

Helvetia aims to spruce up timber fund

By Martin de Sa'Pinto

ZURICH, Feb 13 (Reuters) - Asset manager Helvetia Wealth wants to pique investor attention with a new fund investing in timber production, despite scepticism towards alternative investments caused by continuing market turmoil.

Helvetia will be the investment advisor and distributor, and will also seed the International Forestry Fund, to be launched on March 1 with 90 million euros (\$114.8 million).

The fund is open-ended with a five-year initial lock up period. It is British Virgin Island-domiciled, and is open to qualified non-U.S. investors investing a minimum 100,000 euro.

There is a 1.5 percent management fee and a 10 percent performance fee over 10-year Euro Bond returns. The fund targets annualised returns of 7 percent to 10 percent.

The launch of this illiquid fund comes as investors flock to the liquid and safe havens of cash, gold and government bonds.

Helvetia managing director Brent McLean said I.F.S. Asset Management will manage the fund. Its managers, Paul Brosnan and Trevor McHugh, manage similar funds in Ireland that have returned an average 9 percent annually over 12 years.

Helvetia's network in Switzerland, Liechtenstein and the United Kingdom will broaden I.F.S.'s mainly Irish customer base and allow the fund to diversify its country exposure.

"We'll been buying land with common species in Ireland and the UK, but we'll also be looking for sandalwood and teak in the U.S. and Australia, and spiny cedar, rosewood and African mahogany, which grow well in Central America," Brosnan said.

Guaranteed property rights, transport networks and labour costs would all be important factors in the fund's choice of location, said Brosnan.

The increasing use of biofuels around the world could boost returns.

Independent experts will calculate net asset value every six-months, with an annual audit by Deloitte & Touche. The fund will seek to meet any redemptions from cash flows or to match sellers with buyers, rather than liquidating its portfolio.

The fund may also limit subscriptions in any given period.

"We wouldn't be happy about having to invest more than 100 million euros in any given year. If you go in with too much money you can distort land prices," said Brosnan.

(Editing by Andrew Macdonald)

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