**ifund fundmanager interview**

with Eric Bendahan, ELEVA European Selection Fund

“Talent, Team, Flexibility and Focus, the Elements of our Success!”


**ifund: What is your fund all about and what differentiates it from your competitors?**

**Eric Bendahan:** The Eleva European Selection Fund seeks to achieve long term risk adjusted returns and capital growth by investing primarily in European equities and equity related securities. The Fund seeks to outperform the market represented by the STOXX Europe 600 EUR (net return) index and the Fund’s peer group in the medium to long term, through investments primarily in equities listed on the major European exchanges.

The Fund is actively managed, hence no formal objectives have been determined in terms of relative excess return of tracking error. However, we aim for the Fund to outperform the universe represented by the STOXX 600 EUR (net return) by an average of 300-400 bps net of fees per annum over 3 to 5 years, with a tracking error target of c. 6%.

The Eleva European Selection Fund applies a bottom-up stock picking approach, which is active in nature and conviction-based in its stock selection. We believe that there are four elements of the Fund which enable it to be differentiated from its competitors as follows:

1. The Fund has a unique investment philosophy. Whilst applying a disciplined investment process, we focus on four strategic themes that have emerged through my experience and constitute an original angle on stock-picking, which in turn generate ideas for stock analysis. These are; Family-owned businesses, differentiated business models in mature industries, diverging valuations between equities and credit and companies undergoing significant management or shareholder changes.

2. The investment talent of our team. I have more than 16 years of investment experience in European Equities, and our team possesses a unique, disciplined and replicable investment process and philosophy.

3. Being a relatively small investment team, all our Analysts exchange ideas on a constant basis. They are encouraged to challenge positions and investment ideas constantly. This constant feedback allows the team to be efficient in identifying new opportunities and enables us to act on any market excess (up or down).

The active, all market cap, style agnostic and opportunistic investment style of the Fund ensures maximum flexibility.

**ifund: How do you add value for your investors?**

**Bendahan:** The investment process and Fund management of the Firm as well as the team’s ability to replicate the stock picking process adds value for our investors. This is based on three dominant factors: i) the Firm’s investment philosophy focusing on four strategic themes mentioned previously and the follow-up screening performed reducing the investment universe ii) the quality of the fundamental research step and iii) the discipline in portfolio construction.

**ifund: How do you generate investment ideas?**

**Bendahan:** From an initial investment universe of c. 12,000 European listed companies, we keep only those that have at least EUR2m of daily liquidity, given that this is a key criteria in constructing our portfolio. For small and mid-caps, screenings are regularly performed to identify opportunities. These screenings are based on very strict criteria. Companies are retained should they have either i) a market capitalization of...
more than EUR2bn or ii) an historic 5-year top-line CAGR over 7% and a strong balance sheet (Net debt / EBITDA < 1.5x). The last step in the screening process is to keep companies that tick at least one of our four strategic themes mentioned previously: Family-owned businesses, differentiated business models in mature industries, diverging valuations between equities and credit and companies undergoing significant management or shareholder changes. This approach narrows the investment universe to c.250 names.

This universe (c. 250 companies) will contribute to c. 80% of the portfolio, with the remaining 20% coming from ideas that only respect the first two criteria.

ifund: How is your team structured and who is responsible for the investment decisions?

Bendahan: The investment team consists of myself, the Portfolio Manager, a senior Analyst or Deputy Portfolio Manager, three Analysts and an internal trader. All team members are involved at different levels in the research and management process of the Fund and we are all located in the same open-plan office in London.

Each Analyst from the team covers specific industries:

- Armand Suchet d’Albufera: Healthcare and Consumer Discretionary
- Benjamin Billiard: Banks, Technology, Telecoms
- Rabih Freiha: Autos, Industrials, Utilities and Energy
- Vincent Resiloto: Insurance, Real Estate, Consumer Staples and Materials

In order to have a better access and understanding of each country, plus an optimized agenda when visiting companies abroad, each Analyst is also in charge of a specific geographical area:

- Eric Bendahan: Portugal, Italy, Ireland, Greece and Spain
- Armand Suchet d’Albufera: Nordics
- Benjamin Billiard: UK, Russia and Turkey
- Rabih Freiha: Germany, Austria and Switzerland
- Vincent Resiloto: France and Benelux

As Portfolio Manager, I am the final decision maker and have full discretion for the stock selection and portfolio construction process in the respect of the Fund’s investment policy and different investment constraints.

ifund: In which market environment does your investment style work best?

Bendahan: We expect to outperform most market conditions with a replicable and disciplined investment process. Being style agnostic, we believe that we can outperform when growth or value stocks are in favour. On the other hand, we will tend to underperform in periods when mega-caps do better. We are stock pickers and hence like to focus on companies with a market cap range of €1.5-25 billion.

ifund: Where do you currently see the best potential and largest risks in the market?

Bendahan: China has seen a significant credit and investment bubble over the last 10 years, and we are concerned with their ability to make a transition towards a consumption and service related economy. We expect an important downturn to take place at some stage so we continue to monitor the region closely. However, we do see a degree of stabilization in the short term. Another concern is the lack of liquidity in the credit market, we can expect wider swings in this asset class than previously seen in the past.

In terms of opportunity, in our view, the volatility in the market and the preference of market participants for growth companies has created significant opportunities on selected value names. In particular, we look for solid franchises with high free cash flow generation and a divergence between equity and credit market perception. At this stage we do not feel we need to take a cyclical risk to find these opportunities. We see them in the consumer discretionary, materials, telecoms and healthcare sectors in particular.

ifund: Which aspects of responsible investing do you consider in your investment process?

Bendahan: Prior to considering an investment, we always take into account the stance of a company on environmental, social, and corporate governance standards, using both our own research and specialized databases. In the case where a potential breach of one of the 10 Global compact principles is flagged, the team will engage with companies to encourage practice improvement. The team also see this stage of the investment process as a risk management tool as it insures we have not failed to spot a flaw or potential issue in one of the companies on our radar. The Firm is also a signatory of the United Nations “Principles for Responsible Investment.”

Furthermore, Eleaf has a strong collaboration with UNICEF UK. Each year, 9.9% of Eleaf Capital’s profits are donated to UNICEF UK via the Eleaf Foundation. We will allocate this profit to projects run by UNICEF across the globe. The Eleaf Foundation has chosen to support two UNICEF projects in 2016. These are; reducing child malnutrition in Liberia and educating herd boys in Lesotho. More information of each can be found on our website.

ifund: How do you invest your own personal assets?

Bendahan: Given that the company was only recently
created, a majority of my personal assets are invested in the two strategies that I run, the Eleva European Selection and Eleva Absolute Return Europe Funds. Not great from a diversification point of view, but at least I know exactly what I am invested in.

**Ifund: What do you do in your leisure time? What is your preferred hobby and why?**

**Bendahan:** In my leisure time my 4 daughters keep me busy! In any spare time I have, I enjoy cooking, Mediterranean food in particular.

**About Eleva Capital**

Eleva Capital is an independent London based investment manager, founded in 2014 by Eric Bendahan, currently comprising thirteen experienced professionals. Regulated by the FCA, Eleva Capital launched a Luxembourg based UCITS IV Fund in January 2015 and is 100% focused on actively investing in European equities, with investment solutions to suit different risk profiles. Eleva Capital is proud of its independence and wants to differentiate through its performance, client proximity and integrity. A long term partnership has been signed with UNICEF who are allocated c.10% of the profits of the Firm.

**About Eric Bendahan**

Eric Bendahan is the CEO of Eleva Capital and Portfolio Manager of the Eleva European Selection and Eleva Absolute Return Europe Funds. Eric has over 17 years’ experience managing European equities and has been responsible for managing this strategy for Luxembourg UCITS since 2002. Prior to founding Eleva Capital, Eric spent nearly nine years at Banque Syz & Co where he was responsible for managing Oyster European Opportunities, Oyster European Selection and Oyster Continental European Selection, three European equity strategies for Oyster Funds, a Luxembourg UCITS. Eric held this position from November 2005 to September 2014 and managed approximately EUR 2.4 billion as at September 2014. From April 1999 to October 2005, Eric held the position of European Equity Fund Manager at AXA investment managers in Paris, where he gained recognition for his performance including being named best manager for European equities by Citywire in 2005 for his risk adjusted returns. Eric is a graduate of ESSEC and a holder of the CFA.

**About ifund**

Ifund provides fund research, manager selection and asset management based on liquid investment funds. Clients include banks, asset managers, family offices, pension funds and insurance companies in Europe. Ifund has signed the UN Principles for Responsible Investment and integrates sustainability criteria in fund analysis. www.ifundservices.com, info@ifundservices.com, +41 44 286 8000

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