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LA STAMPA

Banor: "Commodities and under-valued stock have growth potential"



The ups and downs of stock market listings in recent years shine the spotlight on the need to select the right products for investors' portfolios and open up the hunt for stocks that are still undervalued and have good growth prospects. An investment house that has been following this route for years is Banor SIM, Italy's biggest independent financial boutique with over 4 billion euro in assets under management and administration.

Specialising in capital management and advisory for high worth investors, Banor SIM has just celebrated its management team's 10th birthday. And to spread the news about the results achieved, it will be meeting its institutional and retail clients in an Italian roadshow that will come to a close on 4 February 2016 in Verona. The next meetings will be in Turin on 30 November 2015 and Milan on 1 December. Banor and its guests will examine emerging trends and topics and the outlook for the markets in 2016 to create value over time.

"We're long-term investors and always follow the principles of value investing. We analyse companies in depth and then select under-valued stocks of those with good prospects", says Luca Riboldi, Banor SIM's investment director and advisor for Banor SICAV's Italy Long Short fund. Indeed, value investing is one of the firm's hallmarks. Most notably, Banor's Value 30 line, with an average 25% invested in shares, achieved a cumulative gain from January 2004 to September 2015 of 75.2%, compared with a benchmark level of 35.3% over the same period. And the Value 100 line, with an average investment of 75% in shares, earned 107.5% over the same period, compared with 34.5% for the benchmark.

From a value investing perspective, which companies and sectors should we be looking at in the new year? "Against the background of fairly dear stock markets, we see value in certain sectors that have still to regain ground and which will benefit from the economic recovery", explains Riboldi. "Italian real estate and media are cases in point, but we also like the smaller banks. We feel, however, that many securities in the 'defensive' and/or growth sectors have become decidedly dear".

Following this philosophy of seeking out undiscovered value, companies for inclusion in portfolios are selected by Banor's in-house team on the basis of a business analysis (competitive

advantages, quality of their business model, low debt, high barriers to entry).

“Up” is not the only direction. The markets have seen seven years of rises and so, leaving aside companies that have lagged behind, we are also seeing those which have raced ahead and could pay for it. “We don’t think that 2016 will bring major rises on the developed countries’ stock markets”, states Riboldi. “For this reason, we think that the right move is indeed to invest in stocks but to favour long/short funds”. These are the funds that enable investors to grasp opportunities in both directions: up and down.

What bets might emerge as stock market winners in 2016? “We’re looking at commodities”, says the expert. “You could start to build up your investment in that area, especially from a medium-term perspective, and especially if global growth picks up in 2016”. A choice, however, to be made in small doses, and which is suitable for bolder portfolios with a good awareness of the risks.