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BANOR SIM RAISES THE CURTAIN ON THE MARKETS HOW TO INVEST USING THE VALUE INVESTING APPROACH



In Turin's historic Teatro Carignano, the curtain's being raised on the financial markets, thanks to Banor SIM. On 25 May one of Italy's biggest independent investment firm specialising in capital management and advisory services for high net worth clients will explain how to tackle the markets using value investing principles. Just to be clear, it's the value investing approach that has long inspired Warren Buffet.

"We've just moved our Turin offices into our new premises in Piazza Carignano", explains Massimiliano Cagliero. Cagliero, himself from Turin, is founder and CEO of the company, which also has a base in Milan. "This seems the best way to involve the people who have always had confidence in us: our customers and the city of Turin, a city that's close to my heart".

In the theatre where, in the 18th century, the Savoy royalty would gather to watch the latest plays, the red curtains will be raised this time round to showcase the financial markets, which will share the limelight with the American market. The main actors on stage with the CEO of Banor SIM will be Luca Riboldi, Chief Investment Officer at Banor SIM; guest of honour Dario Scannapieco, Vice-President of the European Investment Bank; and Eddie Ramsden, expert on US markets and lecturer in value investing at London Business School.

Banor SIM administers and manages 4 billion euro, with its 75 professionals and a dedicated management team focusing on eight product lines. "We're value investors", clarifies Cagliero, who founded the company along with a group of fellow managers. Our management processes have Global Investment Performance Standards (GIPS) certification, a standard that few operators in Italy have attained. But abroad it's a requirement to operate, especially with institutional investors. GIPS provide maximum transparency and certified returns".

Your management lines have annual performance levels that on average are two or three times higher than the market indices, depending on the type of investment. What's your strategy?

"Over the last 15 years we've attained excellent returns, with consistency on an annual basis, by following a value philosophy that aims to identify companies' unexpressed value", explains the CEO briefly. "With the support of specialist analysts for each sector, we meet the companies and analyse the unexpressed value of their stock. This gives us an insight as to whether it's undervalued by the financial markets at any given time".

Let's take the stock markets in the first quarter of this year. They all saw high gains, and in the bond sector too the outlook is for rate rises. What's your viewpoint on that?

"It will take some more time to see real rates rise again in Europe, as is happening – slowly – in the United States", comments CIO Luca Riboldi, who heads up the management team at Banor SIM. We'll need to see the implementation of reforms and liberalisation measures by the 'peripheral' countries". We agree with Draghi on the fact that monetary policy must remain expansionary, because we're not yet out of the range of deflation. Moreover, in Europe in particular political risks are casting shadows that could undermine economic growth and, inevitably, the spreads of government bonds of countries that are strong, with respect to weaker ones like Italy".

Since January, the Italian stock market has partly made up for the losses of 2016. What are your projections?

"That's true. In the early months of the year the stock market did very well, especially in the small and mid cap sector, which benefited from the flows arising from the regulations on individual savings plans (PIRs). The large cap segment, however, has been less prominent. That's where, in our view, banks and insurance companies continue to be undervalued, even if it's difficult to envisage very high profits in this sector, as long as rates in Europe remain low and we don't see a true economic recovery".

Banor isn't afraid of the challenges posed by the market, in fact the firm is continuing to grow. "We've done a lot of work on the team", says Massimiliano Cagliero. The results we've achieved in just the first quarter of 2017 confirm the growth trend seen in recent years. We have 1.8 billion euro in assets under discretionary management, an increase of 30% in the last 12 months. How could we not be optimistic?"

BANOR

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