

Stories and ideas

This fund is betting on a Chinese reawakening

In the wake of the good stock market performance of 2019, it has not been easy for liquid alternative funds (investment funds which adopt strategies correlated to the markets) to stay afloat. In fact, last year, the liquid alternative fund industry lost 25 billion overall. However, a few survivors still remain after having learned how to stay the course, achieving brilliant results and taking the podium at the 2020 MondoAlternative Awards.

This is the case with Banor Sicav Greater China Equity, which, after gaining 44.36% in 2019 and 77% in the last three years, is outstanding in the Liquid Alternative Emerging Markets Equity category. Its consistent strategy is a winner, explains Giacomo Mergoni, CEO of Banor Capital: "Even though 2018 did not go well, in 2019, we maintained and even increased all the positions in the portfolio, convinced that the sectors and companies we had chosen would perform well over the long term". Currently, the

fund is concentrated in chain restaurants, internet services and e-commerce.

"It is worth highlighting that, although there are some large caps, like Alibaba Tencent and JD.com," Mergoni adds, "the mid-caps selected by the in-country manager generated significant results and, precisely because we are convinced that we have chosen higher quality securities, we will maintain all the positions unchanged in the future".

In the Liquid Alternative Risk Premia category, the best was the HSBC Gif Multi Asset Style Factors fund, gaining 8.26% in 2019 and 12.12% over three years. This fund, with a five-year time horizon, does not invest in individual securities, but rather equity and bond indexes of every geographic area, sector and value through derivatives, utilising a long-short market neutral strategy. "It has a strong market correlation, which allows us to extrapolate the risk premium for the style factors, such as momentum, value and

carry," explains Roberto Citarella, country manager for HSBC Global AM, "and not for the macroeconomic factors. It's a consolidated investment style to counteract losses and volatility which we will continue in the future". At the 2020 MondoAlternative Awards, the award for best liquid alternative fund platform went to Lyxor AM. According to Alex Merla, the company's development manager, success comes from the wide range and quality of the funds (6.1 billion dollars in assets) and the lower risk tolerance of the investors, who are unloading risky assets in favour of liquid alternative strategies, which are deemed valid solutions for portfolio diversification. Lyxor was also awarded best three-year performance in the Liquid Alternative Credit Long/Short category (15.27%) for the Wells Capital Financial Credit Fund.

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The results?

Banor Capital CEO
Giacomo Mergoni took
the podium with a
Beijing focused fund