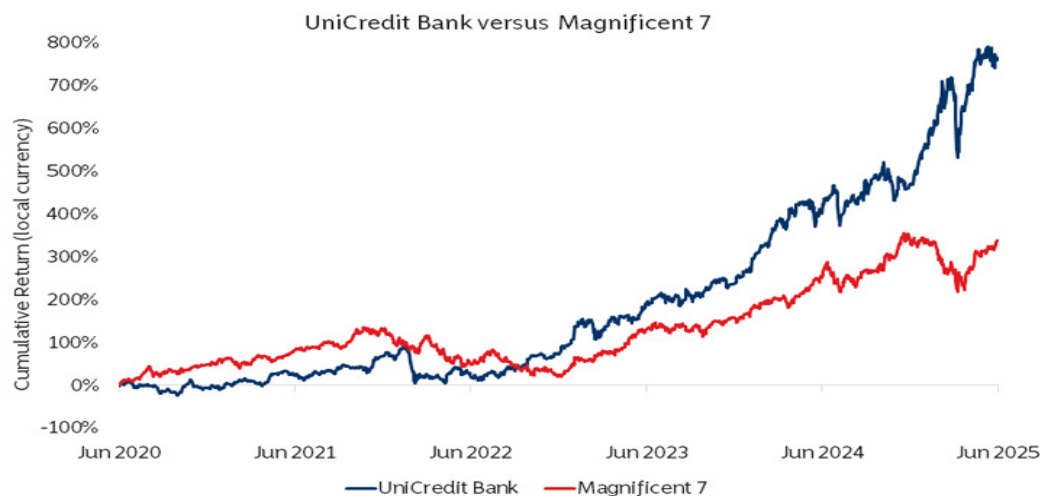


Not-so-magnificent banks

By Lorenzo La Posta, CFA



Source: Momentum Global Investment Management, data 30 June 2025

What this chart shows

This chart shows the total return of the Italian multinational banking group UniCredit Bank, and that of the Magnificent 7 (Alphabet, Amazon, Apple, Tesla, Meta, Microsoft and NVIDIA) over the past 5 years, expressed in local currency terms. Since June 2020, the Magnificent 7 stocks delivered an outstanding return of +34% per annum (or a cumulative +340%), well ahead of global equities. Over the same period, UniCredit posted an even higher growth rate of +54% per annum (or +760% cumulative).

Why this is important

The main theme driving equity market returns since the Covid pandemic has been that of AI, with US large-cap technology stocks dominating the narrative to a point that a selected cohort of those, dubbed “magnificent”, had managed to convince global investors that they were the only attractive segment of the market while everything else was just old, boring and uninteresting. And yet, an Italian banking group with nothing magnificent about it has managed to outperform them substantially, and quietly so.

Led by CEO Andrea Orcel, UniCredit has reported a slew of impressive results, including a notable increase in net profit and a high return on equity. The bank has benefited from a rising interest rate environment, which bolstered its net interest income, and from a disciplined approach to costs and risk management that contributed to its positive financial trajectory. In June 2020, the stock was trading at an extremely low price-to-book multiple of 0.3, that provided an advantageous entry level for what proved to be a great turnaround story. It now trades at five times larger multiple, evidence that UniCredit has successfully transformed its financial health and market perception.

What’s the morale of the story? Sometimes, good investments are overlooked, such as mediocre companies transforming into better businesses.



Global Matters Weekly

07 July 2025

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited
研富投資服務有限公司
9th Floor, Centre Mark II
305-313 Queen's Road Central
Sheung Wan, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
belvest@bis.hk
www.bis.hk

Important notes

This communication is issued by Belvest Investment Services Limited and/or Belvest related companies (collectively, and individually Belvest) solely to its clients, qualified prospective clients or institutional and professional investors. Unless stated otherwise, any opinions or views expressed in this communication do not represent those of Belvest. Opinions or views of any Belvest company expressed in this communication may differ from those of other departments or companies within Belvest, including any opinions or views expressed in any research issued by Belvest. Belvest may deal as Distributor or Agent, or have interests, in any financial product referred to in this email. Belvest has policies designed to negate conflicts of interest. Unless otherwise stated, this e-mail is solely for information purposes.

This message may contain confidential information. Any use, dissemination, distribution or reproduction of this information outside the original recipients of this message is strictly prohibited. If you receive this message by mistake, please notify the sender by reply email immediately.

Unless specifically stated, neither the information nor any opinion contained herein constitutes as an advertisement, an invitation, a solicitation, a recommendation or advise to buy or sell any products, services, securities, futures, options, other financial instruments or provide any investment advice or service by Belvest.

No representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any figures, forecasts, prospects or return (if any) contained in the message. Such figures, forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. The assumptions and parameters used by Belvest are not the only ones that might reasonably have been selected and therefor Belvest does not guarantee the sequence, accuracy, completeness or timeliness of the information provided herein. None of Belvest, its group members or any of their employees or directors shall be held liable, in any way, for any claims, mistakes, errors or otherwise arising out of or in connection with the content of this e-mail.

This e-mail and any accompanying attachments are not encrypted and cannot be guaranteed to be secure, complete or error-free as electronic communications may be intercepted, corrupted, lost, destroyed, delayed or incomplete, and/or may contain viruses. Belvest therefore does not accept any liability for any interception, corruption, loss, destruction, incompleteness, viruses, errors, omissions or delays in relation to this electronic communication. If verification is required please request a hard-copy version. Electronic communication carried within the Belvest system may be monitored.