funds, such as ELTIF, private equity funds, private debt funds
Max per capita investment	Eu40,000 a year (max Eu200,000)	Eu300,000 a year (max Eu1.5mn)
Concentration limit	Up to 10%	Up to 20%
Investment Criteria	At least 70% of the fund must be invested in securities issued by listed Italian or EU companies having stable organisation in Italy; of this 70%, 25% (i.e. 17.5% of the total fund) must be invested in securities that are not listed on the main index (FTSE MIB in the case of Italian-listed stocks) and 5% (or 3.5% of the total fund) in small caps that not listed on either the FTSEMIB or the FTSE MID indexes.	At least 70% of the fund must be invested in securities issued by Italian or EU companies having stable organisation in Italy that are small caps not listed on either the FTSEMIB or the FTSE MID indexes.
Fiscal benefits	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years	Zeroing capital gains tax after maintaining the investment in the fund for at least 5 years

Source: Intermonte SIM

Confirming our estimates for ordinary PIRs, even though visibility remains low

Assogestioni data for 1H23 showed Eu1,425.4mn of outflows, and preliminary market data for July-August confirmed a similar negative trend. We remind that our estimates for the year, after a number of downward revisions, currently point to outflows of Eu1.9bn, assuming an improvement in numbers in 4Q23, on which visibility remains low.

Looking at the reasons for redemptions from PIR funds, we can certainly hypothesise that many investors, noting positive performances as they pass the 5-year mark for maintaining the investment (meaning that tax benefits on capital gains are retained), have decided to cash in their PIR funds, thus enabling them to invest their savings in other funds and markets.

According to the press, the Italian government is looking at an amendment to allow investors to hold more than one personal savings plan (PIR). The plan would cost the government no extra budget as the investment ceiling of Eu40k a year per person (or Eu200k over 5 years) would remain unchanged. We very much welcome this initiative: if approved, we think it could relaunch inflows to PIR funds, as the advantage of diversifying over several PIR products could increase investments by individual investors.

In the long term, we do expect that interest in this product will remain fairly high thanks to the fiscal benefit and, from a distributor point of view, to the fact that it can count on long-term commitment from investors.

The main assumptions underpinning our current estimates are as follows:

- for 2023, we assume gross inflows from new PIR subscribers of Eu120mn;
- For continuing subscribers, we expect that overall inflows in year two will amount to a portion of the sum set aside in the first year (from 35% to 40% in our model); in the remaining years (i.e. from the third to the fifth year) we expect stable inflows, equivalent on average to 50% of the investments made in the second year;
- Finally, we calculate the amount of capital that will be withdrawn by investors who decide to exit the fund at ~16% of assets under management in 2023.

PIR – Our assumptions

Individual Saving Plan (PIR) - Our assumptions								
	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E
Mutual Funds AUM (Eu mn)	900,318	1,011,183	955,114	1,071,299				
PIR Net Inflows (Eu mn)		10,903	3,950	(1,097)	(759)	323	(733)	(1,875)
YoY Growth			-63.8%	nm	nm	nm	nm	156.0%
o/w From Continuing Subs. (estimated)								424
o/w From New Subscribers (estimated)								120
o/w Transformation of Existing Funds/Exit from PIR (est.)								(2,419)

Source: Intermonte SIM

Intermonte Pir Mid Caps Coverage - Trading Multiples (ordered by Stock Name)

Company	P/E 2023	P/E 2024	EV/EBITDA 2023	EV/EBITDA 2024	Div. Yield 2023	Div. Yield 2024	FCF Yield 2023	FCF Yield 2024	NET DEBT/EBITDA 2023	NET DEBT/EBITDA 2024
ACEA	7.7	7.3	6.1	6.0	7.9%	8.1%	-9.5%	3.8%	3.7x	3.6x
ANIMA	8.2	7.4			5.9%	6.4%				
BANCA IFIS	5.6	5.4			9.0%	9.3%				
BFF BANK	8.8	7.9			9.9%	10.4%				
BREMBO	11.0	11.0	5.1	4.7	2.8%	2.8%	5.3%	7.1%	0.6x	0.4x
BRUNELLO CUCINELLI	43.3	39.6	14.9	13.4	1.2%	1.3%	0.9%	1.5%	1.8x	1.7x
BUZZI-UNICEM	5.8	5.9	2.6	2.2	2.0%	2.2%	17.0%	15.0%	-0.7x	-1.1x
CEMENTIR	6.1	5.6	2.9	2.1	3.4%	3.7%	11.1%	17.5%	-0.5x	-0.9x
CREDITO EMILIANO	5.9	6.2			5.1%	5.4%				
DE' LONGHI	15.9	13.6	7.2	6.3	2.6%	3.0%	5.0%	4.9%	-1.0x	-1.0x
EL.EN.	13.1	11.5	7.3	6.2	2.5%	2.6%	0.4%	9.0%	-0.6x	-1.0x
ENAV	15.9	14.1	7.2	6.6	6.3%	6.5%	9.4%	11.3%	1.2x	0.9x
FERRAGAMO	68.2	36.5	6.8	5.7	0.7%	1.4%	-0.4%	1.7%	1.0x	0.8x
FINCANTIERI	nm	nm	9.0	8.5	0.0%	0.0%			7.0x	6.8x
INTERCOS	19.9	17.2	9.1	7.9	1.2%	1.5%	1.8%	4.1%	0.6x	0.3x
IREN	8.6	8.3	5.5	5.4	6.7%	7.4%	-9.4%	-2.4%	3.2x	3.3x
LU-VE	12.6	11.1	7.1	6.3	2.0%	2.2%	3.1%	6.2%	1.7x	1.4x
MAIRE TECNIMONT	12.1	9.6	4.7	3.7	3.8%	4.8%	21.2%	5.0%	-0.9x	-0.7x
MARR	12.8	10.5	7.2	6.3	6.2%	7.6%	0.2%	4.0%	1.5x	1.4x
MEDIA FOR EUROPE	7.5	7.0	2.8	2.4	7.0%	7.0%	21.1%	23.9%	1.1x	0.8x
MONDADORI	8.3	8.1	4.6	4.3	5.3%	5.3%	12.6%	13.3%	1.0x	0.7x
OVS GROUP	7.9	6.7	4.0	3.4	3.3%	3.9%	12.0%	10.6%	0.6x	0.4x
PHARMANUTRA	30.8	27.2	20.2	17.1	1.6%	1.8%	0.1%	3.2%	0.0x	-0.3x
PIAGGIO	8.8	7.5	4.0	3.6	7.9%	9.3%	11.5%	11.4%	1.0x	0.8x
RAI WAY	14.5	14.8	8.5	8.7	6.6%	6.7%	8.2%	8.3%	1.0x	1.2x
REPLY	17.7	15.3	9.4	7.8	1.2%	1.4%	6.4%	6.1%	-0.6x	-1.0x
SALCEF GROUP	18.6	15.5	9.3	7.8	2.4%	2.9%	3.5%	4.4%	-0.1x	-0.2x
SARAS	4.0	9.1	1.6	2.5	7.5%	6.0%	6.3%	13.6%	-0.2x	-0.5x
SECO	18.4	12.2	9.4	7.0	0.0%	0.0%	2.9%	3.6%	0.9x	0.5x
SESA	14.3	12.8	8.9	5.9	1.1%	1.3%	1.0%	9.3%	-0.2x	-0.1x
TECHNOGYM	17.2	12.8	8.3	6.4	4.5%	3.8%	6.2%	8.3%	-1.0x	-1.1x
TINEXTA	14.2	11.5	9.3	7.7	2.7%	2.1%	4.2%	7.0%	0.6x	0.2x
TIP	11.0	11.0			1.9%	2.0%			12.3x	
TOD'S	24.6	17.3	4.4	3.9	0.0%	0.0%	2.2%	5.9%	2.2x	1.8x
UNIPOLSAI	8.8	8.6			7.5%	8.2%				
WEBUILD	8.6	6.7	1.7	1.4	3.6%	3.6%	11.3%	6.6%	-0.5x	-0.5x

Intermonte Pir Small Caps Coverage - Trading Multiples (ordered by Stock Name)

Company	P/E 2023	P/E 2024	EV/EBITDA 2023	EV/EBITDA 2024	Div. Yield 2023	Div. Yield 2024	FCF Yield 2023	FCF Yield 2024	NET DEBT/EBITDA 2023	NET DEBT/EBITDA 2024
ABITARE IN	5.7	3.9	4.0	3.5	7.7%	7.6%	74.6%	-14.9%	0.5x	1.0x
ALKEMY	8.2	6.3	5.7	4.7	0.0%	0.0%	5.6%	13.1%	2.6x	1.9x
AQUAFIL	nm	15.4	5.5	4.6	0.0%	1.3%	24.7%	11.3%	4.0x	3.2x
AVIO	20.0	15.2	3.9	3.3	1.2%	3.2%	-5.1%	-0.8%	-2.6x	-1.6x
BANCA SISTEMA	5.3	4.3			4.7%	5.8%				
CIVITANAVI SYSTEMS	16.0	12.5	8.1	6.2	2.6%	2.8%	1.0%	2.2%	-2.4x	-1.1x
CY4GATE	17.6	14.4	6.8	5.9	0.0%	0.0%	1.1%	2.2%	0.0x	-0.1x
CYBEROO	21.9	14.9	9.9	7.0	0.0%	0.0%	2.0%	2.9%	-0.6x	-0.6x
DATALOGIC	14.2	10.7	5.5	4.7	3.6%	4.5%	5.3%	8.4%	0.6x	0.3x
DOVALUE	5.8	5.3	3.8	3.3	19.3%	21.2%	31.0%	33.3%	2.2x	1.8x
ELICA	8.8	8.9	3.9	3.5	3.7%	3.7%	7.5%	16.9%	1.1x	0.7x
EMAK	7.0	5.9	4.8	4.3	5.8%	6.7%	14.8%	14.5%	2.6x	2.3x
ESPRINET	8.4	6.9	4.4	3.2	5.9%	7.3%	28.9%	22.3%	0.9x	0.3x
FILA	9.6	9.0	6.6	6.1	1.9%	2.0%	11.4%	8.7%	2.9x	2.6x
FINE FOODS	22.4	15.4	9.0	7.3	1.8%	2.6%	0.2%	2.2%	1.7x	1.3x
FRANCHI UMBERTO MARMI	15.9	15.8	9.9	8.9	3.9%	3.1%	4.2%	8.2%	0.6x	0.2x
GEOX	22.3	5.2	5.5	4.4	0.0%	9.6%	-29.4%	12.3%	3.8x	2.9x
GPI	15.5	9.6	7.9	6.4	5.9%	5.9%	-9.9%	4.1%	4.7x	3.8x
GREENTHESIS	8.4	7.2	6.7	5.8	2.4%	2.9%	-3.1%	2.1%	1.9x	1.7x
IEG	6.1	5.2	3.5	3.0	2.9%	3.6%	17.3%	19.0%	2.0x	1.6x
IGD	4.0	4.4	11.2	10.5	10.3%	10.3%	28.9%	25.6%	9.2x	8.5x
INDEL B	8.1	7.7	4.8	4.2	3.0%	4.2%	8.5%	10.6%	0.5x	0.2x
INTRED	26.4	25.1	8.5	8.6	0.4%	0.4%	-5.1%	-9.9%	1.0x	1.6x
NOTORIOUS PICTURES	6.6	4.6	4.1	3.1	6.0%	8.8%	-35.5%	27.8%	2.5x	1.9x
OMER	10.6	9.2	5.7	4.6	1.6%	1.9%	8.1%	9.4%	-1.1x	-1.5x
RELATECH	8.9	7.6	4.5	3.6	0.0%	0.0%	7.5%	7.5%	0.4x	0.0x
REVO INSURANCE	13.8	10.2			0.9%	1.8%				
SAES GETTERS	19.6	17.6	11.7	7.4	1.6%	1.6%	2.8%	4.2%	-0.6x	-0.7x
SAFILO	8.7		2.5		0.0%		18.3%		0.1x	
SCIUKER FRAMES	2.4	2.9	1.3	1.0	12.5%	10.2%	20.1%	34.5%	-0.3x	-0.9x
SERI INDUSTRIAL	nm	9.5	9.6	5.3	0.0%	0.0%	-6.5%	-2.7%	4.0x	2.2x
SERVIZI ITALIA	7.7	4.9	2.3	2.1	0.0%	0.0%	-15.2%	14.3%	1.7x	1.6x
SOMECH	18.7	12.0	8.1	5.9	2.7%	4.2%	8.7%	13.2%	1.9x	1.0x
TALEA GROUP	nm	55.8	37.5	13.2	0.0%	0.0%	-17.5%	4.6%	12.5x	4.1x
TESMEC	5.0	3.5	4.0	3.1	0.0%	0.0%	9.2%	22.2%	2.6x	1.9x
THE ITALIAN SEA GROUP	11.6	8.6	6.5	4.6	3.6%	4.3%	6.9%	14.5%	0.0x	-0.5x
TXT E-SOLUTIONS	12.3	11.1	6.9	5.7	1.5%	1.7%	5.8%	7.9%	0.9x	0.5x
UNIDATA	12.5	10.0	6.8	5.9	0.4%	0.5%	10.5%	-2.1%	2.1x	1.8x
WIIT	26.5	20.0	12.0	10.3	1.9%	2.5%	4.7%	6.0%	4.1x	3.1x

Source: Intermonte SIM and Factset

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- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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