

Fact File



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Best Swiss Alternative Investment Boutique

Herculis Partners SA

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Herculis Partners SA is a Wealth & Investment Boutique which was established in 2009 by group of Russian and Swiss partners for bringing new added value to the wealth owners (HNWIs, family offices, charities and endowments) through responsible business approach in wealth and asset management and investment banking industries taking into account principles of ethics, transparency and performance.

Herculis Partners provides wealth owners with easy access to unique set of alternative investments like hedge fund, private equity fund, wine and precious stone investments in order to preserve and multiply their capital. "Our approach is to make alternative investments accessible, liquid and cost effective as much as possible," says Nikolay Karpenko, Board Member at Herculis Partners. "On top of that, we invest our own capital at the beginning and only then propose to our clients to join us. We call this approach an alignment of interests."

The strongest part of Herculis' business is creating tailor-made reverse convertible structured notes with high coupon and 50% barrier for its proprietary position, says Karpenko. "Our products are completely different from what other players are pushing on the market. The key advantage is that Investors join us in our investments and share with us all risks and rewards. The prospective area of our business development is Sharia-compliant products with elements of social responsible investments."

Industry trends, along with regulatory environment changes, are bringing challenges for all industry players, says Karpenko. "In these circumstances, Herculis Partners sees its main task in helping the wealth owners to increase wealth through VC & PE Investments and M&A deals, to preserve and multiply wealth through passive and active operations on global securities markets, to protect wealth from states, creditors and raiders and pass it on successors, to distribute wealth on environmental and society needs according to customers altruistic ideals and values."

Alternative investments is a class of assets which includes hedge funds, private equity funds, venture capital funds, commodities, derivatives, property, wine, art, antiques, coins, diamonds, stamps and other non-conventional investment instruments. They're attractive to investors, says Karpenko, mainly because of their low or negative correlation with standard class of assets like stocks and bonds. "But alternative investments may be relatively illiquid and sometimes it may be difficult to determine their current market value," he says. "Also, there may be limited data about historical risk and return as well as exist relatively high costs of purchase and sale."

Today, investors are more familiar with alternative investments than they were 20 years ago, Karpenko says. "Hedge fund and PE & VC fund industries are growing fast and absorbing huge amounts of money. Clients are looking for low volatile instruments but with attractive returns in conditions of low interest rates when all securities markets are overvalued. The allocation of alternative investments in their portfolios is achieving 15-20%. It gives a big opportunity to strengthen relationships with the clients as they are becoming keen on alternative investments."

Investors are generally fairly cautious about alternative investments, says Karpenko. "But, when you talk to them about precise and concrete subjects, they are ready to be committed and involved. Now investors want to have in their hands real things with intrinsic value as real estate, art works, wine, coins or precious stones."

Switzerland, due to its mature economy, has a limited number of alternative investment opportunities, says Karpenko. "Nevertheless, we are looking for them not only inside the country but also abroad, namely: in Germany, France, Austria, Russia, Monaco and Dubai."

Herculis Partners is currently building its own safe vaults with duty-free status in order to keep in custody precious stones, wine and art of works on low profile basis, says Karpenko. "Also, a client can save 8% on custom duty tax payment by placing physical assets under duty-free regime. He can keep this regime as long as he wants. On top of that, he has a custody which meets security and resistance level as a top banking vault."

And the firm is looking to expand in the coming years, says Karpenko. "Currently Herculis Partners SA has three offices in Switzerland: Porrentruy, Geneva and Zurich. In our strategy is to have a strong presence in Dubai in coming years with focus on investment and business opportunities not only in GCC region but also on the African continent where we see a big potential for private equity investments." ■