

# Corecam's Hönigsmann on Building Bridges between Wealthy Investors and Private Businesses

Maximilian Hönigsmann is the Managing Partner and the Singapore-based Co-Founder of *Corecam Capital Partners*, the Direct Investment Platform within the Swiss Corecam Investment Group. He is responsible for all private direct investments within the group, working with family office clients, HNWIs and UHNWIs to source private investment deals in which Corecam also participates as co-investor. As Managing Partner, he is supported by investment teams in Singapore, Ho Chi Minh City, Vienna, and Zürich. Together with his team, Corecam closes 8-15 deals a year and has completed USD869 million of transactions since opening its doors in 2012. Hubbis recently met up with the partner via video call to his family home in the Austrian mountains, where he had just arrived directly from Singapore, to learn more of Corecam's investment activities and its strategy for future growth.



## Corecam Capital Partners

is part of the Corecam Investment Group, with fully regulated offices in Singapore and Switzerland. The firm caters to a small number of global entrepreneurs and their families with a European centricity, but more recently also to investors in the APAC region. The Corecam family office operation handles the liquid asset management, and the direct investment business is handled by the Corecam Capital Partners platform, which targets illiquid, private investment opportunities for family office clients and global entrepreneurs looking to diversify their holdings. The firm has now opened its door to families that do not currently work through its family office.

## Deals well done

Hönigsmann explains that the firm has executed 65 investments since its inception in 2012, totalling USD869 million. Following 24 realised exits, Corecam has returned USD369 million of capital to the investors and paid out USD76 million in profit.

He reports the average holding period of the investments is 3.8 years. Of these investments the average realised return on the equity participations is 23.4% net, and 13.5% net for debt participations.

He adds that Corecam offers entry points across the entire capital structure, from equity through mezzanine and senior financing. “We have been running at about 15 deals per annum in our busiest years, and 8 to 10 deals in an average year,” he explains. “We work with around 300 external investors outside the family office cohort, and we invest into every single deal ourselves, as

## Hönigsmann’s Key Priorities

One priority is the further digitalisation of the processes and of Corecam itself. “We have actually always been at the forefront of remote working, due to the nature of our business and our style,” he reports, “and we want to keep on top of our game. So enhancing our software and continuously optimising our processes are key missions, benefiting both us and our investors.

Additionally, the firm wants to strike the right balance between creating, funding deals and realising sale proceeds. “Our key driver is delivering returns,” he explains, “and of course we want to grow, but we prefer to keep investing in this smaller deal space than significantly increasing the size of our transactions.”

The third priority is to keep the client focus on families who do not have their own underwriting capabilities, who do not own their own direct investment private equity team of analysts, and who rely on Corecam to provide dealflow and due diligence reporting and underwriting skills, in short to remain or transition our relationships as a trusted investment partner.”

a group we will only do a deal if we are fully aligned. We take on only those deals we are entirely

the thorough due diligence. We demonstrate that by investing our own capital.”

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comfortable to underwrite and participate in. Ultimately, this is a partnership with our investors built on trust. They trust that we have structured and done

He delves deeper into what makes Corecam rather unique in this space. “We work closely with our investors to find interesting deals, leveraging their industry-specific



**MAXIMILIAN HÖNIGSMANN**  
Corecam Capital Partners

knowledge and networks through what is essentially our proprietary insourcing network. It allows us unique access and insight into different industries and verticals. The benefit of this is that we are finding new opportunities on the ground in regions and industries already 'pre-screened' by the entrepreneurs and investors we work with."

### Alignment of interests

"We work with many smart investors, smart entrepreneurs predominantly," he explains. "Many from our network in the younger generation actually receive a lot of interesting ideas as well. We work together with them to filter these down into the best opportunities, and in this way, we are all well-aligned helping one another. Working within our network of European and Asian families, and investors from both regions from the offices in Singapore and Zürich allows us to find investment opportunities globally that result in optimal deal flow and exit outcomes."

As to the process that ensues for deals that make the cut, Hönigsmann explains that the firm aims to make the procedures as

### Getting Personal with Maximilian Hönigsmann

Born in Vienna and educated at the University of Vienna, he completed degrees in financial engineering and business informatics, before starting in a career in investment banking. He worked between Austria and Russia for a Russian investment bank, where he stayed for four years. While travelling to Singapore frequently on business, he met his current partners at Corecam and launched the Corecam Direct Investments platform together with them.

He has now been in Singapore for almost nine months, having moved from the Corecam office in Zürich. "I am a strong believer in the dynamic Southeast Asian markets," he explains, "as they offer growth and opportunity for many years ahead."

Married and with two young children under four years old, he and his Austrian wife are now awaiting the arrival of number three. "It has been fun and challenging since lockdown at home," he reports, "but as I am the CEO and shareholder of the company, I have been allowed to be in the office for essential work, which has helped me in many ways."

As proud Austrians, he and his wife enjoy skiing and their four-year-old son has also started on the slopes. "And we love hiking, tennis, and golf, although the latter one is a bit time-consuming these days."

"Our favourite ski resort in Austria is Kitzbühel," he explains, "and that is where I am right now, having just flown with the family from Singapore. This is our traditional family holiday destination and my wife is also from here. I shall be out e-biking a bit later, a favourite of mine. Enjoying the slopes of the mountains even during the summer."

simple and as digital as possible for subscription and settlements. "Keeping it all as smooth and easy as we can is high on our priorities," he reports. "Capital needs to be invested promptly and efficiently, and as our investor base is pretty global, we must ensure this all takes place seamlessly."

Investors are of course seeking both capital gains and via the private debt side enhanced income away from the high-yield public markets. "Importantly," he adds,

"we are not operating some kind of fund, or blind fund; these are individually tailored deals structured through our wholly-owned Luxembourg securitisation platform, through which we issue deal specific notes which the investors hold in their custody accounts. We think this is rather efficient and very innovative."

"We are experts in creating sophisticated structures," he reports, "and we offer our clients the ability to cherry-pick their

investment opportunities, whereas some of our peers raise blind pool funds. In our case, our families can have a modular setup where they can build their own direct investment portfolios with short maturities, with good returns, and with low fee structures, with fairly aligned and transparent back-ended fees. We have worked hard to create a unique blend of low-cost structures, while aiming to be as tax efficient as possible. The focus is real estate, private equity and to some extent venture capital.”

### A fine track record

Hönigsmann then offered some insights into the types of past deals that Corecam has completed. These include senior housing constructions in the US, a market Corecam very much likes, as well as multifamily construction deals, also in the US. Other sectors include a suite of drone technology investments, and an investment into a German specialist toy manufacturer, amongst others.

**“In general, we like developed markets, but we also make investments in the emerging markets, but only in Asia, where we feel most comfortable. In this region, we like Vietnam, where we have an office, and we have completed investments in the Philippines, Vietnam and India. We particularly like Australia as a mature market in this region.”**

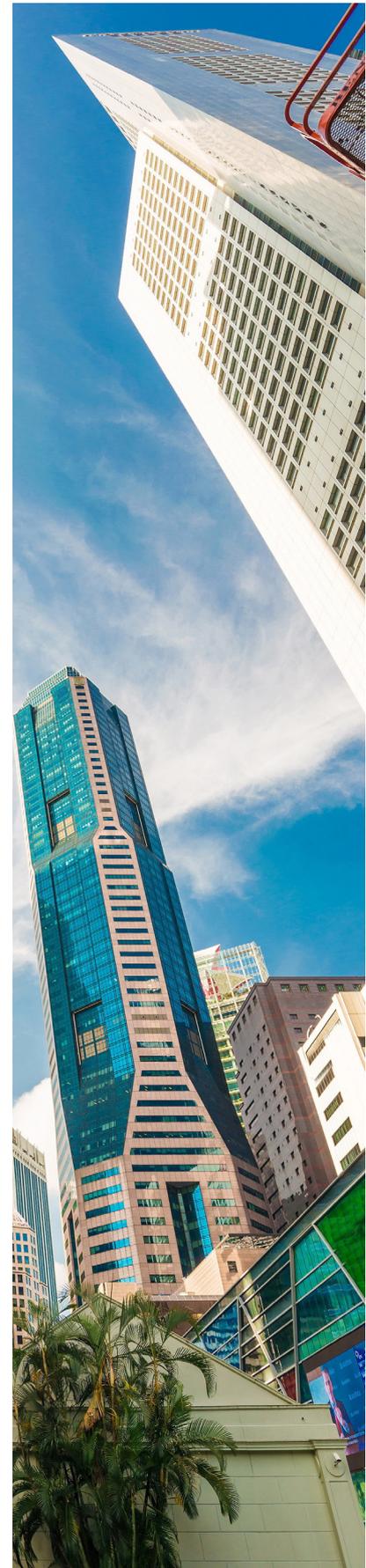
“We like private lending deals, and have completed such transactions in Australia, Spain, and the US,” he reports. “In general, we like developed markets, but we also make investments in the emerging markets, but only in Asia, where we feel most comfortable. In this

region, we like Vietnam, where we have an office, and we have completed investments in the Philippines, Vietnam and India. We particularly like Australia as a mature market in this region.”

### Three core themes for the future

As to the future, Corecam has identified three core themes. Taking them one by one, he points to the US for affordable housing, due to the constant housing deficit in the United States. “Housing prices are rising, but wages and rents fall flat, so the affordable housing segment is becoming even more crucial,” he clarifies. “There is a shortage of stock in the affordable segment, so there is great resilience there. So far, we have found good communities with a solid outlook where tenants are reliable. To date, we have funded around 12,000 units in the US, where our strategy is to constantly develop, sell and then reinvest.”

The second key theme is digitalisation and software-as-a-service (SaaS) businesses. “We closed a deal in this segment very recently for EUR12 million, funding a software venture capital company,” he reports. “We bought a stake in a holding company which focuses on Internet of Things (IoT),



cloud migration/infrastructure, and 5G software, all major mega trends and themes; especially post-pandemic, we feel. We have growth rates in excess of 250%, even up to 500% year on year in such companies, so this was a nice deal to close, giving us a good stake in these businesses.”

The third space is renewable energy. “We like this area, and it plays neatly with the growing ESG theme globally. Our interest is firstly in the solar energy segment, where we believe the best returns will emerge. In this sector, we like Italy, Spain, Germany, and the US. In Southeast Asia, Thailand and Indonesia are interesting, where we expect more activity in this region. We want to build out a portfolio in this area over the coming years.”

### Hands on

He explains that the one key point Corecam investors tend not to like

is blind pool funds; as they do not want to pass over discretion to a third party, preferring instead to select and follow through only for those opportunities they specifically like.

“They also like the range of maturities horizons we can work with,” he elucidates, “and our average duration from entry to exit is 3.8 years, so we tend to have shorter deals than the pools. There is also transparency throughout, so all investors know what is happening. We can also help the investors tailor diversification, so they can take exposure in those countries or regions where they feel comfortable, or where they see opportunity.”

### Returns above public markets

As to the returns on these types of deals compared with the public markets, Hönigsmann

explains that since the GFC, IRRs on private deals have averaged 13% and public markets 9.5% per annum. “That is a valuable outperformance,” he remarks, “especially if compounded up over a number of years, and as our deals are somewhat smaller than many in this space – averaging USD15 million to USD20 million each – we can also curate higher returns with shorter maturities, so the investors are able to realise profits in the more immediate future.”

Hönigsmann closes the discussion by commenting that each of the core themes that the firm is pursuing for its investments will remain intact post-pandemic, and might even become more important as a result. “We are looking ahead to some interesting and exciting times in our chosen segments,” he concludes. ■



## Corecam Investment Group – a Snapshot

Corecam Investment Group is a Swiss wealth management boutique that houses the Corecam Family Office, including investment services, and Corecam Capital Partners, the private investments arm, which Maximilian Hönigsmann helped co-found and that operates now out of both Zürich and Singapore. Corecam is independent and partner-owned, it is subject to all regulatory provisions related to asset managers applicable in both Switzerland (FINMA) and Singapore (MAS).

Corecam Family Office is the family office arm of Corecam. Since its creation in 2009, Corecam grew to become a leading investor with global perspectives across liquid asset classes as well as direct investments in real assets.

“We specialise in globally diversified capital preservation strategies,” Hönigsmann explains. “Our select clientele includes entrepreneurs, large families, foundations and companies in Europe and Asia. In our offices in Zürich, Frankfurt, Vienna, Singapore and Ho Chi Minh City we employ roughly 35 experienced and dedicated industry specialists from a variety of backgrounds.”

As to investment activities, Corecam primarily manages segregated portfolios either based on Corecam’s proprietary capital preservation strategy, or based on a multi-manager approach. Corecam also offers portfolio advisory services including identification, due diligence, selection and monitoring of investment ideas and solutions, independent portfolio analysis as well as complimentary asset allocation advice. The institutional trading platform allows for execution with institutional pricing.

Corecam has furthermore established a track record in sourcing, arranging and structuring successful private sector, non-public co-investments in real assets such as real estate, infrastructure and select private companies on a deal by deal basis. This is the business that Hönigsmann oversees.

Corecam offers its clients a premier platform to access regular co-investment dealflow – sourced, arranged and structured by Corecam Capital Partners – allowing clients to invest on a case-by-case basis.

The focus is mainly on real estate private equity such as affordable housing, student housing, commercial and opportunistic real estate transactions but historically also included buy and build investments (e.g. in specialised care homes), private equity and venture capital co-investments or taking stakes in select private companies (such as pre-IPO stakes).

Corecam Capital Partners principally looks to invest in special situations with a clear intent to build sustainable value often found in high-barrier-to-entry sectors. “This allows us to enter such investments at attractive entry levels and with significant upside potential,” Hönigsmann explains. “We have our own team of 15+ professionals dedicated to sourcing, structuring and monitoring opportunistic real asset investments. However, to build strategic, long-term value we rely on our unique network of operating partners on the ground in Europe, North America and Asia Pacific.

Corecam Capital Partners operates a Direct Investment Platform to facilitate investments through securitisation. The platform uses Luxembourg structured vehicles which issue notes held by investors in their custody accounts. The investment sweet spot is in the range of USD10-20 million with 1-5 year terms.

Corecam’s investment focus lies on uncorrelated business models, usually seen in B2B companies with a high share of recurring revenues. Over 60% of Corecam’s current VC portfolio is focused on software companies that usually show a low economic sensitivity. Corecam recently concluded the purchase of a stake in a venture portfolio of Cloud and IOT software companies, which were able to accelerate their growth during the crisis. “Like all of our deals,” Hönigsmann reports, “the valuation entry point was well below public valuations, and the deal offers very good potential for growth and strong IRRs. This is a sector we will continue to focus on intently.”

Renewable energy, where there are strong economic and social drivers, is the other core area for investments ahead, as well as a low-cost housing in the US, where demand is outstripping supply and where the tenants have a strong payments track record.