

German boutique launches global equity fund with giant Swiss overweight

GANÉ's global equity fund appears to be a love letter to Switzerland, with a strong allocation towards Swiss companies. Uwe Rathausky and Marcus Hüttinger explain why.

by SONJA WIND
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Boutique asset manager GANÉ obtained the Finma licence for its global equity fund in late April. The licence is not the only link to Switzerland - the fund also has a striking allocation towards the country.

24.3% of the Article 8 rated fund is allocated to Swiss companies, versus a meagre 3% allocation in the MSCI World index. By contrast, its native Germany makes up 12.6% of the fund (vs 2.5% in the MSCI World), and the USA comes in at 35.9% (vs 67.4% in the MSCI World).

'We are always looking for the best companies in the world. There is no question that you can find some of the overall best business models in Switzerland,' says Marcus Hüttinger, capital market strategist at GANÉ, which is based in Frankfurt.

The fund, which was launched in Germany in September 2022, has since accumulated assets under management of over CHF 41m. It is managed by Uwe Rathausky and Henrik Muhle.

This fund, which is equity only, otherwise has the same strategy as the company's multi-asset ACATIS Value Event Fund. In the three years to the end of March, that fund generated a return of 27%, ranking it 14th out of 189 in Citywire's Flexible EUR sector.

Hüttinger said that Swiss investors prefer pure equity funds over multi-asset offerings.

GANÉ's strategy, which is replicated in the new fund, has a keen focus on stocks' valuations. It also likes to invest in companies after an event which it believes will trigger share price appreciation.

'We are looking for a positive, ongoing long-term trend in growing free cash flows of a company,' Rathausky says.

The firm had been wanting to ramp up its allocations to Swiss companies for over a decade but prices were too high.

'It's always a question of price. But due to the sell-off in 2022, we were able to buy some of these companies at a very attractive price,' says Hüttinger.

The team says it only invests in a company if it offers a prospective yield of 10% a year.

A range of Swiss companies ticked the boxes of GANÉ's wish list.

The three top Swiss companies in the fund are Sika, Geberit and VAT Group. These firms focus on more than one product or plan to expand their product horizon, which is a key point GANÉ looks out for.

Sika is the largest holding in the fund with an allocation of nearly 6%. The chemicals company reported a record profit of CHF 1.58bn in 2022, which is an increase of 13.5%. The products of the chemical company are used to strengthen and waterproof walls, roofs and floors.

'These products are needed heavily all over the world,' Rathausky says. 'The products also reduce the carbon footprint, which makes Sika a great company from an ESG perspective.'

Geberit, which produces sanitary parts and related systems, is the eighth largest fund holding, at 4.3%.

It reported a drop of 8.9% in revenue in the first quarter of 2023. This comes in the wake of inflationary pressures and the end of the pandemic-related boom in home renovation.

'After two very good years it's time for a bit of a transition for Geberit. But you have got great products and the product categories are getting broader,' says Rathausky.

The smallest company among them is the vacuum valves company VAT Group, which has a market cap of under CHF 10bn. It is the fund's 10th largest holding, at 4.1%. The company has 'beautiful' numbers in terms of the return on equity, says Rathausky.

In the current difficult macroeconomic environment, finding free cash flows is crucial for the team. Looking at dividend yields is not enough, as they can easily be cut, says Hüttinger.

'It's very important for us to stay focused on a very strong development of free cash flows because that allows companies to invest in the earnings power of the business model and to pay out dividends or buy back shares,' Hüttinger says.

Source: <https://citywire.com/ch/news/german-boutique-launches-global-equity-fund-with-giant-swiss-overweight/a2415861>