

New activist Bluebell eyes change at GAM

Posted By *Will Wainwright* On December 18, 2019

Swiss funds giant GAM should overhaul its board and aggressively restructure to cut costs, according to shareholder Bluebell Capital Partners, an emerging name in Europe's activist hedge fund scene.

Giuseppe Bivona, who launched the Bluebell Active Equity Fund in October alongside Marco Taricco and Francesco Trapani, said GAM had suffered from a poor communication strategy when it disclosed issues with its Absolute Return Bond Fund (ARBF) range.

"Someone in the boardroom decided to kill a fly with a bazooka," he told *EuroHedge* this week.

Bivona, an Italian finance veteran, worked alongside Taricco at Bluebell Partners, their original advisory firm which had helped Elliott Management and other activists wage campaigns in Europe since 2014.

They have now started their own fund with Trapani, former chief at jewellery firm Bulgari.

Zurich-based GAM is the first activist shareholding they have discussed publicly since starting the fund, which will have an initial size of \$50m. Stake size was not disclosed.

"GAM should undertake a more aggressive restructuring programme. It still has too many offices for a business of its size," said Bivona, calling for a review of its investment management operation to restore EBIT margin to a 30% range.

Bluebell also called for greater transparency about GAM's 'white label' business, a Swiss funds ManCo, which should be subjected to a strategic review. "What is its contribution to bottom line profitability?" asked Bivona, who believes it could be sold off.

"It concerns us that the absolute majority of the board is still composed of directors who were in office in July 2018, directors who we consider responsible for the decisions made on the ARBF case," he said.

Bluebell has worked on campaigns with Elliott, Jana Partners and several other leading activists, and Bivona was a leading voice in the effort to uncover fraud at Banca Monte dei Paschi di Siena, which led to bankers being jailed. He is still pursuing claims against the Italian lender.

"We do see much more activist opportunity in Europe," he said. "This is our home territory, whereas a lot of the big US activists only focus opportunistically on situations here. We have a competitive advantage through our co-investment relationships with big hedge funds which we invest alongside."

Despite its small size, Bluebell targets larger European companies with market cap between €2bn and €15bn, and aims to drive change by winning support of larger shareholders.

"We favour a collaboration approach and find that fellow investors, of all sizes, are open to what we have to say now. The same goes for large cap company boardrooms."

A spokesman for GAM declined to comment.