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## Italian referendum unlikely to put off Amundi

By Siobhan Riding 7 December 2016

A sale of Pioneer Investments to Amundi looks likely despite the potential banking turmoil caused by Italy's rejection of constitutional reforms in a referendum on Sunday, according to analysts.

UniCredit this week [announced](#) that it had entered into exclusive negotiations with Amundi over the sale of Pioneer.

Following the announcement rival bidder Poste Italiane said it would not up its offer for Pioneer. Amundi is said to have [tabled](#) the largest bid at around €3.5bn for the Italian fund house.

Marco Troiano, director of financial institutions at Scope Ratings, acknowledges that the referendum result has hit market sentiment, meaning "a potential buyer could be scared off".

However, in the case of Amundi's quest to buy Pioneer he doubts that the French fund group will back out.

Giovanni Razzoli, an equity analyst for the banking sector at Equita SIM, agrees, saying that although the political situation "does not facilitate" the sale process, the referendum will have a "very limited impact" on UniCredit's efforts to offload Pioneer.

Pioneer's appeal is unlikely to be impacted negatively by the political instability in Italy since around half of its assets under management are located outside of the country.

Christopher Wheeler, bank analyst at Atlantic Equities, says there is now a "majority view that the [sale] will go forward", following several failed attempts by UniCredit to offload the Italian asset manager.

He adds that "there is always the chance of a slip", however. For example if prolonged political instability causes clients to make large redemptions from Pioneer funds, Amundi could choose to walk away.

"If there is a sudden withdrawal of assets [from Pioneer] that could be an issue," he says.

Italy's No vote led to reformist prime minister Matteo Renzi submitting his resignation. There are now concerns that the political instability will put the brakes on government efforts to find solutions for the country's ailing banking sector.

Despite the uncertainty, Mr Wheeler expects the focus of UniCredit on cleaning up its balance sheet to help drive forward the sale of Pioneer.

UniCredit has been seeking ways to improve its capital position under the leadership of new chief executive officer Jean-Pierre Mustier. The bank will next week unveil a turnaround plan, which is expected to include a capital increase of €13bn.

Mr Razzoli observes that the bank's "commitment to selling Pioneer is much stronger than in the past", when it was not under the same amount of pressure to offload assets to shore up its balance sheet.

UniCredit first considered a sale of Pioneer back in 2010 but called off the process after receiving offers from firms including Amundi.

More recently UniCredit entered talks with Spanish bank Santander to merge Pioneer with Santander Asset Management, but the planned merger collapsed in July.

Mr Razzoli adds that the sale to Amundi has a better chance than the failed Santander merger because it is a more straightforward deal. The Santander deal involved two private equity firms, as well as the two banks.

This makes the Amundi takeover of Pioneer likely to secure regulatory approval, he says.

Mr Wheeler notes that regulators are likely to support an Amundi purchase of Pioneer because they will perceive Pioneer to be going “to a good home”.

Amundi is now a more established name than it was when it first bid for Pioneer six years ago, he says.

Ray Soudah, founder of Millenium Associates, adds that Amundi is seen as being “a credible buyer [...] as clients will like to stay with them versus other options”.

Mr Wheeler adds that the Pioneer sale process is now “much slicker” as UniCredit has learnt the lessons from its previous unsuccessful attempts to offload the fund unit.

Analysts previously [told Ignites Europe](#) that Poste was the favoured bidder to buy Pioneer, since a tie-up between the Italian rivals would make sense from a strategic and a political perspective.

However, Andrea Corvatta, financial analyst at FinLABOsim, says the referendum result – which was predicted in the weeks leading up to the vote – is likely to have changed UniCredit's attitude towards Poste.

Mr Corvatta points out that Poste's offer would have relied on “the implicit support” of the Italian government, which owns a stake in Cassa Depositi e Prestiti, the bank that formed part of the consortium of bidders led by Poste.

“The referendum result and the new phase of political paralysis in Italy will probably have contributed to UniCredit's choice of Amundi [as its preferred bidder],” he says.

Other firms that were in the running to buy Pioneer in the latest round of bidding included the UK's Aberdeen Asset Management, which pulled out of the process last month, citing the €3.5bn price tag for Pioneer as too high.

Ameriprise, the owner of Columbia Threadneedle, and Australia's Macquarie were also said to have submitted bids.

Macquarie and Ameriprise declined to comment on their continued interest in Pioneer.

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