

Personalised service for 15 years and counting

In recent years the world of investment has been subject to ever-more stringent regulations and challenges. Here, **Lewis Pitcher** talks to **Jesmond Mizzi** about his 15 years in the changing industry, adapting to new challenges and the importance of maintaining personalised service through it all.

The investment industry is an ever-growing one in Malta - recent statistics issued by Finance Malta put the total amount of money domiciled in Malta at around €10 billion and climbing. Due to this, it is understandably an industry with serious competition in all aspects. 2017 marked 15 years in business for Jesmond Mizzi Financial Advisors (JMFA) and 15 years for Jesmond Mizzi himself as their public face. Over those years, the company has gone from strength to strength to become one of the country's leading investment firms, with a specific focus on providing the most personalised services and products on the market.

Established in 2002 in South Street, Valletta, the company started out with only a handful of people on board, all veterans of the financial industry. Other than Mr Mizzi himself, it was comprised of John Catania, experienced in the banking sector amongst others, and Dr Mark Azzopardi, a specialist in financial risk management. Early on, the company acquired the client base of Paul Azzopardi, a well-known stockbroker, who Mr Mizzi attributes with the firm's faster growth rate at the start: "it immediately made our client base numbers look bigger, and because of this we were able to offer better service from the start."

It was this that attracted the attention of the investments wing of the Atlas Group, leading to a merger of the two companies. Owing to the merger, the company expanded to around 16 people, and the head of Atlas Investments, Jean Gaffiero, joined the team as an investment consultant and shareholder, positions which he holds to this day.

Given the number of changes in the last 15 years, including the recent rebranding, it would be understandable for the company's



philosophy to have changed over the years, however Mr Mizzi doesn't think this is true in their case. "The philosophy has always been what we call a personalised service. We work very hard to keep our staff turnover minimal. Firstly, there are four shareholders who are active in the business - we meet clients, plan the way forward for the company and so on, which gives us a lot of stability. However, our advisors and back office teams are also people who have been with the company for a long time."

Mr Mizzi firmly believes that this stable workforce has allowed the company to maintain excellent personal relationships with its clients, and he attributes a portion of its growth to client referrals, whether from friends, family or even colleagues. Regular appearances on national television and other media, giving information on markets, financial issues and investing in general also help with building this level of trust. He adds, with a smile, that "a lot of people stop me in the street. I don't know who they are, and even if they aren't our clients, they tell me they appreciate the information we give them. I don't get paid to go on TV - we've spent money over the years informing and educating our clients."

The personal relationships also extend to the providers the company works with. JMFA are currently the official representatives of Janus Henderson Group in Malta, one of the world's largest asset management companies, in addition to having close working relationships with giants such as Pictet, Legg Mason and Invesco amongst others. In fact, Mr Mizzi lists these relationships, and the influence the company has had on international investments through them, as one of the landmark achievements in the history of the company: "despite the fact that these are very big companies, we have managed to establish a good rapport, in that we can discuss with them what we feel we could recommend to our clients so that they can come up with the products which they have not only sold locally but have also worked on in other European capitals".

Two other major achievements that Mr Mizzi speaks proudly of are the successful move into being sponsoring stockbrokers for companies such as BOV and ME Direct, a market "dominated by established, family companies with legacy and proven track records," and the launch of the company's flagship fund, the Merrill SICAV. From its establishment in February



Photos by Alan Carville

2016, assets have grown from an initial capital of €14 million to nearly €65 million in assets under management. For Mr Mizzi, this is a product which he believes can help take the strain off investors, particularly with regard to regulations introduced by the regulators with MiFID II.

Under current regulations, on-boarding information is now an ongoing process, meaning that everything must be updated on a more frequent basis, a process Mr Mizzi says is necessary but also "certainly more onerous" when dealing with clients. However, through the *société d'investissement à capital variable* (SICAV), the company will be able to spare clients from the bulk of the added hassle. "For instance, if a client had 10 different funds, we would have to keep track individually and inform clients accordingly, whereas in the case of SICAV, we would do that but only have to report on the SICAV. This makes our lives easier on the reporting side. Obviously, this means greater obligations,

but there are legal and regulatory structures to regulate how we operate the funds, where there are a lot of checks and balances to make clients feel comfortable that where they are putting their money is safe, well-regulated and well-managed. This gives us a better avenue to continue to offer the service, not only to high-net-worth clients, but also to clients who may have around €10,000 or €20,000 to invest."

The Merrill SICAV, while a key part of future plans for JMFA, is not the only target Mr Mizzi sees going forward. Expansions into the pensions sector, both individual and company-based, and a promotional drive to encourage more regular investment to tap into the large cash deposit base of local banks are two areas the company is looking into. One endeavour Mr Mizzi speaks highly of is the company's pioneering step into the prospects market, establishing itself as one of the first local companies to venture into the sector. Prospects bonds are seen as an alternative to raising money traditionally through a bank or similar

service, instead generating capital through private sources, and are available to companies of a range of types: "so far we have assisted two companies within this market - one relatively new but very dynamic called Anchovy, an up-and-coming digitalisation and marketing company. The company issued a prospects bond, and we raised the money through our base. The second company, Orion, is a long-established business that wanted to enter this market. This is an area that's not only attractive to small businesses but also to issuers, and there is a lot of potential for companies to come to the local market, so we want to grow that business and will be adding resources to the current department."

However, Mr Mizzi also admits that one of the greatest challenges limiting growth in all of these areas are human resources. On top of standard difficulties in finding talent, such as language barriers with front-of-house staff and balancing experienced people with up-and-coming prospects, there is also a major issue

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of competition. "We are competing with the likes of the gaming industry and back offices. Because of fiscal advantages, they can possibly offer better employee packages. Despite this, we now have a complement of 30 staff members. The growth could have been bigger had we found the right resources. Now we're looking overseas - our asset management team is led by a foreign person and we are continuing to look overseas to provide a continuously better service to our clients."

The company looks to only grow going forward. Given the wide-ranging expansion plans that Mr Mizzi outlines, both internationally and locally, it can be expected that the company's operating scale will only increase in the future, along with its international ambitions. Recently, JMFA stated a target of €100 million in the Merrill funds, which the company hopes to achieve within the next few years. As for the reason behind this target, Mr Mizzi simply states: "that is when people start talking to you seriously overseas." **cc**