Filling the gap in Italy

Gamma Capital disembarked in Italy last May after nearly a decade serving European investors from Malta. Eugenia Jimenez reports

It has been some twenty years since a group of partners planned to launch Gamma Capital Markets in light of the opportunities that trading online and managed accounts were offering to professional investors. But it was not until 2010 when the firm launched in Malta at a time when the asset management industry was becoming more complex and sophisticated.

Gamma Capital Markets' name combines two of the definitions of the word gamma. In Greek, it refers to a letter commonly used to analyse options and, in Italian, it means wide array. So, both the academic definition and the firm's ethos of covering a wide range of assets and services are reflected on the firm's name.

The manager offers a wide range of services to clients: from asset management to financial advisory, to services relating to any of the financial activities carried out by the firm. It also provides a separate advisory service for institutional clients.

Tallying around €1bn in assets under management from European clients only, Gamma's business is 70% institutional and 30% retail. Asset class exposure in clients' portfolios ranges from some 70% to alternatives, 15% to equity and 15% to fixed income.

ITALY BOUND

Gamma Capital Markets entered Italy last May opening offices in Milan and Turin, aiming to fill a gap seen in the market, explains Vito Ferito, Italy's branch sales director; Sandra Soldà, leads the branch; Carlo de Luca is responsible for the asset management division; and head of advisory is Giovanni Cuniberti.

"We decided to launch in Italy last year and every day we are more convinced we made the right decision," says Ferito.

"Most of the money in this country [Italy] is invested in short-term fixed income products without fair financial planning. And although we believe these bond investments will underperform in the coming months, we see a move towards more risk-rewarding products still very low.

"Banks' clients cannot rely on a genuine financial consultancy. We came to fill this gap, welcoming passionate financial consultants."

The branch investment process can be defined as "global macro discretionary dynamic" according to De Luca.

It starts with a macro top down model to select asset classes, followed by a bottom-up model for the selection of listed companies and bonds and of funds/ETFs through a quantitative analysis, by a portfolio correlation analysis, and by a technical analysis to obtain the right market timing.

De Luca adds: "Portfolio strategy weighs around 80% – consisting normally of three to four different strategies – and opportunistic tactical with a short-medium term weighs 20%. It is a low-rotation portfolio – about 20% quarterly, when we get companies 'results.

"Our investment goal is to generate performance, checking risk as much as possible. We seek those funds proving efficiency over difficult periods, hence we use ratios linked to risk more than to performance like Sortino, Ulcer Index or Recovery.

"We focus on thematic investments like megatrends rather than on sectors, particularly on those related to demographic growth and emerging markets' middle-class developments: urbanisation trends, smart cities, millennials, ageing population issues, security infrastructure, cybersecurity and consumer loans. We closely follow robotics, AI, IOT and biotech."

Currently, Gamma is working on a new product in the robotics, AI and new technologies sector which, according to CEO Alex Vella, are the real drivers of recent economic growth.

While consolidating its business in alternatives investments in Malta and aiming to expanding its Italian branch, Gamma is also planning to launch across Eastern Europe, Vella notes. ■

From left to right: Carlo de Luca, Vito Ferito, Enzo Filippini, Sandra Soldà and Eros Lombardo