

Azimut strikes an acquisition to enter the Egyptian asset management industry

Milan/Dubai, 8th January 2019

Azimut Group (“**Azimut**”), one of Europe’s leading independent asset manager, signed today an agreement to acquire 100% of Rasmala Egypt Asset Management (“**Rasmala Egypt**”), one of the largest independent asset manager in Egypt, from Rasmala Group (“**Rasmala**”), an independent alternative asset management group. Following completion, Rasmala Egypt will be renamed **Azimut Egypt Asset Management**.

Rasmala Egypt, founded in 1997, specializes on conventional and Shariah compliant portfolio management in Egypt with **AUM of EGP 8.46bn (USD 474mn)** as of November 2018, **with a strong expertise in equity strategies** (85% of total AUM). The Company has a high quality team of portfolio managers and analysts, headed by Ahmed Abou El Saad out of Cairo, with **10 investment professionals** managing a range of strategies embedded in public funds and mandates **for local Sovereign institutions, international Sovereign Wealth Funds, pension plans, public banks and HNWI**. The team’s track record includes periods of extended instability and volatility for local markets with an **overall 624% accumulated returns** over the period 2005-June 2018 in local currency, well above 537% for EGX 30 and 324% on average for local funds. As of 2017 the Arab Bank Corporation Equity Fund, managed by Rasmala Egypt, ranked first for 3, 5 and 6 years performance*.

Egypt is the largest economy in Northern Africa with a 95 million population and a GDP-PPP adjusted of USD 1.1tr as of 2017 (21st World largest). Following the flotation of its currency in 2016, Egypt has embarked on a significant home-grown economic reform program supported by IMF and some neighbouring countries to rebalance its economy and set the fundamentals for one of the most attractive growth stories in the region and across global emerging markets. The economy is expected to grow 5% per annum through to 2020 – with FDIs benefiting from the removal of capital restrictions – with major structural developments in the energy industry and a revival of the tourism sector to support the improvement of the Country account deficit (currently at a 5-year low).

Azimut believes Egypt will be a significant opportunity for global asset management companies due to: (i) fast growing demographics (60% of the population below 30 years old) and upside from a relatively low level of urbanization (45% of population living in cities); (ii) one of the highest GDP-PPP adjusted per capita in the EM complex excluding energy/commodity exporters countries (USD 13,000 with upside potential if compared with Brazil and Turkey); (iii) relatively low market capitalization of the economy (in 2017 equity market representing almost for 25% of GDP vs. 30% in Turkey, 48% in Brazil). High inflation – currently at 17.7% – remains a key challenge for the economy, but delivery of the economic reforms are expected to provide further support for declining interest rates and underpinning the macro outlook for growth in the local asset management industry. **The mutual funds industry** currently accounts for a mere **1% of total GDP with more than 90%** of total AuM invested in money market / fixed income strategies.

Pietro Giuliani, Chairman of Azimut Holding, comments: *“The investment in Egypt confirms our commitment in expanding our MENA and Turkey regional footprint which will see Azimut as the first global asset manager with investment teams on the ground in Dubai, Cairo and Istanbul with an oversight on markets which we expect to attract significant interest from global investors. This investment will also enable Azimut to capitalize on its integrated financial advisory model in a sizeable retail market carrying exciting prospects in the medium term. It marks the first move of the Group in Africa, a vast region offering unique untapped opportunities for product management and distribution expansion”.*

* According to Egyptian Investment Management Association (EIMA).

Azimut is Italy's leading independent asset manager (active since 1989). The parent company Azimut Holding was listed on the Italian stock exchange on 7 July 2004 (AZM.MI) and, among others, is a member of the main Italian index FTSE MIB. The shareholder structure includes over 1,900 managers, employees and financial advisors as well as Peninsula Capital, bound by a shareholders' agreement that controls over 23% of the company. The remaining is free float. The Group comprises various companies active in the sale, management and distribution of financial and insurance products, with Registered Offices mainly in Italy, Luxembourg, Ireland, China (Hong Kong and Shanghai), Monaco, Switzerland, Taiwan, Brazil, Singapore, Mexico, Australia, Chile, USA, UAE and Turkey. In Italy, Azimut Capital Management SGR sells and manages Italian mutual funds, Italian alternative investment funds, as well as being active in the discretionary management of individual investment portfolios. Furthermore, Azimut Capital Management SGR, following the demerger by incorporation of Azimut Consulenza SIM, distributes Group and third party products in Italy via a network of financial advisors while Azimut Libera Impresa focuses on the Alternatives business. Overseas main operations are AZ Fund Management SA (founded in Luxembourg in 1999), which manages the multi strategy funds AZ Fund 1 and AZ Multi Asset and the Irish AZ Life DAC, which offers life insurance products.

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