



Investments

Asset Manager of the Week



**LUCA RIBOLDI
Banor SIM**

Luca Riboldi is Head of Investments at Banor SIM and became a partner in 2009. He has been an advisor for the Banor SICAV Mistral Long Short Equity

Before joining Banor, Riboldi worked at Citigroup for 10 years as Head of Investments and Analyst for the energy and luxury sectors. He has over 30 years' experience and a degree in Business Administration from Bocconi University in Milan.

The interview. “Leonardo is listed at a discount and managed well”

Isabella Della Valle

The other two companies deemed attractive are also Italian: Reply and Amplifon

Aim especially for bonds with a healthy dose of caution around equity. In brief, this is what Luca Riboldi, Head of Investments at Banor, recommends.

If you were to rebalance a portfolio strategy today, what choices would you make?

If we were to consider an investor with a medium risk appetite, we would suggest rebalance the portfolio by aiming for 70% in bonds, specifically 50% in securities with a short-term maturity (2-3 years), preferably high-quality European corporate and government bonds, and 20% in securities with a longer term maturity (5-7 years), opting for high-yield corporate bonds from companies with well-known brands and businesses. As for the equity sector, we would allocate around 25%, with one third in emerging markets, one third in Europe and one third in the United States. We believe it is appropriate to invest the remaining 5% of the portfolio in industrial commodities, which have dropped substantially in value in the recent period, with a particular focus on copper, nickel, aluminium and, in energy, oil.

How should we view the equity segment in the coming months?

With caution. This prudence is suggested by the global economic slowdown, with China struggling to regain momentum after the pandemic and a global issue related to State budgets characterised by high debt. This situation has been further exacerbated with the rise in interest rates. In general, return on the equity sector is currently being challenged by the attractive performance of bonds, which have slowed investments in equity.

What are the unknown factors you fear most?

First and foremost, inflation, which even in Italy has reached a considerable level and at international level is preventing the central banks from lowering interest rates. Geopolitically, we must consider the effects of the ongoing war. Then there are the unknown factors of the top two global economies: the United States, where consumer confidence, a strong driver of economic growth, could be challenged by the possible increase in layoffs, leading to an inevitable drop in domestic demand. And secondly, China, which drove demand for consumer goods at international level and restarted six months ago but is struggling to regain economic momentum.

In terms of sectors, where should we be most exposed?

And where should we avoid?

We are in an environment where the economy is slowing and interest rates have nearly peaked. The sectors that suffered most due to the rise in rates could therefore become attractive once more, such as utilities, but also real estate. Another sector we suggest following closely is defence, which will benefit from very high demand given the conflict that remains unresolved. The least attractive sectors are those related to investment goods and, in general, any securities from companies with multiples that are too high. I would also avoid companies with too much leverage and those that do not have the opportunity to raise the prices of their products.

If you were to choose a geographic area to invest in, where would you choose?

We tend to opt for sectors, rather than geographic areas. But if we were to indicate a particularly dynamic area, I would say that Asia could be overweighted, both due to continuing low listings and the particular economic period we are experiencing.

What is your position on the Italian market?

Positive, but provided that Italy manages to make the necessary reforms to access the funds provided by the NRRP and that it is able to use these resources strategically to promote the country's growth. As for sectors, we are watching banks

IL SOLE 24 ORE PLUS

Date: 10.06.2023

Size: 837 cm2

Print run:

Circulation:

Readers:

Page: 14

AVE: € 186651.00



closely, which recorded positive results in the last six months and which should continue to outperform the market, as well as utilities.

Is it better to aim for SMEs or big caps?

We believe that SMEs will continue to be an important driver of the country's economic growth, though not all will perform in an increasingly competitive scenario. The difference will also be made by

the quality of top management. For large caps, it is best to consider China's different approach, which tends to favour the small and medium-sized entrepreneur and to break up large corporations, unlike the USA, where the opposite occurs.

Which companies do you see as most attractive?

Three Italian companies operating in different sectors. Leonardo is priced very low compared to its European competitors, and we

believe this company will benefit from the recent change in management. Amplifon is an international leader that has successfully grown across all three of its main geographic areas. Finally, Reply is a company with very interesting opportunities for development, also thanks to demand driven by the implementation of artificial intelligence.

LEONARDO. Stock prices and analyst consensus

THE TECHNICAL ANALYSIS

Trend and volume



Double top

Leonardo's stock is experiencing a corrective phase after its double top just under €12. The level was reached in April and corresponds to the maximum achieved before the outbreak of the pandemic. In recent sessions, the stock has been priced at around €10.

Graphically, the stock may still continue the downward trajectory. For signs of strength, a return to around €10.50 at least is needed. At that point, the conditions would be right for a return to attacking the double top area. Otherwise, a phase of consolidation opens for the stock with potential bearish risks in the short term.

(Edited by Andrea Gennai)

THE COMPARABLES

COMPANY	CAPITALISATION AT 6/6/2023 (€M)	EPS 2023	P/E 2023	P/E 2024	P/SALES 2023	MARKET CONSENSUS
Leonardo	5,914	1.26	7.9	6.9	0.4	Buy
Safran Sa	58,509	5.60	27.0	21.3	2.5	Buy
Airbus Se	100,728	5.57	22.8	18.2	1.6	Overweight
Dassault Av. Sa	13,468	9.72	16.7	14.1	2.4	Overweight
Thales Sa	27,590	7.83	16.6	15.0	1.5	Overweight
BAE Systems(*)	28,688	0.59	15.7	14.2	1.2	Overweight
Rheinmetall Ag	10,245	14.27	16.6	12.6	1.3	Buy

(*) Figures in millions of pounds sterling; (EPS) = earnings per share; (P/E) = price-to-earnings ratio; (P/Sales) = price-to-sales ratio. Source: report by Analysis and Research Office using Factset data

Stable revenue in the quarter

Leonardo is an international group active in the aerospace, helicopter and defence and security sector. It closed the first quarter of 2023 with stable revenue at 3,034 million and EBITDA down by 20.5%, at 105 million and net profits down by 45.9%, at 40 million, while on an adjusted basis EBITDA rose by 4.4% to 119 million and net profits were 54 million.

The order back log is 39,126 million (+7.9%) and the orders portfolio is 4,868 million (+28.5%). At current prices, Leonardo, in terms of the estimated P/E ratio for this year and the next and P/Sales for 2023, has lower multiples than its competitors. The market consensus is positive, with a more favourable opinion specifically for Leonardo as well as Safran and Rheinmetall.

IL SOLE 24 ORE PLUS

Date: 10.06.2023

Page: 14

Size: 837 cm2

AVE: € 186651.00

Print run:

Circulation:

Readers:



THE COMPANY

INDEPENDENT BUSINESS FOUNDED IN 2000

Banor is an independent company founded in 2000 by a group of professionals who had worked together for over 20 years. With offices in Milan, Turin, Biella and Rome, **Banor** is a partner and resource for institutional and private customers across a wide range of wealth and asset management financial services. Through **Banor** SICAV, Aristeia SICAV and **Banor** Alternative Assets RAIF SICAV, managed by **Banor** Capital, an investment company with offices in London and Monte Carlo, **Banor** proposes solutions that aim to represent different strategies and markets.

The comparison. Performance of the stock against the market and the benchmark sector

Base: 08/06/2020 = 100

