Helvetic Trust manager's secret for calming nervy Swiss equity investors

By **Margaryta Kirakosian** / 04 Jul, 2017

The meet-and-greet is all-important: a client who is introduced to a company by their adviser understands the business model better and becomes less sensitive to sudden market moves.

That's according to Kaspar Grob, founder of Zurich-based independent asset manager Helvetic Trust, whose team focuses on direct allocation to Swiss equities.

'When investing with us clients have an opportunity to talk to CEOs and CFOs of the Swiss companies. Then we walk them through the company for half a day, ask questions, so clients can get an insight into what the company is doing and what is its business model.'

The asset manager says Helvetic Trust mainly focuses on Swiss and European clients, with Swiss equities typically making up between 40% and 60% of the overall equity allocation.

The firm invests in companies including Comet, Ypsomed, VAT, Belimo, Geberit and Bossard. Grob adds that these firms work at the top of their capacity, making it difficult for competitors to enter their market segment.

He believes that if a company's business model is solid, then a 10-15% decline in the stock need not be a reason to exclude it from client portfolios.

'If you are convinced the company has a good business model and you have an opportunity to buy it 10%

cheaper then it makes sense to invest. If you like a particular house and its price goes down you will buy it and won’t mind if the housing market has a difficult period.’

The asset manager describes how the firm rarely uses funds in its investment process and focuses instead on direct exposure – an approach that is helped by the fact that Helvetic Trust has flat-rate agreements with all of its 25 custodian banks.

‘Our DNA is direct investments if it is reasonable in terms of fees and risks. Of course we cannot have 10-15 direct line investments for a CHF2 million portfolio but normally we prefer direct exposure.’

Financial troubles

When it comes to sectoral allocation, Grob’s team is underweight financials.

‘We are convinced artificial intelligence will advance in the robo-advice business and banks will be buying such companies to save costs,' he says. 'In five years it will be very hard for clients of banks to understand whether they are talking to a real person or a robot.’

In the meantime Grob is watching technology in the industrial and healthcare sectors closely. At the core of Helvetic Trust’s investment process is trend allocation and technology is one of its central themes.

‘Internet of Things is one thing we are talking about. The technological revolution on industrial sites is another big thing, as it might lead to 20-50 times costs reduction, driving old operators out of business. We are also very keen on innovative healthcare investments, especially new equipment and medicine.’

Competitive advantage

According to Grob, one distinctive feature of Helvetic Trust is its full spectrum of in-house family office services, from risk analysis to accident insurance, along with boat and foundation management.

'For a small company like us it is an effort we have to make because our clients like it. We have client relationship managers who usually know everything and can tackle different types of issues, from a staff accident on the yacht to the consolidation of the family wealth.’

It is this kind of tailored service that has helped the company to stay ahead of the competition over the last 10 years.

‘For clients it is very important to know that their employees are insured and have the necessary work permits so they don’t get questions from the government. We take care of such matters.’