



cutting through complexity

Family matters

**Financing Family
Business growth
through individual
investors**

COUNTRY COMMENTARY:
ITALY

kpmgfamilybusiness.com

Italy

Investing in family businesses is a relatively new concept for many HNWI's in Italy, it would seem, with only a fifth of Italian HNWI's surveyed stating a preference for them. One

Milan-based investor who preferred family businesses said: "Family businesses are stable and have their own unique ways of managing their capital and growing their investments and profits. They keep information secure, and their balance sheets would never show all profits, as they believe in secret asset allocation."

Encouragingly, sentiment is favorable and there does seem to be some interest in future investments.

All three of those surveyed who had invested in family businesses previously were either very or generally positive about their investment.

Another HNWI from Milan expressed a preference for the 'personal touch' family businesses can bring to an investment partnership: "Family business investments tend to grow as family members do their best to make the business flourish, as they have pressures of debt payments, dividends and legacy continuation. As a fund provider, I get to know the business owner and decision maker and I feel more content with my investment as family businesses continue to have a personal touch in transactions."

Another HNWI, who had not been aware of family businesses as an investment option, reflected this positive sentiment: "My confidence was raised when I got to know that there are more investors [in family business] as I got assurance on my decision as others would not simply invest without doing their homework."

By contrast, family businesses in Italy seem to have more experience with HNWI's, with three-fifths of family businesses having obtained direct HNWI investment before – all of which were positive experiences. The CEO of a global kitchen appliance manufacturer said their compatibility was a big factor in the success of the investment. "The overall experience has been generally positive, as they have similar functioning and understanding of risks," he said.

Family businesses are an incredibly important resource in the Italian entrepreneurial landscape. Being prone to growth and profit-oriented, they play a strategic role for the economic development of the country. HNWI's combine knowledge, relationships and financial resources that are a natural complement to the development of family businesses. The meeting of these two worlds will bring to light immense opportunities for both sides.

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