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## **WE WEALTH**

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# **Global markets: play in defence to attack better**

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**"A cautious approach is very important for anyone investing in the markets today", says Francesco Castelli of Banor Capital**

**Given the present situation, it's better to take a long view, choosing stocks on the basis of the sustainability of a company's earnings and its competitive positioning**

**In this scenario, Banor Capital advises caution. A value approach to investing in the markets to cope with volatility and uncertainty**

"If you defend well, you'll attack better". These are the words that Beppe Bergomi, World Champion at a young age in 1982 and famous captain of Inter, used at the Salone del Risparmio (Savings Fair) to describe how to tackle challenges. Bergomi was speaking as a guest of Banor Capital at the meeting on "The Good, the Bad and the Ugly of global markets".

"I've always been a defender. Defence is the strategy of the youngsters I train", explains Bergomi, describing the famous "chain" and "counterattack" strategies, with some autobiographical details. "I belong to the generation of football players that was around long before football became the big business it is today. When I retired, I had to carry on working. To safeguard my assets, I turned to the experts, professionals who do it as a job. I think you need to be very cautious".

"Caution is very important for anyone investing in the markets today", confirms Francesco Castelli, manager of fixed income at Banor Capital. He thinks the "chain" and "counterattack" strategies used in football are good metaphors for the value investing approach to the markets (the most cautious of the approaches to choosing stocks).

"The global markets have become newly volatile since the beginning of the year and they are reacting to the slightest tension or uncertainty", continues Castelli. "On the bond markets, caution is even more important because it's an uphill road. This is an asset class that offers very little today, with interest rates hitting their lowest point in July two years ago, after thirty years of steady decline. They've now reached a turning point. In this situation, increased volatility might produce some opportunities among high-yield bonds, but you have to choose them carefully, and above all you have to be ready to move.

That's why we advise our clients to wait, and to hold on to cash in order to grasp opportunities when they arise".

### **Value investing**

Value investing is the strategy adopted by Warren Buffett, the American finance guru who since 1965 has been investing and earning twice as much as the US market average. "Our philosophy is long term. We study and choose the stocks in our portfolio, assessing the sustainability of a company's earnings, its competitive positioning, and the entry barriers to the market concerned. We conduct a global sectoral analysis. We try to capture the right moment, the moment when the market makes a mistake and undervalues a company, so that we can buy and counterattack. We then hold our position, and we're in no hurry to sell. If we believe in a given stock, then we'll keep it in our portfolio for years", explains Castelli, who thinks that there are opportunities in the commodities and financial sectors too, that need to be selected with care.

### **The future: the young and the talented**

After analysing the markets, all eyes turned to the future. At the Salone del Risparmio, a lot of attention was focused on talent and youth.

"Thirty years ago football allowed talented youngsters greater scope; they were allowed in the field and developed. That's what we need to do, too", says Bergomi. Without young people, there can be no future. This approach is a constant feature of the growth strategy adopted by Banor, which has chosen to set up a new UNICEF class for the Banor Sicav EuroBond fund to support the NGO's project to reduce child mortality worldwide.