



PRESS RELEASE

Alternatives are the answer to the Covid-19 conundrum

Geneva, 27 October 2020 – The traditional barbell portfolio of aggressive equities and defensive bonds is no longer enough in today’s investment environment. Investors seeking volatility resilience and alpha generation will need to look at alternative allocations as well – the alternative UCITS fund of funds OYSTER BM Alternativos offers that choice.

Launched in October 2019, the tailored product managed by leading alternatives provider SYZ Capital, in partnership with Banca March, has made a 3.9% return, and is up 2.5% year-to-date, leading most of its peers. On the back of this robust performance, the in-demand strategy has broken through €100m of assets – with roughly half of the inflows secured in 2020.

Managed by a team led by Cédric Vuignier, Head of Liquid Alternative Managed Funds, who has two decades’ experience in alternative and hedge fund investing, **OYSTER BM Alternativos** invests in select equity hedge, event driven, macro and relative value strategies with the aim of providing resilience to market sell-offs.

Quality and flexibility key

The team attributes the strategy’s strong first year to investment allocation, as well as the quality of the managers selected. In the hedge fund space, SYZ Capital’s strong global research capabilities and solid network enables privileged access to niche investments and funds, which are otherwise closed.

Two of the team’s major conviction calls over the period surrounded Japan and convertible arbitrage.

“We have been positive on Japan since the rollout of corporate governance reforms by former Prime Minister Shinzo Abe. As these regulatory changes feed through to business mentalities, we have chosen a manager capitalising on this evolution, who has returned us more than 20%,” Vuignier says.

“Another area we have been positive on for the last three years is convertible arbitrage. We have been exposed to this type of strategy, which benefits from rises in volatility and new issuance since launch and this has contributed about 0.85% to our performance. This is one of our largest positions in a concentrated portfolio of 15 funds.”

In addition, the strategy’s inherent flexibility allowed the team to rapidly reduce strategies with higher beta as news of the spreading Covid-19 virus hit markets in February. Usually monthly committee meetings – where the portfolio management team reviews its positions, guided by the top-down macro views of Banca March – were held weekly since early March, while vigilance around liquidity was heightened.

Vuignier explains: “Traditionally, hedge fund strategies are in the business of buy and hold, but we have the ability to be active and dynamic. Although we have made a few changes since inception – owing to the quality of our research and selection – we were able to react quickly when the Covid-19 crisis hit, making some necessary changes to the portfolio. An aftermath analysis was also done, which triggered a change. We had anticipated a better resilience in drawdowns from a relative value fund. It recovered but, as it did not bring the desired level of diversification, we replaced it.”

Strong partnership

Close collaboration is at the heart of this strategy, which was tailored to meet the objectives of Banca March’s clients and which represents a new revenue stream for the Spanish bank. In addition to the investment meetings, the client has direct access to the portfolio management team at all times.

Vuignier reflects on the importance of this proximity: “A good relationship is a win-win situation. By being closely involved in the portfolio management process and bringing its macroeconomic expertise to the table, Banca March is strongly invested in the success of the strategy.

“is difficult to achieve diversification with the traditional portfolio model of equities and bonds in the current market environment, and investors will need to find new ways to diversify. We are looking forward to partnering with other firms to provide clients with agile volatility-mitigating strategies. A lot of smaller banks and asset managers are not set up to offer this”.

Launched by Marc Syz in 2018, SYZ Capital aims to democratise access to alternatives, which have historically been the preserve of institutional investors. SYZ Capital offers private clients the opportunity to invest alongside the Syz family and Group across a range of strategies, which are uncorrelated to more traditional capital markets. SYZ Capital now has more than €1.5bn assets under management, in liquid and illiquid alternatives.

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About SYZ Capital :

SYZ Capital is an independent asset manager focused on liquid and illiquid alternative investments. It offers clients the opportunity to invest in niche opportunities across direct private equity, special situations, uncorrelated strategies and hedge funds, many of which are hard to access. Our goal is to identify investment segments across primary, secondary and the direct investment landscape often overlooked by investors because of their size, complexity or inadequate duration and seek the best risk-adjusted returns for our clients. Investing in alternatives has always been part of our DNA. The Syz family has been investing in private companies for over 200 years and in hedge funds since 1980. SYZ Capital strives to ensure alignment of interest of all parties by being actively involved in every transaction it undertakes.

www.syzcapital.com

About SYZ Group

Founded in 1996 in Geneva, SYZ is a Swiss banking group focusing exclusively on asset management via three complementary business lines: private banking, institutional asset management, alternatives. SYZ offers private and institutional investors an investment style based on active management and risk management aimed at absolute performance. The Group has substantial equity, almost double Switzerland's regulatory requirements, and enjoys its status as an independent company due to its family shareholding structure.

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About Banca March

Banca March is the parent company of one of the leading Spanish financial groups and the only 100% family-owned bank remaining in Spain. Consistently with a cautious and long-term approach, Banca March's business model is underpinned by solid financial and capital metrics: lowest NPL ratio in the Spanish market (1,73% vs an average of 4,73%) and capital (15,97%) and liquidity ratios (LCR at 202,7% and LCR at 126%) ratios among the highest in Europe. Banca March's robust business model has also been acknowledged by Moody's. In April 2020 the rating agency confirmed the bank's long-term deposit rating at A3 with a stable outlook, ranking at the top in the Spanish banking system ahead of the Kingdom of Spain's, which stands at Baa1. Banca March holds a significant stake in Corporación Financiera Alba, a holding Company with stable, long-term investments in companies such as Naturgy (indirect), Acerinox, Indra, Ebro Foods, Viscofan, Euskaltel and Parques Reunidos, among others.

www.bancamarch.es