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LA STAMPA

From BTPs to the big names in industry
A pool-side guide to investment

The managers: ETFs and other funds to help avoid the August traps. Speculation on banks calls for caution

By SANDRA RICCIO

Summer is here and with everyone off on vacation, portfolios are taking a holiday break too. The recent tensions have sounded an alarm bell for investors, who are now re-thinking the strategies they'll be taking to the pool-side. "The markets have found some stability in recent weeks", says Luca Riboldi, investment officer at Banor SIM. "The risks seem to have been shifted to September, when political issues will set the tone. At play we have the referendum in Italy and the US elections. And of course the major unknown quantity that is Turkey".

In spite of the apparent calm, it's best not to lower your guard. "The summer could turn out hot, especially on the bonds front", says Fabio De Gaspari, head of asset management at Invest Banca. "The excess on this sector has lasted for years now, and prices are at high levels". The expert's suggestion is to get through the summer unencumbered by risk, especially where long-term, i.e. above 10-year, bonds are concerned. "The yield is too low", says De Gaspari. "We find investment-grade corporate bonds of five-plus years more convincing – as long as they're issued in euro or dollars". His suggestion is to base your position on these bonds with global instruments that diversify the risk, for example dedicated exchange-traded funds (ETFs) or other funds. De Gaspari sees short-term, i.e. less than two-year, Italian government bonds (BTPs) as a good bet for the summer. At present, it's best not to go longer.

And the Italian banks? The summer could trigger speculation in the sector. The ideal month is August, when everyone's on holiday and low volumes facilitate less conventional operations. "I'd say that the worst for our banks is behind us", asserts Luca Riboldi. "Moreover, Draghi's words last Thursday indicate that the Central Bank is paying attention to this sector". The Italian banks have an uphill road ahead of them but they've already made some headway. And according to the experts, once decisive measures like the capital increases expected by the market have been implemented, the issue will fall off operators' radar. In Riboldi's view, the ECB's stance could lead to a rotation in the financial securities setor.

Turning to shares, most of the operators have a preference for the European markets. In spite of the uncertainty over the region and the sector, there's a desire to buy. After the Brexit vote, the markets have regained a lot of ground. "This isn't the time to place your bets on individual stocks", advises De Gaspari. "If I did want to go for individual companies, I'd be looking at automobile stocks with names like FCA or Daimler, which have good prospects for further growth".

So what direction to take? "Adding positions to defensive securities right now looks like the least appropriate move. Instead, this might be the right time to balance portfolios somewhat better, by selling defensive securities and buying into financial ones", states Riboldi.

The strong turbulence of the last 12 months has ushered in a new period of much higher volatility than we saw in 2013-15, three years which benefited from the ultra-expansionary monetary stimulus of the main central banks. There are new instruments available to attenuate the fluctuations in the stock markets. Controlfida, an independent Swiss asset management company and pioneer in the use of listed and liquid option strategies to reduce the risk profile of investments in shares, has developed a wide range of alternative products. The products in question are low-volatility equity funds and absolute return funds with a target yield of 5% and limited volatility. "These strategies make it possible to protect the investment from the potential initial dip in the market and at the same time benefit from the first upwards movement", says Fabio Brambilla, partner at Controlfida.

Summer-time traps

Performance on Piazza Affari (FTSE MIB index)