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Banor SIM's winning formula for asset allocation

CEO Cagliero suggests "30% in liquidity, 50% in high dividend stocks and the remaining 20% in corporate bonds". And in the meantime, through Banor Capital, the group is finalising an acquisition in Singapore.

Stefania Pescarmona | 30 November 2015 - 07:00



An investment mix consisting of 30% in liquidity, 50% in high dividend stocks and the remaining 20% in corporate bonds. That's the winning formula for 2016 adopted by the Banor group, which for the first time is setting up shop in Asia. "In circumstances of high uncertainty, it's useful, in a model portfolio, to

have a good degree of diversification between the various asset classes. So we suggest that investors should keep a significant percentage in liquidity, which at present is seeing a better return from the banks than Treasury bills", explains Massimiliano Cagliero, chief executive officer and principal shareholder of Banor SIM. Banor is an independent Italian asset management and advisory "boutique" specialising in high wealth clients, and with over 5 billion in assets under management.

"A significant proportion should obviously be dedicated to the stock market, focusing as far as possible [ed's note: depending on individual investors' appetite for volatility] in high dividend 'value' stocks. The remainder should be invested in the bond market, especially high-yield corporate bonds. Short-term government bonds – those under five years, which, taking costs and commission into account, have a negative yield – should be avoided".

The main reason is that **if inflation resumes, the part invested in shares will hold its value, while the investment in bonds risks being wiped out.** 2015 was characterised by the activity of the central banks. Activity that is set to continue in 2016, with the difference, however, that while some central banks, including the European Central Bank (ECB), will maintain or increase their expansionary policies, on the American front we will see a change of monetary policy, with the Fed moving to increase rates. "This will

happen in an entirely gradual, minimal and non-continuous manner”, clarifies Cagliero. He adds that **in this scenario, a very bottom-up, value based approach should be preferred** – the approach adopted by Banor SIM. “We’re long-term value investors; we analyse businesses in depth and select under-valued stocks of companies with good growth prospects”, explains the CEO.

Expansion plans: setting up shop in Asia

At present, Banor SIM has offices in Milan and Turin, and also in London and Luxembourg, as a result of the purchase of a 20% holding in Banor Capital (formerly Proxima Investment Management Ltd), which manages Luxembourg-based Banor SICAV. And through Banor Capital, Banor SIM is also present in Lugano, where it has begun the authorisation procedure to begin operating in Switzerland. The aim there is for Banor’s platform to incorporate funds that have been forced to relinquish their independence following the increase in regulatory and compliance costs.

The **acquisition in Singapore**, on the other hand, is intended to increase the group’s sphere of competence and provide a favourable vantage point in south-east Asia. So the next move will concern the group’s entry to Asia. “Through Banor Capital, we’re formalising the acquisition of a minority stake in a Singapore firm”, Cagliero tells Funds People. “It’s a small company that applies a value approach, so exactly like ours, but operating directly on the Asian market”.

Growth in Italy

Banor has introduced some innovations in Italy too. “We’re aiming to expand our presence in Italy by opening new offices, probably in Rome, while in Verona and Brescia we already have a local presence”, declares Cagliero, noting that Banor SIM is currently engaged in its first Italian roadshow.

After visiting Rome, the company will be meeting investors in Turin today, and in Milan tomorrow. In February 2016 it will be the turn of Verona and Brescia. “We felt the need to thank our clients for staying with us in these years of two-digit performance. The results obtained are tangible proof of their confidence in us”, says Cagliero. He adds that **over the last 10 years, the firm’s assets under management have increased more than threefold, by 340%, to over 5 billion euro**, while customer numbers are in excess of 1000 and are continuing to grow.