

Mergoni (Banor Capital Limited): Master-feeder products – the benefits

Why Aristeia is a good bet

Edited by Chiara Merico

A special investment product in the master-feeder model. That's Aristeia Global Flexible, launched by Banor Capital in partnership with Frame Asset Management. BLUERATING has examined the fund and its key features with Giacomo Mergoni (photo), CEO of Banor Capital Limited.

The product invests its assets in Trojan Fund, a flexible British fund which since 2001 has achieved an annualised return of 7.5%

Giacomo Mergoni, CEO of Banor Capital Limited



What is the Aristeia Global Flexible fund's investment approach?

The fund invests nearly all of its assets in the Trojan Fund, a flexible British fund with which fund manager Sebastian Lyon has obtained an annualised return of 7.5% since 2001.

The fund follows a master-feeder structure. What does that mean, and what are its advantages for investors?

A feeder fund invests at least 85% of its assets in the master fund. In our case, this will rise to 95%, leaving only a minimum level of liquidity as a margin for EUR-GBP cover. The master-feeder structure allows European investors to invest in a non-harmonised fund like the Trojan fund through a harmonised, and so tax-efficient, fund like Aristeia Global Flexible.

What are the key features of the Trojan Fund, the master, and why are they particularly suitable for today's market situation?

The Trojan Fund has always taken a very conservative approach to investment, with the aim of passing on the assets to future generations –

with limited volatility, but without sacrificing the capital appreciation element. Historically, this has been possible thanks to investment in inflation-indexed government bonds (inflation still being fairly high in the United Kingdom), stocks linked to gold, gold itself, and high-dividend defensive stocks. The asset allocation mix has been managed wisely over the last 15 years, the period in which Sebastian Lyon has managed to reduce risk when it was being underestimated by the markets, and returning to exposure when investors were overly scared.

2011

the year

The independent investment house is established in London

1.25

billion euro

The assets managed by the investment team based in Berkeley Street

10

employees

The operational team in the London headquarters

In the past, the Trojan fund has generated good returns during the years of highest stock market growth, with the great benefit of seeing losses at practically zero during years of adjustment or collapse of the markets. The two-to-three major adjustments we've seen over the last 15 years wiped out the gains made over many previous years, in cases where investors didn't take care to reduce their level of risk at the right time. Lyon has shown that he has a keen market awareness and the losses he's avoided have translated into much higher returns for investors than any loss of earnings during times of euphoria. Aristeia Global Flexible is, therefore, a fund that fits well in a medium-risk portfolio, like those of many private investors, in a period when many factors risk creating traumatic events for portfolios.

The fund is being promoted in partnership with Frame Asset Management. How did this collaboration come about?

The Aristeia Global Flexible grew out of an idea conceived by Michele de Michelis, Frame AM's CEO, and its implementation was made possible by Banor's long-standing relationship with Lyon. Frame and Banor Capital are both working to publicise the fund, while the management side has been entrusted solely to Banor Capital.

What markets and asset classes do you intend to aim at in the coming months?

With Aristeia SICAV we've just launched the New Frontiers fund, managed with Kallisto Partners as consultants. We're also evaluating the launch of an equity fund in south-east Asia and a fund based on hybrid financial products.