

BILANZ

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Swiss Asset manager ratings

The winners and their best investments

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LAKEFIELD PARTNERS ASSET MANAGER OF THE YEAR (60 M)



(From left to right) Paul A. Schütz, Vinicio Marsiaj, Bilal Jusufi, Bruno Verstraete, Andreas Sidler

FOCUS ON RETURNS

Asset Manager Rating For the tenth time, BILANZ set out to find the best money managers in Switzerland. How they mastered the turbulent year 2020 and which stocks they are betting on in 2021.

BY ERICH GERBL

Swiss asset managers will not forget 2020 anytime soon. The worst stock market carnage in decades was followed by a recovery rally that exceeded even the wildest expectations.

The upheavals tore a huge wave through the market. On the one

hand, there were the digitalisation winners, who could hardly save themselves from business, and on the other hand, the big losers from sectors such as the airline industry, who are still fighting for survival. The difference in valuation between value and growth stocks widened to a level not seen for two decades. In short, you could make a lot of mistakes as a professional money

manager in such a turbulent stock market year.

For the tenth time, BILANZ selects the best asset managers in Switzerland and shows which money managers did particularly well in this environment. For this purpose, the service provider Firstfive compared 110 real client portfolios. All transactions were booked via the asset management software, thereby stan-

Vinicio Marsiaj's favourites:

► Bank of America

«Bank of America Corp. is the largest financial institution in the US. US retail banks have significantly lagged the rising interest rate trend. Higher interest rates are usually accompanied by higher profit margins for commercial banks. As the economy recovers, banks will benefit from increased business activity and better credit quality.» ISIN: US0605051046

► ABB

«The ABB share is currently one of our most important positions in the Swiss Large Cap Fund. The company is active in power supply, energy systems, process automation and robotics segments. We bought the share because it will benefit from growth in Asia, especially in China. The European Green Deal will also contribute to a positive business development.» ISIN: CH0012221716

► Komax Holding

«Komax is a Swiss manufacturer of wire processing machines. Komax's automatic assembly systems are required in the telecommunications, medical and automotive industries. The company suffered from the weakening of the automotive sector in 2020. We expect an economic recovery to benefit this high-quality company.» ISIN: CH0010702154

dardised, and controlled. This uniform data basis makes the comparison unique.

The managers who achieved particularly high returns in relation to the risk taken are distinguished. The table on page 5 shows the best performance per risk class over one and three years. The «Asset Manager of the Year» award is given to those who have performed best in three out of four different risk classes over a certain period. Many asset managers had a hard time in 2020.

Models that had been established for years no longer worked during the politically imposed shutdown and the accompanying economic slump. Programmes fed with histori-

cal fluctuations were wrong. Growth stocks collapsed less than their historical volatility would have suggested, and then recovered even more strongly. «The difference in the performance of asset managers has never been as great as it is in 2020,» says Matthias Hunn, Firstfive's representative in Switzerland and managing director of FinGuide, a company that helps private individuals find suitable asset managers.

LUCK IN MISFORTUNE

Despite all the skill, luck also played a part. An automatic rebalancing of the portfolios on 31 March came shortly after the low point and thus at exactly the right time. This

was not a matter of course, as many asset managers rebalance their portfolios on a quarterly basis, and not necessarily at the end of the quarter.

Experienced money managers took advantage of the attractive offers when the mood on the markets was still at rock bottom. «We bought at the beginning of April after the price collapse. At that time, it was by no means clear to us whether the prices would slide again or not. However, we were convinced that many assets were clearly undervalued at that time,» says Matthias Hug of Format Vermögen & Anlagen AG, who outperformed his competitors in the conservative and balanced risk classes over a twelve-month period. Nor was Hug unprepared. During a situation assessment in 2019, he had come to the conclusion that the economic cycle was nearing its end and had reduced the risks in all portfolios. Defensive shares such as BKW or Emmi and US government bonds with long maturities were added to the portfolios instead.

EMOTIONS TRICKED

The asset manager Helvetic Trust, on the other hand, held a lot of physical gold and convertible bonds and was thus able to profit. «The asymmetrical risk-return profile of convertible bonds gave us security and confidence, especially in March 2020, to stay invested and not have to sell in the market weakness,» says CIO Kay Fischer.

Other asset managers were able to block out emotions with the help of technology. «When the fog was at its thickest in March and nobody knew where the economy was going, we trusted our systems and bought equity in April,» says Vinicio Marsiaj of Lakefield Partners, best asset manager over 60 months. The in-house model has been analysing the most important economic indicators since 2002. The idea behind it, very simplified: If the analysis shows an upturn in economic activity, the risk is increased. «Our method has been established in the market since 2002 and has already experienced a lot - the good, the bad and the very ugly. The method

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is deep in our DNA,» says Bruno Verstraete of Lakefield Partners.

If the approach advises buying, investments are made even if fear dominates the markets. «That's where you need discipline, not emotion,» says Verstraete.

After the storm, it was important to bet on the right stocks. The technology sector was booming like rarely before. «In the weakness of the market, we further expanded our US share and thus technology, as a clear acceleration of structural change and digitalisation became apparent,» says Bruno Milesi, a Basel-based asset manager who won the moderately dynamic risk class over three years.

The asset manager Premium Strategy Partners AG came through the crisis well with a special approach. The Zurich-based company specialises in the so-called barbell strategy. This investment concept involves investing simultaneously in investments that are strongly correlated with the markets and those that are less correlated. An example of an investment that moves little with the markets is the shares of the vaccine manufacturer Moderna. When selecting investments, one focuses on trends. «When a trend comes along, we jump on it,» explains Lucas Patt, one of the three partners of the Zurich-based company. These can be short-term trends like vaccines or long-term ones like electromobility, hydrogen or artificial intelligence. In addition, Premium Strategy Partners «writes» puts and calls on companies such as Lonza or Logitech on a covered basis. «Normally, big banks offer this for special clients,» says Patt.

DRIVERS OF THE ASSET CRISIS

Currently, the markets and the real economy seem to be drifting apart. Investors are wondering how long the party on the stock markets will continue. Matthias Hug believes that the economy will continue to recover as soon as the measures to combat the pandemic are eased. He forecasts global economic growth of five to six percent for 2021. «This will

lead to significantly higher corporate profits and rising share prices,» says Hug. One of the main drivers remains the investment emergency. «With cash, bonds and real estate, less high returns can be achieved than in the last 20 years. That is why equities are by far the most attractive asset class in our view, both for 2021 and for the decade as a whole,» says Hug. He expects a good equity portfolio to generate double-digit returns in 2021. With the economy in recovery from the crisis and at the beginning of the next economic cycle, he says cyclical sectors, basic materials, industrials and consumer discretionary are particularly attractive at the moment. Hug likes Sulzer, AMS, Zehnder, Barry Callebaut, Helvetia, Hiag Immo and Swissquote in addition to his recommendations.

RETURN OF THE BEATEN

Lucas Patt also believes in a successful implementation of the testing and vaccination strategy as well as a partial return of the normal life. If Patt has his way, the airline and travel industry, the hotel industry and the catering sector will benefit the most. The duty-free provider Dufry is one of his favourites. He also believes that banks, insurance companies, precious metals, commodities and the energy sector will do well in 2021. Nor is the time of the Corona profiteers over yet. Companies that reduce personal contact will continue to enjoy brisk demand. «The possibility of working from home will remain an integral part of the economy,» he says.

Lakefield Partners' risk indicators give positive signals for equities despite the high valuations. However, according to Vinicio Marsiaj, regions are recovering unevenly - a development that is exacerbated by the varying pace of vaccinations. The faster immunisation takes place, the more tangible normality becomes. The percentage weight of the service sector in an economic area will determine the recovery potential in the coming months. For Swiss portfolios, Lakefield Partners is focusing on cyclicals, «anything that benefits from normali-

How testing takes place

The asset manager rating is based on a continuous evaluation of real client portfolios by the German financial services provider Firstfive AG. 110 portfolios were evaluated for BILANZ. Firstfive is very precise. All transactions are recorded in parallel on its own asset management software. This creates a uniform data basis that does not exist in this form elsewhere in Switzerland.

The decisive factor for the placement is the return in relation to the risk taken, the so-called Sharpe ratio. This ratio shows how much the risk has been earned.

The risk results from the fluctuations in the value of the portfolio. The risk adjustment of the returns makes a fair performance comparison possible. As a rule, money managers buy higher profit potential with higher risks.

There is a list of best performers in four risk categories for different time periods. The risk classification of the portfolios is based on the real price fluctuations of the investments.

For the «Asset Manager of the Year» award, Firstfive combines the results from three out of four submitted risk classes on the basis of the Sharpe Ratio via a points ranking. The strategies with the best Sharpe Ratio are rated.

The best Sharpe Ratio receives 33.33 points and is the benchmark for the subsequent places. These receive points according to the percentage achievement of the top result. The winner is the asset management company with the highest total number of points. The winner must achieve outstanding performance in three different investment strategies.

Asset Manager of the Year

In the «Asset Manager of the Year» ranking, Firstfive evaluates strategies across three risk classes. The winners are distinguished by consistent performance with different risk tolerance and risk taking ability. The maximum score is 100 points.

Timeframe	Winner	Points
12 Months	Format Vermögen & Anlagen AG	93,5
36 Months	Oddo-BHF Trust GmbH	74,1
60 Months	Lakefield Partners	94,3

sation». The rotation towards cyclicals is one of the most important themes for Marsiaj in 2021. Cyclicals from the SPI Extra, in which Swiss stocks outside the SMI are represented, are overweighted.

Erich Pfister of Oddo BHF stands out with his dynamic strategy in the three-year view. He believes in strong economic growth in 2021 and predicts a resurrection of value stocks in this environment after the long outperformance of growth stocks. Oddo BHF is in the process of adjusting its portfolios. Pfister believes that the issues of inflation and debt are coming into fo-

cus for investors as a result of the enormous support measures by central banks and governments. Geographically, he is looking east. «We expect a more Pacific world, not least because of the merger of Asian countries into a free trade zone, and we see the enormous potential that this region offers,» he says.

OPPORTUNITIES FOR LAGGARDS

Kay Fischer, chief investor of Helvetic Trust, is more sceptical than his rivals: «We have reached a level from which the stock markets will not continue to rise uninterruptedly.» The CIO

believes the priced-in profit and growth forecasts for the full year are too high. He believes that the sales losses from the first half of the year cannot be compensated for in the second half. «This realisation will increase the risks on the stock market.

We expect a consolidation phase until spring.» There are entry opportunities for late deciders. Fischer: «This phase is interesting for acquisitions. Afterwards, we see markets clearly rising again.» The never-ending central bank stimulus in combination with the improved economic outlook is having a positive effect. Fischer focuses on sustainable companies. Bruno Milesi sees renewable energies as one of the megatrends that were accelerated by Corona and will continue beyond the crisis. The same applies to gaming, cloud computing, cybersecurity, e-commerce and automation, he said. Overall, he sees the US markets at an advantage compared to the European ones. The profit growth of companies will be decisive in 2021.

In such a turbulent stock market year as 2020, you could make a lot of mistakes as a professional money manager.

Awards from Lakefield Partners in Bilanz's asset manager rating

	Rank	Risk Category	Timeframe
2021	1	«Conservative»	over 60 months
	3	«Balanced»	over 60 months
	1	«Moderate dynamic»	over 60 months
	1	«Dynamic»	over 60 months
2020	1	«Moderate dynamic»	over 60 months
	1	«Dynamic»	over 60 months
	3	«Balanced»	over 60 months
2019	1	«Dynamic»	over 60 months
	3	«Balanced»	over 60 months
2018	1	«Moderate dynamic»	over 36 months
2017	1	«Moderate dynamic»	over 36 months
	2	«Conservative»	over 36 months
2016	1	«Conservative»	over 36 months

Public funds for investors managed by Lakefield Partners

Investment class	Fund Name	ISIN
Equities	Lakefield Swiss Large Cap Equity	LU1441982045
	Lakefield Swiss Mid & Small Cap Equity	LU1441977045
	Lakefield Dynamic World Equity	LU1225541801
	Lakefield Swiss Equity Risk Controlled	CH0435113698
Fixed income	Lakefield Dynamic Global Bond	LU1225540076
Multi asset	Lakefield Dynamic Global Core	LU0618382104
Alternatives	Lakefield Swiss Equity long/short	LU1543686478



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Lakefield Partners is a
FINMA-regulated asset manager
that supports private and institutional
investors in achieving their
investment objectives.