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## **WSI Advisory**

BANOR CAPITAL

# **Value, with less volatility**

Banor SICAV is opening up its range of funds and extending its value-based investment policy to the world of distribution networks. We discussed these developments with Giacomo Mergoni.

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After many years' experience with institutional investors, you've decided to open up to the networks. What's the reason for that decision?

"April 2017 was an important month for Banor SICAV, with the launch of our products on the Fineco and Banca Generali

platforms. In actual fact, we've been working on both fronts (retail and institutional) for years, because we believe that our bond and long/short share funds can appeal to both types of investor. Italian institutional investors are still not at ease evaluating long/short funds, and for bonds they're looking for really large volumes. In addition, the presence of advisers often results in a preference for the usual large firms. The retail world doesn't have these barriers to entry, although over the years distributors have become more demanding when selecting the products they carry".

### **Which products are you making available to advisers?**

"Italian advisers will be able to buy Banor SICAV's funds, which are among the best in their categories for 1, 3 and 5-year products. In particular, three alternative long/short funds (North America, Greater China and Italy), a flexible bond fund with an absolute return approach (Euro bond), a long-only share fund (European Value) and a flexible fund focusing on sector leaders (Rosemary)".

### **What's your investment philosophy?**

"Our management approach is based on value investing, a concept developed by Graham and Dodd in the 1930s. That means, simply, that we try to buy well below what we consider to be a company's fair value. So we invest only when we think that we understand the opportunity we're considering really well and that we have a significant safety margin

on our side. Our strong point is the quality of the analyses we perform to identify that fair value and the fact that we're rarely satisfied just with what the markets and newspapers say. We try to gain our own unique view of what's happening and above all to understand why the person on the other side of the trade is, in our opinion, getting things wrong. If we can't find an evaluation with a generous safety margin, or we don't understand why a security is being traded at a given price, we simply don't invest".

**What type of contribution do these products make to an investment portfolio?**

"The goal for our funds is to beat the relevant markets with less volatility during the entire economic cycle. That means that, with respect to a passive investor, we aim to generate extra returns with less risk. The risk, in our view, isn't volatility but the permanent loss of capital. We don't want our investors to have to worry about being inside or outside a given market. We take on that task ourselves. Through variable risk exposure (that often runs counter to market sentiment), we seek to preserve our investors' capital and generate wealth for them, by optimising their portfolio choices".

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