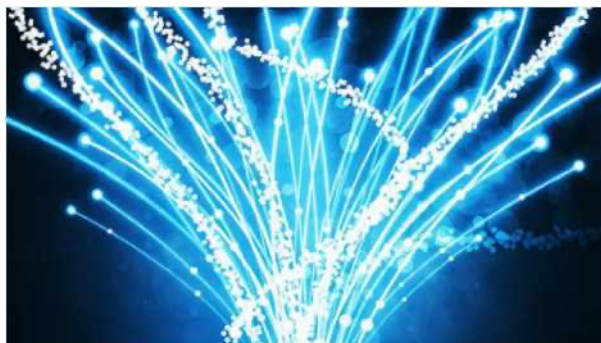


Amplifon, Interpump and Reply turbocharge the list of stars

The Star – the national champions’ index – is one of the highest earners internationally. The spotlight is also on Sesa Mondadori and Prima Industrie

SANDRA RICCIO

08 October 2021 Revised on: 08 October 2021 2-minute read



It has consistently blazed a trail with double-digit gains. Now the Star – the Italian stock exchange's basket of medium-sized companies – is sizing up opportunities offered by the Recovery Plan and Europe's new leadership. In the meantime, it is proving to be the best segment in Italy and one of the best internationally. Since the start of the year, it has soared more than 30%, double that of Piazza Affari's main index, the FTSE MIB, which has gained 16% since January. However, the game is also a long-term affair. "Over the last 10 years, the Star has been one of the few to keep up with the Nasdaq, posting a 21.8% annual increase against the 22.3% of the US index", observes Angelo Meda, Head of Equities at Banor SIM.

Certainly, the Star has some special features. "The top ten stocks make up more than half of the index and can be defined as national champions", he explains. "They include names such as Amplifon, Reply, Interpump and Sesa, all companies that have successfully grown over the years on the national and international stage, consolidating their sectors and becoming global players". Another thing is that the index only marginally includes financial, energy and utility companies, which are the ones that have dragged down the main FTSE MIB index. You could, in fact, say that the Star reflects the country's economy, being centred on industry and services", says Angelo Meda. It is therefore a cluster that has proved to be very dynamic and has also shown results on the Italian stock exchange.

Experts insist that future prospects are still bright. "National champions, such as Amplifon, Reply, Interpump and Sesa, can still continue to grow", asserts Angelo Meda. He believes that other opportunities can be found in more traditional sectors that offer interesting prospects in terms of strategy and consolidation, such as Mondadori and Unieuro, in companies operating in high growth digital sectors such as Be Shaping the Future, Wiit and Seco, and also in cyclical companies that still have room to grow thanks to the economic recovery, such as Biesse and Aquafil. It will be important to try to diversify weighting and exposure to sectors in this time when inflation and macroeconomic trends create uncertainty in order to build a portfolio made up of the miniature multinationals that abound in our economy.

The Recovery Plan and new the European leadership can inject new blood into the Star. "The Recovery Plan will channel an unprecedented amount of investment into our country, even if the

real asset is the reforms it brings in its wake”, says Antonio Amendola, Fund Manager Equity Italy and Europe at AcomeA SGR. These reforms, long-awaited in this country, will allow us to attract foreign investors and leverage the resources of the Recovery Plan itself to drive growth”.

As regards European leadership, Amendola believes that the end of the Merkel era and Macron’s preoccupation with next year’s elections has created a power vacuum. The Italian Prime Minister has the standing and the skills to fill this void by addressing key investment areas for Europe and bringing Italy and Italian companies to the forefront.

“In the Italian market, the Star segment is an area of excellence comprising companies that have the right features for the previously mentioned investor. They will also be Recovery Plan beneficiaries”, Antonio Amendola goes on to say. “Companies with niche businesses, an international presence, low debt and sustainable and defensible margins are at the forefront. There is also the issue of valuations, with our small and medium-sized companies still trading at discounts compared to their German, French or British counterparts. So, there is a lot of space to allow foreign investors to manoeuvre if we can attract them with proper political stability and reforms implemented as promised. Amendola mentions Openjobmetis, Biesse, Prima Industrie and Aquafil as some of the more interesting stocks.

Investing in individual stocks is always risky. For small investors with designs on the Star, there are mutual funds and ETFs managed by investment professionals. The list includes funds that target Piazza Affari and contain many Star companies, such as the Allianz Azioni Italia All Stars (which has gained more than 20% since the start of the year). The ETF iShares FTSE Italia Mid-Small Cap offers exposure to mid and small caps, which also allows investors to aim for Star companies (up 30% since the start of the year).

® All rights reserved