LA STAMPA

tuttosoldi

Rania (Banor): “The European Spring has better returns with the dividend strategy”

The Old World returns to growth thanks to ECB and European fiscal and monetary policies

SANDRA RICCIO

23 May 2023 at 11:43 a.m. 2 minute-read

“The last few months have seen the European stock market outperform all major world indexes (including the US indexes), something we have rarely witnessed only rarely since the Lehman Brothers crisis,” says Gianmarco Rania, manager of the Banor SICAV European Dividend Plus.

He believes that the reason for this renewed "European Spring" is because the Old World has finally returned to growth thanks to the fiscal and monetary policies introduced by the ECB and Europe. In the latter part of 2022, investors took advantage of very low valuations and snapped up shares in high-quality European companies in the luxury, consumer and industrial sectors among others.

How do you see the European stock market now?

We maintain a constructive view of the sector. Certainly, we expect to see consolidation in the short term, especially with the arrival of the summer months, which always herald high volatility. But in the medium to long term, we believe that European stocks still have excellent appreciation potential on account of their excellent growth prospects and their still highly discounted trading prices, especially against US stocks."

So is the dividend strategy still relevant in this context?

Yes, we think high-dividend strategies are still relevant; they offer excellent returns with low risk. The proof of this is 2022, an *annus horribilis* for the financial markets: high-dividend stocks became a lifeline for investors who managed to offset their losses with the high dividend yields. However, stocks with good returns can perform well even in bullish markets if dividend growth is accompanied by good profits growth."

Which sectors are currently producing the highest dividends in Europe?

"In Europe, the highest dividends in the cyclical sectors are in financials (insurance and banks) and oil, while in the defensive sectors, utilities and telecommunication companies come out on top with yields of 5-6%. A case in point is the European automotive sector, where stocks such as Stellantis, Mercedes, VW, and BMW are showing returns of around 7-9%."

Which Italian companies are the most enticing and what are their rates of return?

"For high-yield, but also high-growth, low-risk stocks, we would point to Fineco and Poste Italiane. The former, in our view, were unjustly punished by the market after their recent quarterly figures, which nevertheless showed double-digit profits growth. Fineco currently has a dividend yield of over 5%, which we think is very attractive for a financial company with limited credit risk.

Then we would rank Poste Italiane as one of the highest dividend yielding stocks, at nearly 8%. Poste is now one of the biggest providers of financial, insurance and payment services in Italy. Its very low risk profile, especially in relation to the banking sector, makes it an excellent investment today."