



EQUITY

‘The real resource are companies not present on the internet’: + rated BCV Swiss equity PMs

Bornand and Chassot, who hold a + rating from Citywire, monitor different segments of Switzerland’s market as they manage the BCV Swiss Equity, the BCV Swiss Small & Mid Caps Equity and BCV Swiss Equity Dividend Select funds.

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As the Covid-19 pandemic keeps pushing many firms to boost their online operations, Banque Cantonale Vaudoise (BCV)’s Swiss equity portfolio managers [Eric Chassot](#) and [Sylvain Bornand](#) look for companies which can benefit from the trend.

Talking to *Citywire Switzerland*, Chassot said: 'The real resource are companies that are not present on the internet. They can grow their online presence.'

Bornand and Chassot, who hold a + rating from Citywire, monitor different segments of Switzerland's market as they manage the [BCV Swiss Equity](#), the [BCV Swiss Small & Mid Caps Equity](#) and [BCV Swiss Equity Dividend Select](#) funds.

Chassot said: 'Companies have made substantial efforts in digitalising their operations and business models over the past few months.'

'In the large-cap universe Nestlé increased 49% of its sales recorded on the internet. Luxury firm Richemont increased its e-commerce turnover by 400%, in the mid-cap segment Lindt was able to double online sales and in the small cap segment, [lifestyle and underwear brand] Calida outperformed its competitors increasing its online turnover by 50%.'

According to Chassot, even if large-caps performed better during the crisis due to their defensive characteristics, the difference evened out later on.

'Small-caps faced a much more intense pressure when the crisis began but thanks to their July and August performance, they improved significantly. In the short term, most will depend on the consumer confidence,' he said.

According to the managers, the small and mid-cap segment- which includes around 200 companies- is more dynamic and innovative than the SMI stocks.

Bornand said: 'Among large-cap firms you have three stocks, Nestle, Novartis and Roche, that have a weight of 50% in the benchmark. They are mainly food and healthcare oriented. In the small- and mid-cap segment you have much more diversification and can invest in many more sectors.'

In order to understand the companies, Bornand says they hold over 150 meetings with companies.

He said: 'We look at the company strategy and effectiveness of management teams, risks, companies' positioning, competitive landscape and if the firm could be a takeover target.'

'Small and mid enterprises do not get that much attention from analysts.'