

## Fact File

FAMILY OFFICE SERVICES  
FOR WEALTH OWNERS

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## Best Swiss Long/Short Equity Hedge Fund - Hercules Partners Aries Fund

## Herculis Partners

The Herculis Partners Aries Fund pursues a Long/Short investment strategy. Nikolay Karpenko, Board Member, tells us about the fund and its aims

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 & Asset Management and Investment Banking industries taking into account principles of ethics, transparency and performance.

The Herculis Partners "Aries" Fund pursues a Long/Short investment strategy. It is explicitly pointed out that the fund may purchase investment instruments (long positions) as well as short-sell such instruments (short positions) and undertake transactions in derivative financial instruments. Moreover, the fund is entitled to maximise its earnings potential by deploying derivative financial instruments and by financing investments with loans (up to max. 50%). The maximum permissible leverage is the 5-fold value of the fund's assets (aggregate net value of all long/short positions relative to the fund's assets).

The annual target is 10% in CHF with volatility 12%.

Herculis Partners provides wealth owners with easy access to unique set of alternative investments like hedge funds, private equity funds, 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. 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.

There are many pension funds and single and multi-family offices located in Switzerland. They are our core investors. Also, a well developed financial infrastructure allows make very efficient execution on securities market. And Switzerland has a strong brand of developer of innovative products among global investors.

The strongest part of our business is creating tailor-made reverse convertible structured notes with high coupon and 50% barrier for our own proprietary position. Our products are completely different from what other players are pushing on the market. The key advantage is that Investors can 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.

Now are finalising our negotiations with relevant parties in Dubai about launching there Sharia-complaint hedge fund. It was a challenge how to combine aggressive strategy with requirements of local Sharia scholars who will monitor the Fund's holdings. We see a big demand from Muslim investors for two-digital return with low volatility.

**The industry today**

The current industry tectonic movements along with regulatory environment changes are bringing a challenge for all players nevertheless their size and experience. In these circumstances Herculis Partners sees his 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.

Now, investors are more familiar with alternative investments than they were 20 years ago. The hedge fund industry is growing fast and absorbing huge amount of money. Clients are looking for low volatile instruments but with attractive return 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.

Perceptions of hedge fund managers are changing. I think the most illustrative example of how people perceived hedge fund managers in the past, is the main character in the movie "The Wolf from Wall Street." Now, the situation has changed dramatically. Taking into account high competition in the market, hedge fund managers must show to their investors not only sustainable performance but also how they went about achieving it. The reputation of managers also is a key element of perceiving. They are avoiding big scandals with burning tons of money for parties, luxury toys and exclusive real estate.

#### Awards success

It's a thrilling feeling to know that Hercules Partners SA was named as Best Swiss Long/Short Hedge Fund. Also there is a feeling of pride that our efforts in alternative investments have been noticed by our peers.

I think the Acquisition International Hedge Fund Awards is a testament to the skills and dedication demonstrated in the always challenging environment and often turbulent landscape. It rewards individuals and firms for their courage to achieve ambitious goals and bring adding value to their investors. ■