



Q1 2024 weak picture, FTSE MIB/EGM ratio at highs, €1bn fund for SMEs as a game changer

Trading update

4AIM "Comparto 1" share price gained 32% over last 12 months, outperforming the Italia Growth Index which lost 11% in the same period.

Q1 2024 update, challenging market continue to hit results

Q1 2024 Key figures:

- Investment results: €(1.6)m, €(4.2)m in FY 2023
- Net Loss: €1.9m, €5.9m in FY 2023
- Listed financial instruments - Mark to market: €8.7m (€10.5m in FY 2023)
- Listed financial instruments - Price adjusted: €2.3m (€2.6m in FY 2023)
- Net cash position: €0.6m (€0.6m in FY 2023)
- Nav "Comparto 1": €235.9, €274.4 in FY 2023
- Portfolio: constituents 53, Out 6 and In 7

The BoD proposed to amend the fund policy to include investments in financial instruments traded in regulated markets, mainly SMEs, and to remove sector restrictions.

Q1 2024 on the heels of a 2023, technical factors still weigh on EGM performance

The FTSE Italia Growth index continued to lag behind the FTSE MIB and FTSE Mid Cap in Q1 2024. Investors tend to favor large caps and less risky assets, such as Italian government bonds, while the EGM index continues to be weighed down by outflows from PIR plans. Market liquidity remains sluggish with trade turnover down about 16% YoY, and the median EV/EBITDA 2024-25E at 5.6-4.6x, embedding a significant discount compared to its historical level hovering around 7-8x (Source: EnVent Research on S&P Capital IQ).

CBs cuts could lower Large Cap/Small Cap ratio, €1bn fund to support for SMEs liquidity

Small-cap stocks historically outperformed large caps in the year following interest rate spikes. With the looming start of a cycle of interest rate cuts (inflation allowing), the FTSE MIB index may be less attractive to investors by having high exposure to the banking sector. This monetary policy shift could also spark interest in the EGM market, as multiples are very low and in some cases fundamentals are really attractive, materializing in fact the so-called "small business effect". As showed in our chart analysis, FTSEMIB/EGM ratio hover at all-time high and we believe that a retracement may be possible; who will lead the movement remains the unknown. Government commitment to establish €1bn fund (public-private) to invest in SMEs may paint a different scenario.

Target Price €297 per share (from €366), OUTPERFORM rating

We run our valuation process of 4AIM's "Comparto 1" through a Net Asset Value approach, applying a discount aligning with documented financial literature. We base our process on broker market consensus target prices, remaining confident in a potential multiples re-rating of the portfolio constituents, which we believe overly penalized. We update the target price at €297 per share (from €366), implying a potential upside of 24% from current share price, Outperform rating confirmed.

KEY FINANCIALS

€m	2019	2020	2021	2022	2023	Q1 2024
Investment results	0.54	(0.12)	6.50	(2.83)	(4.25)	(1.56)
Advisory Fees	0.80	0.09	0.53	0.36	0.40	0.01
Net Income (Loss)	(0.43)	(1.84)	4.19	(4.79)	(5.93)	(1.92)
Portfolio investments	20.78	19.19	24.23	19.32	13.67	11.54
o/w Cash and equivalents	6.11	1.03	0.59	2.46	0.56	0.63

Source: Company data 2019-Q1 2024A

OUTPERFORM

Current Share Price (€): 239

Target Price (€): 297

4AIM - YTD Performance



Source: S&P Capital IQ - Note: 12/06/2023=100

Company data

ISIN number	IT0005204729
Bloomberg code	AIM IM
Reuters code	4AIM.MI
Industry	Financial services
Stock market	Euronext Growth Milan
Share Price (€)	239
Date of Price	12/06/2024
Shares Outstanding (m)	0.05
Market Cap (€m)	11.9
Market Float (%)	40%
Daily Volume	20
Avg Daily Volume YTD	202
Target Price (€)	297
Upside (%)	24%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
4AIM - Absolute (%)	-7%	-12%	26%	32%
FTSE Italia Growth Index (%)	-1%	1%	0%	-11%
1Y Range H/L (€)			360	164
YTD Change (€) / %			23	11%

Source: S&P Capital IQ

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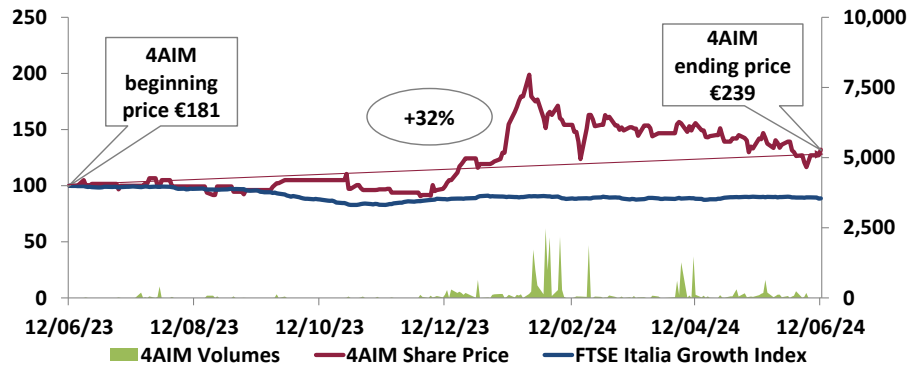
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Market update

4AIM - 1Y Share price performance and trading volumes

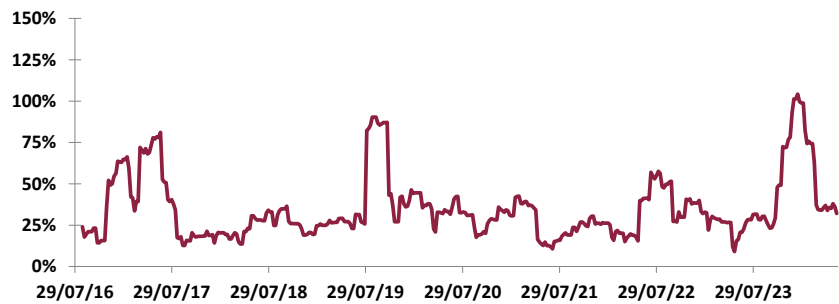
Trading price range €164-360 per share

+32% for 4AIM, vs. -11% of the Italia Growth Index



Source: EnVent Research on S&P Capital IQ - Note: 12/06/2023=100

Rolling annualized volatility (weekly) since IPO



Source: S&P Capital IQ, update: 12/06/2024

4AIM "Comparto 1" correlation with main Italian stock indexes

Low correlation with main Italian stock indexes

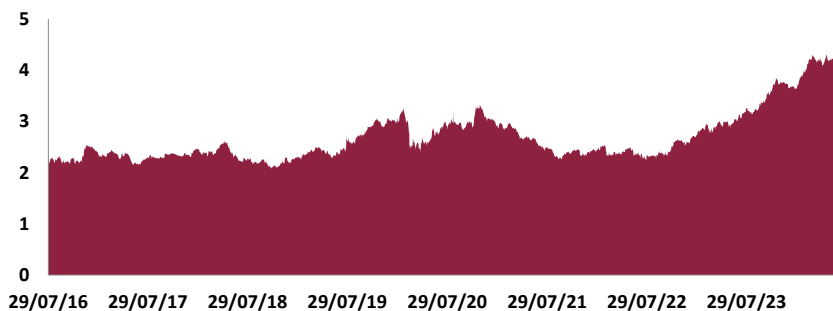
Correlation	4AIM	FTSE MIB	FTSE ITALIA STAR	EGM
4AIM	1.0	-0.1	0.0	0.1
FTSE MIB	-0.1	1.0	0.7	0.5
FTSE ITALIA STAR	0.0	0.7	1.0	0.6
EGM	0.1	0.5	0.6	1.0

Note: weekly data on last two trading years

Source: EnVent Research on Bloomberg, update: 12/06/2024

FTSE MIB/EGM ratio (2016-2024)

All-time high, possible retracement



Source: S&P Capital IQ, update: 12/06/2024

The SICAF specialized in SMEs stock picking

Investment strategy: strong potential and sound fundamentals companies, medium-long term time horizon

Investment case

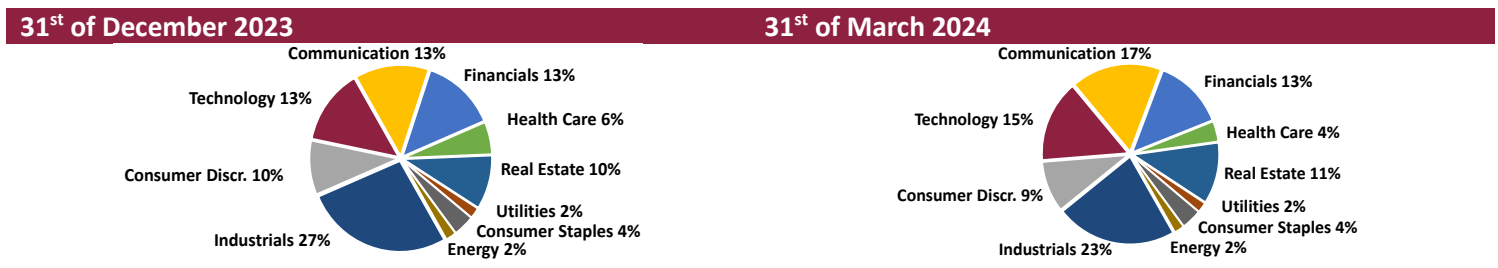
4AIM SICAF, listed on the Euronext Growth Milan, is an Italian "Undertaking for Collective Investment" (UCI) specialized in medium-to-long-term equity investments in companies listed on, or preparing for listing on, the EGM market. Main target are high-quality Italian SMEs with robust growth potential and strong fundamentals. In 2020, 4AIM SICAF expanded its investment targets setting up a new sub fund dedicated to crowdfunding.

4AIM SICAF "Comparto 1" can invest in companies operating in any industries with headquarters within the European Union, currently listed or having submitted an admission to trading request on non-regulated markets in EU, apart from:

- Investment companies
- Asset management firms
- Other collective savings investment undertakings
- Firms subject to restructuring or turnaround

4AIM investment policy has no revenues minimum requirements for target companies and a medium-long term horizon, usually around 18-36 months, with no guaranteed way-out. 4AIM "Comparto 1" does not use financial leverage.

Portfolio breakdown by industry



Source: Company data
Note: Portfolio breakdown by industry is calculated as number of companies over total

Industry and company drivers

- Appealing market with resilient and high potential growth companies
- Institutional investors role in SMEs
- Potential new inflows on PIRs
- Low valuations for Italian small caps
- Experienced management team
- Strategic partnership with Ambromobiliare
- Transparency ensured by regulatory oversight
- Low correlation with main Italian stock indexes

Challenges

- PIRs reducing involvement from retail investors
- SMEs adversity in an environment of increasing interest rates

Portfolio constituents update

As of 31st March 2024, 4AIM “Comparto 1” equity stakes in 53 EGM companies compared to 52 as of 31st December 2023.

In:

4AIM Comparto 1’s portfolio as of 31st March 2024

- **Cloudia Research:** offers digital transformation solutions including the deployment of integrated and interconnected systems, advanced software applications, implementation of data analysis platforms
- **Destination Italia:** online travel agency which offers custom-made visits and trips to Italy.
- **Emma Villas:** provides short-term rentals of prestigious villas, country houses and residences in Italy. It also offers property management services.
- **Espe:** designer and producer of eco-sustainable electrical systems, including small wind power systems, biomass co-generators, and ground and roof photovoltaic solutions. The Company also offers repair services.
- **Portobello:** offers a wide range of branded products at competitive prices in four main categories: consumer electronics, houseware, cleaning products, apparel & accessories. The Company also sells advertising space in exchange of unsold branded products (advertising barter).
- **Riba Mundo Tecnologia:** B2B trader of technological products, including smartphones, tablets, headphones, game consoles, TVs, smartwatches, personal computer components and portable electronic devices.
- **Simone:** publishing house of manuals and books for school students of and professionals.

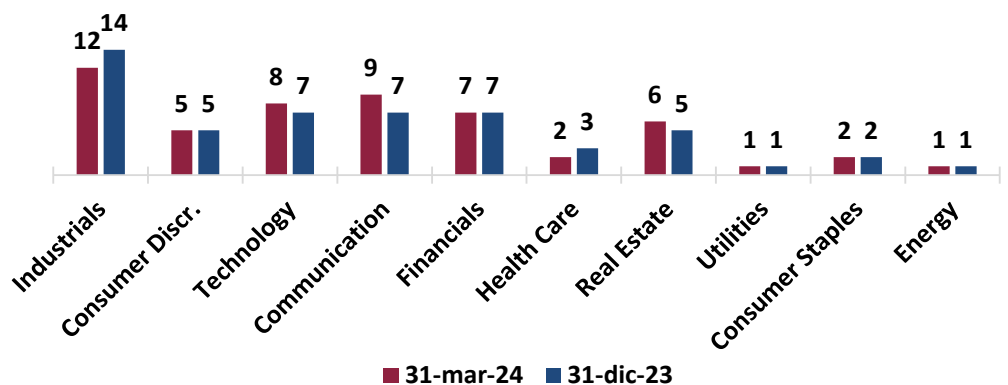
Out:

- **AA Tech**
- **DigiTouch**
- **Ecosuntek**
- **Estrima**
- **Shedir Pharma Group**
- **Valtecne**

Source: Company data

Asset allocation update

Out six constituents YtD



Source: Company data

Revenues, EBITDA % and Net Debt/EBITDA (€m)

Company	Revenue		EBITDA %			CAGR		Net Debt/EBITDA 2023
	2023	'23-25E	2023	2024E	2025E	'23-25E		
Industrials								
Askoll EVA SpA	10.3	34.7%	neg	neg	2.7%	na	neg	
Clabo S.p.A.	63.5	5.5%	15.9%	17.7%	18.1%	12.5%	3.7x	
E-Globe S.p.A.	32.5	8.1%	25.5%	20.4%	22.4%	1.2%	na	
ELSA Solutions S.p.A.	19.4	na	13.9%	na	na	na	na	
Fervi S.p.A.	56.6	4.8%	15.7%	15.4%	15.8%	4.9%	1.2x	
Grifal S.p.A.	42.7	15.8%	12.2%	16.2%	17.7%	39.4%	3.6x	
ILPRA S.p.A.	64.3	8.6%	22.0%	23.1%	23.5%	12.2%	1.1x	
La Sia S.p.A.	16.3	na	19.0%	na	na	na	na	
Officina Stellare S.p.A.	17.5	na	36.0%	na	na	na	1.6x	
Porto Aviation Group S.p.A.	4.1	32.5%	14.6%	16.7%	22.2%	63.3%	cash	
Radici Pietro Industries & Brands S.p.A.	57.0	11.9%	8.6%	9.5%	10.4%	22.9%	3.3x	
VNE S.p.A.	13.5	19.0%	18.5%	15.3%	16.2%	11.4%	1.0x	
Consumer Discretionary								
Bellini Nautica S.p.A.	11.8	23.7%	16.2%	9.7%	12.2%	7.6%	1.8x	
H-FARM S.p.A.	34.4	na	neg	na	na	na	neg	
Notorious Pictures S.p.A.	40.9	29.8%	45.0%	40.5%	37.6%	18.6%	na	
SosTravel.com S.p.A.	19.5	14.7%	2.4%	6.0%	8.6%	119.1%	na	
TrenDevice S.p.A.	20.5	na	7.8%	7.5%	na	na	na	
Technology								
Cloudia Research S.p.A.	7.0	32.8%	18.6%	19.4%	20.3%	38.7%	0.6x	
Creatives Group S.p.A.	6.6	26.9%	6.1%	4.7%	14.2%	93.6%	1.3x	
Cyberoo S.p.A.	22.0	19.0%	45.4%	48.2%	51.3%	26.5%	cash	
eVISO S.p.A.	259.5	12.0%	1.2%	5.2%	5.6%	137.8%	cash	
Powersoft S.p.A.	69.4	13.3%	23.5%	26.5%	26.6%	20.6%	cash	
Relatech S.p.A.	96.9	11.2%	18.0%	19.5%	20.2%	17.8%	1.3x	
Riba Mundo Tecnología S.A.	434.2	na	2.1%	na	na	na	na	
Yolo Group S.p.A.	9.5	92.8%	neg	0.2%	13.6%	na	cash	
Communication								
Destination Italia S.p.A.	55.4	47.1%	1.4%	3.0%	4.9%	na	15.7x	
Eprcomunicazione S.p.A.	9.1	7.9%	11.0%	13.5%	17.0%	34.2%	1.2x	
Execus S.p.A.	2.3	67.6%	71.8%	35.5%	36.0%	18.8%	cash	
Portobello S.p.A.	103.8	24.1%	21.1%	12.4%	12.5%	-4.4%	2.3x	
SG Company S.p.A.	30.5	na	3.9%	na	na	na	4.4x	
Simone S.p.A.	18.1	5.8%	16.3%	17.9%	18.8%	13.5%	na	
Telesia S.p.A.	13.7	na	9.2%	na	na	na	6.8x	
TMP Group S.p.A.	6.0	-0.9%	3.7%	na	na	na	na	
Valica S.p.A.	6.0	48.9%	15.0%	16.7%	19.5%	70.0%	1.2x	
Financials								
ABC Company S.p.A.	0.3	na	na	na	na	na	na	
Cube Labs S.p.A.	na	na	na	na	na	na	na	
Digital Magics S.p.A.	na	na	na	na	na	na	na	
ISCC Fintech S.p.A.	2.5	140.2%	na	44.0%	54.8%	neg	na	
Premia Finance S.p.A.	5.4	21.6%	6.6%	7.2%	7.1%	26.0%	cash	
RedFish LongTerm Capital S.p.A.	18.8	na	na	na	na	na	na	
Ucapital Global Plc	1.9	na	0.0%	na	na	na	na	
Health Care								
Farmacosmo S.p.A.	72.4	5.4%	2.1%	1.3%	2.5%	15.0%	1.0x	
Laboratorio Farmaceutico Erfo S.p.A.	5.9	11.7%	30.3%	24.6%	24.3%	na	cash	
Real Estate								
CleanBnB S.p.A.	14.7	21.4%	6.1%	6.6%	9.2%	na	cash	
Dotstay S.p.A.	0.9	83.1%	neg	0.0%	8.6%	na	cash	
Emma Villas S.p.A.	35.3	10.6%	14.0%	12.1%	12.7%	5.2%	cash	
G Rent S.p.A.	1.9	14.6%	neg	neg	4.0%	na	cash	
Renovalo S.p.A.	114.6	-27.8%	24.6%	20.2%	21.2%	-33.0%	0.2x	
Xenia Hôtellerie Solution S.p.A. Società Benefit	50.3	20.1%	8.4%	11.2%	11.6%	41.4%	1.9x	
Utilities								
Recupero Etico Sostenibile S.p.A.	20.7	43.3%	28.5%	31.5%	34.6%	57.8%	0.3x	
Consumer Staples								
Compagnia dei Caraibi S.p.A.	54.8	19.5%	neg	4.3%	7.3%	na	na	
High Quality Food S.p.A.	20.4	na	7.6%	na	na	na	4.2x	
Energy								
Espe S.p.A.	43.3	na	9.6%	na	na	na	0.3x	
<i>Coefficient of variation</i>		1.1				1.2		

Source: Company data and EnVent Research on S&P Capital IQ

Q1 2024 results

Nav “Comparto 1”: €235.9, €274.4 in FY 2023

Balance Sheet

- Listed financial instruments - Mark to market: €8.7m (€10.5m in FY 2023)
- Listed financial instruments - Price adjusted: €2.3m (€2.6m in FY 2023)
- Net cash position: €0.6m (€0.6m in FY 2023)

Profit & Loss

- Investment results: €(1.6)m, €(4.2)m in FY 2023
- Net Loss: €1.9m, €5.9m in FY 2023

Listed equities - Price adjusted as of 31st March 2024:

- ABC Company S.p.A.
- Creactives Group S.p.A.
- Cube Labs S.p.A.
- Digital Magics S.p.A.*
- Dotstay S.p.A
- Eprcomunicazione S.p.A.
- Fervi S.p.A.
- Imprendiroma S.p.A.
- Premia Finance S.p.A.
- Ucapital Global Plc
- Yolo Group S.p.A.

*Note: From April 1st 2024 Digital Magics S.p.A. has merged with LVenture Group S.p.A., as consequence we classify it as unlisted.

Profit and Loss (“Comparto 1”)

€m	2019	2020	2021	2022	2023	Q1 2024
Interest, dividends & other income	0.01	0.11	0.14	0.15	0.10	0.00
Capital Gain/Loss realized	0.41	1.84	4.05	(0.09)	(2.70)	(0.47)
Capital Gain/Loss unrealized	0.11	(2.07)	2.30	(2.89)	(1.64)	(1.08)
Investment results	0.54	(0.12)	6.50	(2.83)	(4.25)	(1.56)
Advisory Fees	0.80	0.09	0.53	0.36	0.40	0.01
Investment expenses	(0.68)	(0.85)	(0.65)	(0.89)	(0.85)	(0.12)
Personnel	(0.01)	(0.08)	(0.20)	(0.19)	(0.20)	(0.04)
Other operating costs	(0.61)	(0.87)	(1.19)	(0.98)	(0.79)	(0.21)
D&A	(0.42)	0.00	(0.51)	(0.26)	(0.26)	(0.01)
Net Interest	(0.05)	(0.01)	(0.02)	(0.01)	0.00	0.00
EBT	(0.43)	(1.84)	4.47	(4.80)	(5.94)	(1.92)
Income taxes	0.00	0.00	(0.28)	0.01	0.01	0.00
Net Income (Loss)	(0.43)	(1.84)	4.19	(4.79)	(5.93)	(1.92)

Balance Sheet (“Comparto 1”)

€m	2019	2020	2021	2022	2023	Q1 2024
Cash and equivalents	6.11	1.03	0.59	2.46	0.56	0.63
Listed equities - Mark to market	14.34	18.07	23.25	15.89	10.54	8.66
Listed equities - Price adjusted	0.00	0.00	0.00	0.98	2.56	2.26
Bonds	0.33	0.09	0.40	0.00	0.00	0.00
Portfolio investments	20.78	19.19	24.23	19.32	13.67	11.54
Other assets	0.49	0.27	0.42	0.30	0.27	0.38
Fixed assets	0.00	0.00	0.06	0.04	0.03	0.03
Intangible assets	0.95	0.99	0.50	0.25	0.01	0.01
Total assets	22.22	20.45	25.21	19.93	13.99	11.96
Tax debts	0.03	0.02	0.29	0.04	0.03	0.01
Accruals and Deferral	0.00	0.00	0.00	0.01	0.01	0.00
Leaving indemnity	0.00	0.00	0.02	0.03	0.05	0.05
Other liabilities	0.19	0.26	0.53	0.27	0.25	0.16
Total liabilities	0.22	0.28	0.85	0.35	0.34	0.23
Equity	22.00	20.17	24.36	19.58	13.65	11.73
Total Liabilities and Equity	22.22	20.45	25.21	19.93	13.99	11.96

Source: Company data 2019-Q1 2024A

Valuation

In order to assess the value of 4AIM "Comparto 1," we base our process on the Net Asset Value (NAV) approach, making use of detailed portfolio breakdown provided by the Company.

To determine 4AIM's intrinsic value, we factor in consensus target prices from brokers covering the portfolio holdings. Uncovered securities are valued at their current market price. We assume a re-rating of the reference market from the current levels of multiples, which we deem to be excessively detrimental. Our valuation process wraps up by the application of 10% discount, appropriately considering industry stats, specific liquidity risk of underlying assets, and management costs. Finally, we have compared our results with current mark-to-market scenario (market prices on 12th June 2024).

4AIM "Comparto 1" NAV at brokers TP consensus

Holdings	N° shares	Mark-to-Market as of 12/06/2024		Brokers TP Consensus	
		Share Price	Value (€m)	Share Price	Value (€m)
ABC Company S.p.A.	352	3.3	n.a.	3.3	0.00
Askoll EVA SpA	737,000	0.3	0.22	0.3	0.21
Bellini Nautica S.p.A.	1,500	2.5	0.00	3.0	0.00
Clabo S.p.A.	128,750	2.2	0.28	4.7	0.60
Cloudia Research S.p.A.	173,000	3.2	0.55	5.4	0.93
CleanBnB S.p.A.	219,395	1.4	0.30	2.9	0.65
Compagnia dei Caraibi S.p.A.	136,799	1.1	0.15	4.1	0.55
Creactives Group S.p.A.	192,000	2.7	n.a.	3.7	0.71
Cube Labs S.p.A.	5,000	2.1	n.a.	2.0	0.01
Cyberoo S.p.A.	1,000	3.4	0.00	4.6	0.00
Destination Italia S.p.A.	262,500	1.0	0.25	2.6	0.68
Digital Magics S.p.A.*	93,000	2.1	n.a.	2.1	0.19
Dotstay S.P.A	125,363	2.8	n.a.	6.4	0.80
E-Globe S.p.A.	116,000	1.4	0.16	2.8	0.32
ELSA Solutions S.p.A.	167,500	4.2	0.71	4.8	0.80
Emma Villas S.p.A.	12,500	3.3	0.04	5.3	0.07
Eprcomunicazione S.p.A.	160,650	1.2	n.a.	2.9	0.46
Espe S.p.A.	30,000	3.0	0.09	4.2	0.12
eVISO S.p.A.	118,526	5.3	0.63	6.5	0.77
Execus S.p.A.	232,000	1.8	0.41	4.1	0.95
Farmacosmo S.p.A.	42,039	0.8	0.03	1.4	0.06
Fervi S.p.A.	16,440	15.2	n.a.	24.8	0.41
G Rent S.p.A.	15,500	0.6	0.01	0.7	0.01
Grifal S.p.A.	44,400	2.2	0.10	4.2	0.18
H-FARM S.p.A.	1,000	0.2	0.00	0.2	0.00
High Quality Food S.p.A.	536,250	0.6	0.34	1.4	0.75
ILPRA S.p.A.	200	5.5	0.00	8.6	0.00
Integrated System Credit Consulting Fintech S.p.A.	101,131	2.1	0.21	7.1	0.71
La Sia S.p.A.	74,500	3.3	0.24	5.2	0.39
Laboratorio Farmaceutico Erfo S.p.A.	232,000	1.1	0.26	1.5	0.34
Notorious Pictures S.p.A.	296,000	0.9	0.27	2.0	0.59
Officina Stellare S.p.A.	15,250	11.2	0.17	16.1	0.25
Porto Aviation Group S.p.A.	26,950	4.5	0.12	6.3	0.17
Portobello S.p.A.	5,400	7.0	0.04	17.2	0.09
Powersoft S.p.A.	192	16.7	0.00	18.0	0.00
Premia Finance S.p.A.	68,500	1.9	n.a.	2.0	0.14
Radici Pietro Industries & Brands S.p.A.	395,300	1.1	0.43	2.2	0.85
Recupero Etico Sostenibile S.p.A.	48,250	6.0	0.29	6.0	0.29
RedFish LongTerm Capital S.p.A.	106,000	1.3	0.14	2.6	0.28
Relatech S.p.A.	462	2.1	0.00	4.1	0.00
Renovalo S.p.A.	33,000	3.4	n.a.	6.0	0.20
Riba Mundo Tecnología S.A.	1,100	13.0	0.01	13.0	0.01
SG Company S.p.A.	20,061	0.3	0.01	0.3	0.01
Simone S.p.A.	10,000	1.5	0.02	3.1	0.03
SosTravel.com S.p.A.	11	1.2	0.00	1.4	0.00
Telesia S.p.A.	45,150	2.0	0.09	3.4	0.15
TMP Group S.p.A.	7,800	1.7	0.01	2.0	0.02
TrenDevice S.p.A.	136,500	0.3	0.04	0.5	0.07
Ucapital Global Plc	237,604	0.1	n.a.	0.1	0.02
Valica S.p.A.	45,090	5.2	0.23	8.4	0.38
VNE S.p.A.	28,000	2.7	0.08	4.0	0.11
Xenia Hôtellerie Solution S.p.A. Società Benefit	24,500	3.0	0.07	5.6	0.14
Yolo Group S.p.A.	74,000	1.5	n.a.	4.0	0.30
GROSS ASSET VALUE MARK TO MARKET FINANCIAL INSTRUMENTS (€m)			7.0		15.8
PRICE ADJUSTED LISTED FINANCIAL INSTRUMENTS (31/03/2024 - book value)**			2.3		n.a.
GROSS ASSET VALUE (€m)			9.3		15.8
Net cash (Debt) as of 31/03/2024 (€m)			0.63		0.63
NET ASSET VALUE (€m)			9.9		16.4
DISCOUNT					10%
DISCOUNTED NET ASSET VALUE (€m)					14.8
NOSH "Comparto 1" (m)					0.05
TARGET PRICE PER SHARE					297

Source: EnVent research on S&P Capital IQ and Company data, update: 12/06/2024

*Note: From April 1st 2024 Digital Magics merged with LVenture Group, the share price for Digital Magics refers to its last available price (March 28th 2024).

**Note: Financial instruments with non-significant price, i.e. they must contemporarily verify two conditions: a) Turnover Velocity (TV) below the 5% threshold and b) not even one trade per month in the reference quarter. In case only one of the two conditions occurs, warning mechanisms are triggered. Instruments in the list are subject to valuation based on an internal policy.

4AIM "Comparto 1" share price vs NAV since 2016

Date	NAV "Comparto 1"	Share Price	(Discount)/Premium Share price on NAV
29/07/16	500.0	498.0	0%
31/12/16	431.4	470.0	9%
30/06/17	405.5	595.0	47%
31/12/17	440.2	500.0	14%
30/06/18	443.6	540.0	22%
31/12/18	312.2	488.0	56%
30/06/19	366.3	419.0	14%
31/12/19	443.0	400.0	-10%
30/06/20	409.3	422.3	3%
31/12/20	405.9	405.0	0%
31/03/21	437.9	376.1	-14%
30/06/21	482.2	385.0	-20%
30/09/21	510.9	377.0	-26%
31/12/21	490.2	350.0	-29%
31/03/22	453.6	330.0	-27%
30/06/22	404.2	229.7	-43%
30/09/22	374.2	265.0	-29%
31/12/22	393.6	265.0	-33%
31/03/23	369.0	188.0	-49%
30/06/23	349.1	184.0	-47%
30/09/23	306.7	190.0	-38%
31/12/23	274.4	216.0	-21%
31/03/24	235.9	265.5	13%
Median Average			-14%

Source: EnVent research on S&P Capital IQ and Company data

Potential and risk of small capitalization: waiting for the small-cap effect

Italian small caps still trade at a very wide and historically attractive discount relative to large cap stocks.

When small caps traded at large discounts in the past, they have often gone on to deliver strong returns over the following 12 months, most particularly when the macro and policy backdrop turns supportive.

In particular, small cap equities have outperformed large caps in the year after an interest rate peak as monetary policy is eased.

As interest rate cuts is looming, FTSE MIB, with high exposure to the banking sector, may be less attractive to investors and ignite buying interest in EGM index, particularly stocks with downbeat prices/multiples but attractive fundamentals, materializing the so-called "small firm effect", a theory used to explain higher returns in Gene Fama and Kenneth French's Three-Factor Model (i.e. market return, companies with high book-to-market values and small stock capitalization).

In other words, this theory affirms that smaller firms tend to outperform larger companies, tend to have a more volatile business environment, and the correction of problems can lead to a large price appreciation.

We do believe that although valuations cannot determine the direction of prices in the short term, they can paint a picture of potential long-term performance. While discounted ratios do not guarantee strong returns, they do create relative bargains, compared to other parts of the market.

In addition, low valuations can set a floor by allowing companies more room for error to sustain or even grow its value.

Based only on historical behavior, small-cap equities coming out of a downturn generally experienced sharper rebounds than larger ones.

Finally, we believe that mean reversion is a powerful force and markets tend to move in cycles nothing over- or underperforms forever.

On these considerations we think that after such a sharp decline, this market segment may deserve a closer look.

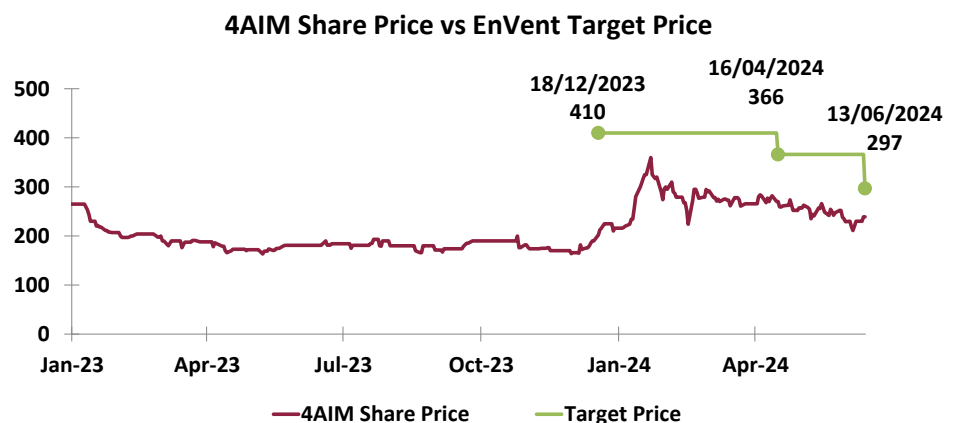
Target Price

The NAV resulting from the application of our valuation process leads to a target price of €297 per share (from €366), implying an upside of 24% from the current share price. OUTPERFORM rating on the stock is confirmed.

Please refer to important disclosures at the end of this report.

4AIM SICAF "Comparto 1"	€
Target Price	297
Current Share Price (12/06/2024)	239
Premium (Discount)	24%

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 13/06/2024

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Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

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The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 12/06/2024 h. 7.00pm

Date and time of Distribution: 13/06/2024 h. 6.25pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
18/12/2023	OUTPERFORM	410	202
16/04/2024	OUTPERFORM	366	270
13/06/2024	OUTPERFORM	297	239

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