

Gamco's Gabelli Says Fund Firm Sees Opportunity to Grow in Italy

by Chiara Albanese
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- U.S. money manager may seek to open an office in Milan: CEO
- Country offers enticing mix of financial services, innovation

Gamco Investors Inc.'s Mario Gabelli, one of the most prominent U.S. money managers, is "enthusiastic" about boosting his firm's presence in Italy.

"We would consider opening an office in Milan," Gabelli, chief executive officer of Rye, New York-based Gamco, said in an interview. "We have been servicing Italian clients since the mid-1970s, and since 2009 on a dedicated basis, and are enthusiastic about growing our presence in Italy in the future."



The country's mix of entrepreneurship, innovation and financial services will have a positive impact on its economy for years to come, according to the fund manager. Gamco, with about \$40 billion in assets under management, has its only European offices in London.

"It would be our privilege to at some point be integrated into this dynamic," Gabelli said, declining to comment on the timeline for a potential office launch.

Luxottica, Brembo

Gabelli, 74, said the firm will continue to offer investors a range of UCITS, or mutual funds based in the European Union, focused on capital growth and preservation.

In Italy, he said he sees particular value in mid-sized stocks. Eyewear maker Luxottica Group SpA, equipment supplier Interpump Group SpA and brake manufacturer Brembo SpA are among the Gabelli Funds' favored holdings.

"We like companies with cash flow capabilities and a global skill set," Gabelli said.

The money manager also owns shares of dairy company Parmalat SpA, vocally opposing a recent buyout bid by France's Groupe Lactalis SA. Lactalis failed in March to reach the 90 percent threshold needed to delist the company.

Overview

The Gabelli Asset Management Company, headquartered in New York, has been managing assets since 1977 utilizing our proprietary Gabelli Private Market Value with a Catalyst™ investment methodology. Our objectives are to compound and preserve wealth over time, while remaining non-correlated to the broad markets. We believe that investing in announced mergers helps achieve this goal. Merger investing offers many distinct advantages in today's environment. Let's focus on three:

- Merger returns are not closely correlated with those of the stock market;
- Merger returns are less volatile than returns on the S&P 500;
- Longer term returns are higher than those returns afforded by traditional investing.

While these three factors provide for excellent results in the world of arbitrage, the real beauty of risk arb investing is that there is rarely a down year. Because risk arb returns are consistently positive year in and year out, they fulfill the concept of a compound return.

We are in the midst of the fifth wave of merger activity that is steadily increasing since political clarity in the United States has developed with the prospects of lower corporate taxes and capital gains rates resulting in an expected robust M&A environment for a protracted period. The prospect of rising rates would imply higher returns on mergers as spreads widen to compensate arbitrageurs. Merger portfolios are a highly liquid, non-market correlated, proven and consistent alternative to traditional fixed income and equity securities.

We have an experienced investment team pursuing merger opportunities globally through a disciplined application of the Gabelli investment methodology.

We proclaim this source of compounded earnings as the eighth wonder of the world!

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