Making managers owners of their own business has worked for Banor in Italy, the UK and Luxembourg. Viola Caon reports

Staff ownership drives business success

Luca Riboldi, head of Investments at Banor Sim in Milan and adviser of Banor Sicav for the Italy Long/Short Equity fund says the management firm has grown its assets from €50m in 2003 to some €4bn today thanks to a structure that has most shareholders working full time for the firm.

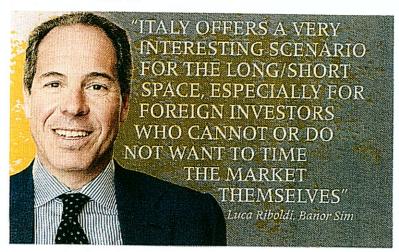
Assets under management are €1.5bn, while the remaining is under Mifid and non-Mifid advisory.

"We benefit from a very stable team which has been working together for the past 10 years on the buy side global sectors research. As a result of such dedication. we are able to put great emphasis on the Italian market, although we always keep the broader picture in mind in our analysis," he says.

HELPFUL CULTURE

Giacomo Mergoni, CEO of Banor Capital, praises the firm's ability to grow and retain talents. "This culture is particularly helpful in a country like Italy, but works well in the UK too," he says.

In fact, Banor's sphere of influence is not limited to Italy, but it reaches London. The team is also evaluating opportunities in Asia and the US.



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According to Riboldi, the positive performance is the result of strong stock picking activity.

"Our long/short stock picking works in strict relation to sector analysis. We tend to go for undervalued stocks which appear to have good value going forward and, when we see a convincing case, we can keep that stock

"As for our short positions, we look for expensive stocks which have some catalyst within six months or an unsustainable business model, which we believe could break down soon," Riboldi explains.

Although Italy is traditionally a fixed income oriented market, long/short equity investing works well for Banor's client base, which is predominantly made up of family offices, institutional investors and some 650 individual clients invested in equity and bond

"Italy offers a very interesting scenario for the long/ short space, especially for foreign investors with an interest in Italy who cannot or do not want to time the market themselves.

"This is true for instance for those with long positions on Italian real estate or the luxury space," Mergoni adds.

At the moment, the best opportunities in long/short in Italy are seen in media companies, local utilities and financials.

STOCK SELECTION PROCESS AND PLANS FOR THE FUTURE

Riboldi says: "As part of our stock picking process, we follow some 250 companies and firms across 20 sectors. We build our valuation models and we review them weekly taking into account quantitative as well as qualitative variables and have the analysts to look at them from a regulatory point of view.

Looking ahead at the rest of the year, Mergoni says the main aim will be on reaching as many investors as

"This means making our funds available to financial advisers, institutional investors and distribution platforms such as Allfunds, Fideuram, Fineco and Banca Generali," the CEO concludes. **II**

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