

## **“Our investment philosophy is not dependent on the performance on any particular day.”**

**The founder of the Zurich-based Helvetic Trust is known for his long-term forecasts. He recommends emerging countries, commodities and latterly US technology stocks. Kaspar Grob does not see signs of a real estate bubble in Switzerland – in fact, for some of his clients Zurich and Geneva are the new “hot-spots”.**

***Mr Grob, now is the time for forecasts for 2011. But you are providing an outlook for the next few years. Why?***

*Kaspar Grob:* Over the past ten years we have specialised in trend investing. The basis we use for this is the MSCI World Index. With our software we register the flows of money in the market, enabling us to detect even the smallest shifts in prices. We use this to derive long-term trends lasting between 7 and 15 years. We generate around 80 per cent of our performance by overweighting and underweighting individual sectors and countries, 20 per cent results from stock-picking.

***“Each year 150 million new consumers are added.”***

### ***With what success?***

Over the past nine years we have consistently beaten the MSCI World Index. Our investment strategy is based on a systematic process which is not dependent on the performance on a particular day or the performance of individual persons.

### ***How do you define a trend?***

Trends are based on the behaviour of investors. They are logical and demonstrable. With the help of our software we simply identify them slightly faster.

### ***What are the trends up to 2012?***

Emerging markets remain a topic, in particular Brazil, Hong Kong, parts of China, Turkey as well as countries which profit from rising commodity prices, that is to say Australia, Canada and Brazil. Similarly, on the currency side we are expecting a strong Canadian and Australian dollar as well as a rising Brazilian real.

### ***What is the outlook for the US dollar?***

So long as the American housing market is in the doldrums, the US dollar will not be able to recover.

### ***Emerging markets are not exactly a ground-breaking investment topic.***

Correct. But many people in the West have not yet realised just how strongly the epicentre of the global economy is shifting eastwards. Over each of the next few years up to 150 million people are set to achieve an income of USD 6,000 to 7,000 dollars per annum in this part of the world.

They represent a whole new class of consumers which will open up huge opportunities for many companies.

***“Nestlé, Richemont and Swatch are interesting.”***

***How can local investors profit from this?***

Particularly interesting are Western companies which produce the goods Asia needs or consumes. From a Swiss perspective these include for example Nestlé, Richemont and Swatch as well as in a broader sense BASF, Siemens and various automobile component suppliers. A close eye also needs to be kept on the US growth exchange Nasdaq.

***Why?***

In future the West will be able to maintain its advantage above all with innovations, because Asia produces everything else itself. This gives an added advantage to those companies which successfully launch the new technologies. An ETF on the Nasdaq is a good investment vehicle for a broad exposure to US tech stocks.

***“Zurich and Geneva are considered hotspots.”***

***In view of the monetary policy uncertainties, an increasing number of investors are fleeing into real assets such as property – including in Switzerland. Does this mean the next bubble is looming?***

I don't think so. Immigration, particularly of qualified workers and wealthy private

individuals from abroad, is supporting the demand for real estate. Moreover, Zurich and Geneva are seen as “hotspots” in Europe.

***What does that mean?***

Just as it used to be trendy to have an apartment in New York or London, many wealthy individuals now want to own something on Lake Zurich or Lake Geneva. In London we are frequently asked by clients if we can find them a pretty apartment in Zurich. For wealthy individuals, Switzerland is extremely attractive, not to mention good value – in New York real estate prices have already returned to the levels seen before the financial crisis.

***“Gold is peaking.”***

***Along with real estate, gold is one of the most popular investments of the moment. Here too, many investors are asking themselves how long the price can keep rising.***

With our trend analysis we actually recommended gold seven years ago, when an ounce cost just USD 400. Today the price is in the region of USD 1,400. In our view, gold has now peaked, although it could stay at this level for the next 24 months. The fact is that it has become very difficult to make a reliable forecast.

***Why now?***

Gold has acquired a new meaning ever since state debts in various countries began spiralling out of control. Against this

backdrop gold is no longer being bought simply for reasons of diversification. Many investors have lost faith in standard foreign currencies. For this reason they are buying gold, which is why the price is rising. Today gold has acquired many of the characteristics of a currency. However, so long as the global financial system remains instable, anything is possible with gold. And here there are limits to what trend analyses can forecast.

***“Clients bring up to 150 million Swiss francs.”***

***Who is trend investing aimed at?***

Our clients include entrepreneurs, CEOs of major corporations, wealthy private clients, family offices. We manage securities accounts of between half a million and 150 million Swiss francs. The total assets managed by us correspond broadly to those of a small private bank. We do not however disclose precise figures. Nevertheless, I am able to confirm that in recent years our assets under management have grown by an average of some 30 per cent per annum.

***“We have an investment fund that tracks our strategy.”***

***Are investors also able to profit from your trend strategy?***

Yes, at the beginning of July we launched an in-house investment fund in the Principality of Liechtenstein that tracks our investment philosophy. To date the “Alpha

Trend Dynamic Fund” has outperformed the MSCI World Index by 6.5 per cent.



**Kaspar Grob**

**Phone +41 (0)20-3178-7217**  
**[grob@h-t-p.ch](mailto:grob@h-t-p.ch)**

***Kaspar Grob is Chairman of the Board of Directors and Delegate of Helvetic Trust AG. He is able to draw upon over 25 years of experience in financial markets and the industrial sector. After studying business administration, he gathered experience in the field of portfolio management. He was closely involved in building up the sales department of a financial institution based in the Far East.***

***Later he headed the branch office of an internationally active investment consultancy in Zurich, and before founding Helvetic Trust held the responsible position of Managing Director of ZT Zürich Trust.***

***Helvetic Trust AG was founded in 2001 in Zurich by Kaspar Grob and is today wholly owned by its 14 active partners.***