



PHOTOS: ALAN CARVILLE

AN OPEN DOOR TO VENTURES OF ALL SIZES

With new regulations and various changes affecting the industry, it is no surprise that it has been a challenging year for companies such as Jesmond Mizzi Financial Advisors. **Joanna Demarco** speaks to **Jesmond Mizzi** about the company's evolution as it shifts towards its own managed funds, opening the door to smaller investors and business ventures, and seeing challenges as opportunities.

This year proved to be a year of significant changes for the financial services industry and all those connected to it. Whilst European Union regulations such as the MIFID II and the GDPR were enforced, Brexit-related developments continued to unravel and international trade disputes arose. Jesmond Mizzi describes the year as "challenging", leaving his company with no alternative but to adapt, however, taking challenges

into its stride and viewing them as nothing but opportunities.

In fact, with the introduction of the Merrill SICAV two years ago, the company was "quite prepared for the changes," says Mr Mizzi, who believes that an innovation like the Merrill SICAV succeeds in removing some of the strain off the investors they work with. The nature of the SICAV (société d'investissement à capital variable) is that of a

diversified vehicle, a collective whole.

"In the past, we had relationships with different fund managers both locally and abroad, and we would encourage investors to invest in a variety of them," he says. "What we did with Merrill is that we brought them all together under one cap. Therefore, the vehicle we are reporting is one vehicle, which in itself is diversified." This decreases the load when it comes to aspects such as reporting, whilst keeping their philosophy unchanged.

"We have not changed our philosophy of having an open architecture," he adds. "And, whereas before a client would have received a portfolio evaluation with 30 items, today they receive a report on the SICAV with fact sheets on factors such as top holdings, performance, price movement and guidelines. We have not changed the way in which we operate, but rather, we

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are packaging it in a different way." Now offering three types of funds, a core-holding fund, high income fund and equity fund, the Merrill SICAV accommodates a variety of target markets, from high-net-worth individuals to those investing a few thousand euro. Mr Mizzi believes that offering such personalised funds is a bonus which the company takes pride in, when compared with local competitors.

Mr Mizzi goes on to emphasise the opportunity which the SICAV fund presents to smaller clients, who he predicts will struggle against bigger investors within the ever-evolving structures. "As regulation increases, practices need to be more streamlined," he says. "Unfortunately there will come a time when the very small investor will find it very difficult to receive a service from companies if the latter do not consider it worthwhile to meet such clients. With the SICAV, this means that the smaller client still receives a great service."

Essentially, the SICAV provides the opportunity for small investors to have a discretionary portfolio, which is generally associated with larger investors. "We have retained this idea of a discretionary portfolio but have made it available to everyone," he explains. "The industry is still in its early days but we think that as it expands, and changes, more people will come on board."

As Jesmond Mizzi Financial Advisors shifts increasingly towards its own managed funds, the SICAV, in fact, is looking to expand, with a new sterling-hedged sub fund launching in the near future, allowing for investors who own sterling to diversify their assets.

However, funds are not the only prime focus of the company this year. As the conversation progresses, Mr Mizzi turns to another project which his company is focusing on; the Prospects MTF Vehicle, which was introduced by the Malta Stock Exchange in 2016, and is slowly growing and evolving.

This new addition in the local capital market opens doors for small companies which, prior to its introduction, had limited opportunities. Such a market targets either those small enterprises in search of raising capital, or established companies looking to raise finance for specific projects.

"This is a new market, so investors are still getting acquainted to it," explains Mr Mizzi, who is closely following the reaction of clients towards such novelties. "Because the amounts are smaller in that there is a smaller amount of bonds in issue, it presents its own risks and concerns of liquidity, but as they develop, there is more trading. If these companies are new, they carry more risk, but investors are being compensated with a higher income. And normally, we link risk with reward."

If Mr Mizzi and his company believe that the market is appropriate for a specific client, the company takes it on board, acting as manager. "We are currently very active in this area of our business," says Mr Mizzi, "and I do believe that this is an area which will grow."

With all eyes on growth, Mr Mizzi turns to other dynamic forces which are being addressed by his company in order to adapt to a rapidly-changing industry. He highlights blockchain, the shifting relationships between a bank and its clients, the increase in foreign companies looking to raise capital in Malta, and the transforming Information Technology industry.

The company has been perceptive and

responsive to each new reality resulting in a larger team and a growing compliance department, as well as the strengthening of its technological capacities to respond to the constant technological changes. Although adapting to technological advancements is an ongoing priority for the company, he emphasises his firm's belief in personal contact, which he states will remain at the core of the company. "We insist on personal contact. Our business is still very much face-to-face and we enjoy providing clients with a lot of our time."

"We now have a staff complement of 34 and are keen to address whichever challenges come our way," he says. "Each challenge is, in itself, an opportunity. We take on challenges and go about things slowly and surely. Then, once we are fully prepared, we go to the market." ■

