

3 MAR 2023 Jennifer Grybowski

Italian manager Azimut Group enters US traditional space

Firm takes stake in smid specialist Kennedy Capital Management

This article relates to:



Italian manager Azimut Group has expanded into traditional asset management in the US after completing a strategic investment in small and mid-cap equities specialist Kennedy Capital.

The \$84bn, Milan, Italy-based firm has acquired a 35% stake in St. Louis, Missouri-based Kennedy Capital Management and will integrate the actively managed \$43m Kennedy Capital ESG SMID Cap Fund (KESGX), \$7m Kennedy Capital Small Cap Value Fund (KVALX) and \$1m Kennedy Capital Small Cap Growth Fund (KGROX) into its global asset management portfolio.

Giorgio Medda, CEO and global head of asset management and fintech of Azimut Group, told With Intelligence the firm had considered 20-plus different US managers over a span of 15 months before deciding to partner with Kennedy.

“We came across Kennedy, one of the best performing, better managed firms in the industry that needed a bit of a push in looking outside the US in terms of development,” he said.

Azimut is actively on the hunt for more US partnerships, particularly focusing on first-time teams, emerging managers and mid-market managers.

“I look at those managers that are between one and two funds that have already built a track record but they need to get to the next level,” Medda said, noting liquid alts and private equity are two areas of interest, although all opportunities will be considered.

Before moving into the traditional space, Azimut’s US operations focused on two main business divisions: private markets through Azimut Alternative Capital Partners and wealth management via Sanctuary Wealth, Azimut Genesis, and AZ Apice.

The remainder of the Kennedy Capital stake that Azimut has not acquired will be held by its existing employees. However, Azimut will have the option to increase its stake to a majority interest over time through certain call/put options.

Azimut and Kennedy have also agreed to a 10-year plan to grow the business over the long term.

“We believe the extensive global resources of Azimut will enhance our ability to deliver performance and serve clients,” said Kennedy CEO Don Cobin.

Product development is already in the works as a result of the deal: Azimut will look to tap into Kennedy’s connections within healthcare to launch a global healthcare mutual fund with support from teams in Europe in China. The firms are eyeing a May launch for the product.

Kennedy’s ESG SMID cap fund was launched in June 2019, however the small-cap duo was launched less than a year ago in [April 2022](#).

Kennedy Capital ESG SMID Cap Fund has returned -3.1% over one year and 14.2% over three years, putting it in the 46th and 23rd percentile respectively of the Morningstar small blend category.

Kennedy Capital Small Cap Value Fund has returned 7.5% YTD, putting it in the 59th percentile of the Morningstar small value category. In comparison, the category has returned 8.1% YTD.

Kennedy Capital Small Cap Growth Fund has returned 8% YTD, putting it in the 53rd percentile of the Morningstar small growth category. In comparison, the category has returned 8.1% YTD, -3.1% over one year and 12.1% over three years.

Azimut made a [\\$50m investment in Sanctuary Wealth](#) in November 2020, prompting it to extend its reach into Latin America with the launch of Sanctuary Global, as well as opening a new office in Miami.

In June 2021, Kennedy lost the lead PM on its \$1bn micro-cap strategy when Tim Hasara [left to start](#) his own hedge fund, Sinnet Capital.

More recently, Azimut has been focused on its global business, appointing Leonardo Monoli as partner and head of investments of its Brazilian subsidiary, Azimut Brasil Wealth Management, [in October](#).

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