



PERFORM BY INVESTING IN THE ITALIAN STOCK MARKET

Massimo Trabattoni, top performing fund manager in the “Mixed Assets” sector and 4th top performing fund manager in the “European Country Equities” sector, explains different strategies to approach the Italian Equity segment.

“In the first nine months of 2017, the Milan Stock Exchange proved to be queen of international stock markets: the Italian market did better than the German, French, English and even American one”. With this positive approach, Massimo Trabattoni, Head of Italian Equities at Kairos, describes the favorable wind blowing on Italy: “The reasons are many, starting from the recovery of valuations in some domestic sectors, such as banking, in an economic context that grew more than expected. Even if too stringent regulatory interventions could represent a risk factor for securing the banking system, Italy still has several recovery opportunities”.

The Individual Savings Plans, introduced by the Government with the 2017 Stability Law, are also actively contributing to this mood of greater optimism: on the one hand, the individual savings plans represent a profitable medium to long-term investment opportunity for savers as they can benefit from interesting fiscal advantages and, on the other hand, a viable financing solution for small and medium-sized companies, which often have difficulties accessing the capital market.

“The first visible result of this important innovation has been the increase in new listings: there are many industrial “made in Italy” stories never seen before in the market that, thanks to this golden moment, could become the investment topics of the next few years” Trabattoni explains.

Gradually increasing inflows and GDP in acceleration: a favorable scenario for an objectively inefficient market, which can be approached with different management methods.

“In our solutions, we always look for a balance between choices based on momentum - especially on sector allocation and stock picking” Trabattoni says.

The investment process combines:

- bottom-up fundamental analysis based on proprietary research, nurtured by a consolidated and wide network of relations with the company’s management and the community of local companies analysts;

- macro and industry trend analysis with a top-down approach, with a special attention to fiscal and monetary policies;
- technical analysis that enables to identify entry and exit points with a disciplined management approach;
- search for a market catalyst that drives possible opportunistic choices.

At the portfolio level, turnover is not high but basically average.

“We have some positions that remain invested for years: we often identify new investment opportunities but in the end the securities that build our performance are not as many. We prefer to focus on a few high-conviction ideas within a portfolio that reflects our sectorial and momentum views” Trabattoni continues, “After identifying an interesting story, we keep it in the portfolio as long as the company maintains medium-term goals and strategies”.

Together with Vittorio Gugliotta - focused on technical analysis - and Francesco Cavallo - specialist in fundamental analysis, Massimo Trabattoni, with an experience of more than 20 years, elaborates different solutions to approach the Italian stock market, each one with a defined risk profile.

KIS Risorgimento, long-only product, aims to outperform the market index, while maintaining full market exposure.

Beta’s neutralization was the idea first behind KIS Target Italy Alpha and then behind KAS Target Italy, a Feeder fund that invests at least 85% of its assets in KIS Risorgimento’s shares with a coverage of more than 90% through futures. The net result is a low volatility product with the long part constituted by the alpha generated by the team.

KIS Italia is the success story in the flexible asset class: born as a hedge vehicle named Kairos Italia, it is now a UCITS compliant instrument that builds long positions on Italian companies with good fundamentals and long-term growth trends and short positions on securities/indexes with bearish convictions: net equity exposure may range from 30% to 70%, with a



Team Italian Equities
Francesco Cavallo, Massimo Trabattoni, Vittorio Gugliotta

medium-term perspective. The active choices, often considerable, combined with a tactical management of the beta exposure lead to a result that in the long run significantly outperformed the reference market against a volatility less than half of the Italian stock index.

Different strategies, all marked by an active and dynamic management style that, relying on the deep knowledge of Italian companies and of the local market complexity and drivers, aim to extract value from the Italian stock market, paying particular attention to risk control. An internationally recognized expertise that has allowed the team to obtain a mandate for one of the major international sovereign funds.

PERFORMANCE SINCE INCEPTION

