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Stefan Kräuchi
CEO
HSZ Group

Swiss Investment Knowledge Merged with **Hong Kong Energy**

Swiss owned HSZ Group develops Insurance-Linked Securities in Hong Kong for Asia.

Swiss banking institutions are renowned for their solid, low risk management of wealth over the past centuries. In 2000, HSZ Group was established in Switzerland through a management buyout from HSBC Guyerzeller Bank. Over time, it has grown into a specialist investment manager for listed Chinese equities. Since 2006, its focus has been on its HSZ China Fund, one of the world’s longest track record Chinese equity fund.

HSZ prides itself on careful selection of individual companies. “Knowing our companies well enables us to manage portfolios with a clear and simple profile,” said Stefan Kräuchi, CEO of HSZ Group. “We look for inner strength, such as earnings per share growth, return on capital and a culture that nurtures integrity, combined with our own valuation methodology. In our ILS business, we focus on two key areas: providing access to the asset class to investors in Asia with an experienced manager and multiple entry points, and sourcing new investment opportunities through cedants and exposures from the region to global investors with over-concentrated portfolios.”



In recent years, HSZ has expanded with a new line of business: Insurance-Linked Securities (ILS). Relatively new to Asian investors, it offers attractive performance, stable returns, low correlation to other asset classes, and built-in inflation protection. As a pioneer in Hong Kong’s development of ILS, HSZ’s target customers are Asian domiciled institutional investors, including sovereign wealth funds, pension funds, banks, corporate treasuries, family offices and fund-of-funds.

World-class reinsurance and risk management

According to Kräuchi, with Hong Kong’s ambitions to become a world-class reinsurance and risk management destination, ILS is becoming an important and reliable component of reinsurance companies’ ability to manage risk, provide required capacity and support expansion plans. “Reinsurance is a very global business and often there can be cultural and different ways of doing things,” stated Kräuchi. “Hong Kong’s talent base is best able to navigate these differences.”

With the Belt and Road Initiative opening up infrastructure opportunities, Kräuchi feels that ILS and Alternative Capital can take on the risk. Hong Kong as a centre of risk management is further supported by the Guangdong-Hong Kong-Macao Greater Bay Area’s Outline Development Plan. “Hong Kong is best positioned to take on the role of efficiently linking risk to global capital,” he noted. “The city has a unique talent pool which understands the exposure involved.

Plus it has the requisite infrastructure to be able to successfully facilitate these types of transactions, given its long standing as one of the very few truly global financial centres.”

InvestHK has helped HSZ through opportunities to meet companies with similar interests. “The work they do is extremely important, as the city has always thrived on providing access to global investors into this region,” Kräuchi explained. “It has a well-deserved reputation as an energetic, convenient, centrally located Asian city with great schools for families and unique combination of Asian and Western influences. Hong Kong provides a great opportunity for people at any stage of their career or life.”

HSZ Group

- HSZ Group was incorporated in Switzerland in 2000, and is a partner-led group that manages investment products for institutional clients with a total combined asset under management of US\$1 billion
- Its Hong Kong office consists of seven team members responsible for its central management, business development and investment management

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