

# Transfer agency comes of age

*A new transfer agency survey of the Irish market reflects a growing and maturing sector which is now servicing in excess of US \$2 trillion - below is a summary of the findings.\**

During the 2007-2008 committee term, the Transfer Agency Committee conducted a survey of the transfer agency (TA) sector in Ireland to provide up-to-date information on the size and capabilities of the sector. The results of the survey reveal that the funds industry in Ireland is now servicing in excess of US \$2 trillion, which is split almost exactly between long and alternative funds. The growth in the servicing of alternative investment funds is striking, as these funds now make up half of the total assets serviced, demonstrating the fact that Ireland is arguably the leading global centre for the administration of alternative investment funds.

## **Geographic location of the shareholder base**

The findings of the survey confirmed the diverse geographic spread of the TA shareholder base and the wide range of countries and regions covered by TA distribution support. A majority of companies provided TA distribution support coverage to the UK, Germany, Italy, France, Spain and other European countries, as well as to Japan, Singapore, North America, South America and South Africa. Distribution support for Hong Kong, Taiwan and the Middle East also featured heavily in the survey.

A wide range of foreign languages are being used by TA staff, with the most frequently used being German, French, Italian and Spanish.

## **Asset Type**

The TA sector in Ireland services a large and diverse range of investment products, with equities comprising the largest proportion of asset types, followed by cash/short term products, mixed equities and bonds and various types of alternative investment funds.

## **Large versus Small**

From analysis of staff numbers and trade volumes, it is clear that not only is there a wide variety in terms of the size of the companies operating in the TA sector but a trend towards a polarisation of company sizes, with an increasing number of smaller and larger players.

## **Services**

39% of TA providers operate a call centre, with the majority of these (58%) taking an average of between 101 and 500 calls daily. A majority of companies (70%) provide third party TA services and for the majority of these companies (76%) this business represents between 76-100% of their TA business.

## **System Capabilities/Technology**

The survey revealed a high level of capabilities in terms of systems and automated processes. For example, the average percentage of STP on cash settlement was recorded at 77%. A high percentage of companies have STP solutions in place for receipt of trades (67%), processing of trades (63%), confirmation of trades (50%) and cash settlement (59%). Where used, STP transaction volumes accounted for over 50% of total transaction volumes.

Automation of internal systems was also widespread, with 61% of companies using an automated imaging system and 48% using an automated workflow system. Most companies with an automated workflow/imaging system have integrated this with their core TA system and a majority of companies that do not have an automated workflow/imaging system plan to introduce this functionality in the next year. Use of systematic solutions for TA processes is very high, with over 80% of respondents deploying a systematic solution for recording of AML documentation, bank details for clients, trailer requirement calculation and for screening blacklists. Almost 70% of companies had a systematic solution in place for follow-up on AML documentation outstanding. Furthermore, 81% of companies surveyed had at least one eCommerce solution in place.

## **Overview**

Overall, the survey reflects a growing and maturing TA sector which is servicing a wide range of asset and fund types composed of share holdings from a wide range of countries around the globe. The survey also reflects the dynamic nature of the TA sector, which continues to strive for greater operational efficiency through increased automation and system enhancements.

\* The TA survey report will be circulated to IFIA members under separate cover.

# Irish funds – on sale from Japan to Panama

*A new survey conducted by the IFIA reveals where Irish funds are most commonly marketed.*

Market intelligence on the distribution of Irish funds has been compiled from information received from a cross section of its members. From the information obtained, a number of findings have been made which are set out below. One notable trend is the vast number of jurisdictions in which UCITS are being marketed, in particular outside of the European Union, which demonstrates the suitability of UCITS as the ideal global distribution platform. Other points noted were:

- » Outside of the EEA, Irish UCITS funds are registered for sale in Switzerland, Jersey, Guernsey, Isle of Man, Hong Kong, Singapore, Dubai, Bahrain, Taiwan, Japan, Chile, Columbia, Peru, Panama, Indonesia, Thailand, Australia, New Zealand, Canada, Bermuda, Israel, Oman, United Arab Emirates, and South Africa.
- » Equity and bond funds are the most common types of Irish UCITS, followed closely by emerging markets funds, fund of funds and money market funds.
- » Irish Non-UCITS funds are being marketed predominantly in member states of the EEA, as well as Switzerland, Hong Kong, Japan and Singapore and to a lesser extent South Africa, New Zealand, Israel and USA.
- » Hedge funds and fund of funds are the most common type of Irish non-UCITS funds and are predominantly marketed in the EEA as well as Switzerland, Hong Kong, Singapore and Japan. Feeder funds and property funds are the next most common types of non-UCITS fund.
- » Within the EEA, the UK is the most common jurisdiction for the distribution of Irish non-UCITS with hedge funds and fund of funds being the most common, followed by feeder funds and property funds

“Hedge funds and fund of funds are the most common type of Irish non-UCITS funds”

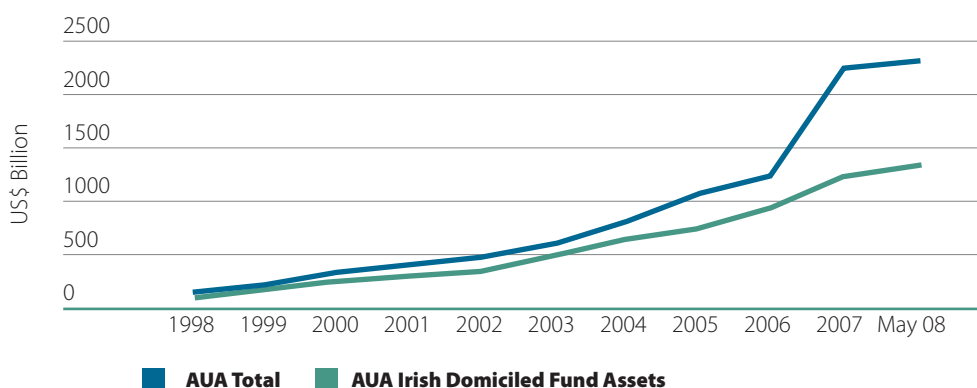


# Industry statistics

The Irish funds industry is now servicing over \$2 trillion (€1.5 trillion) in fund assets. This is made up of \$1.3 trillion (€825 billion) in over 4,800 Irish domiciled funds and \$1 trillion (€681 billion) in over 4,000 non-domiciled funds, which are predominantly alternative investment funds. Despite the slowing global economy, the value of Irish funds recorded a 10 per cent growth rate in 2007, which compared very favourably with the European average of just 5 per cent. While economic conditions continued to be challenging during the first half of 2008, the value of Irish domiciled funds grew by 2.4 per cent between December 2007 and May 2008 to €825 billion. 81 per cent of Irish funds are registered as UCITS funds, which is slightly higher than the European average of 77 per cent.

## Total Funds Administered in Ireland

\$1,286,097 million of domiciled assets + \$1,001,748 million of non-domiciled assets  
= \$2,287,845 (May 2008)



“The funds industry in Ireland is now servicing approx US \$2.3 trillion worth of assets”

Source: Irish Financial Regulator, IFIA Industry Survey & Lipper Ireland Fund Encyclopaedia

## Irish Registered Collective Investment Schemes

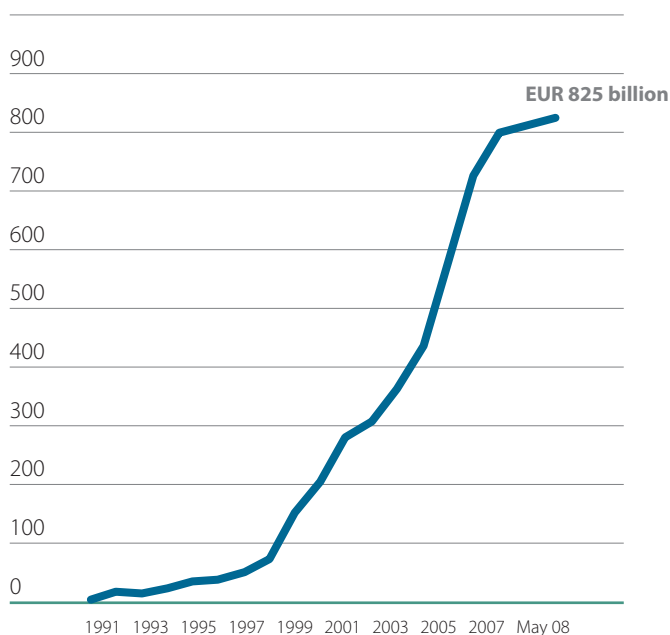
(Net Asset Value, Annual Growth in NAV)

Year End	Total Net Asset Value (Eur Million)	Annual % Growth
1991	2,506.85	
1992	4,665.22	86 %
1993	11,315.45	143 %
1994	13,032.74	15 %
1995	18,801.33	44 %
1996	25,950.16	38 %
1997	43,216.20	67 %
1998	70,946.14	64 %
1999	149,857.90	111 %
2000	208,337.10	39 %
2001	284,177.60	36 %
2002	303,881.30	7 %
2003	361,760.33	19 %
2004	434,589.40	20 %
2005	584,509.20	35 %
2006	729,552.90	25 %
2007	805,989.67	10 %
May 2008	825,135.40	2.4 % ytd

Source: Irish Financial Regulator.

## Irish Registered Collective Investment Schemes

(Net Asset Value, Annual Growth in NAV)



Source: Irish Financial Regulator

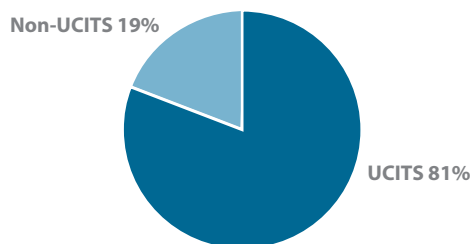
## Irish Registered Collective Investment Schemes In The UCITS Fund Structure

(Net Asset Value, Annual Growth in NAV and % of Total NAV for Irish Registered Schemes)

Year End	Net Asset Value (Euro Million)	Annual Growth	% of Total NAV represented by UCITS
1991	776	31 %	
1992	2,212	185 %	47 %
1993	6,311	185 %	56 %
1994	8,053	28 %	62 %
1995	11,829	47 %	63 %
1996	14,762	25 %	57 %
1997	20,749	41 %	48 %
1998	42,987	107 %	61 %
1999	94,502	120 %	63 %
2000	145,399	54 %	70 %
2001	215,188	48 %	76 %
2002	238,501	11 %	78 %
2003	285,372	20 %	79 %
2004	343,308	20 %	79 %
2005	462,955	35 %	79 %
2006	582,747	26 %	80 %
2007	646,392	11 %	80 %
May 2008	664,832	2.9 % ytd	81 %

Source: Irish Financial Regulator

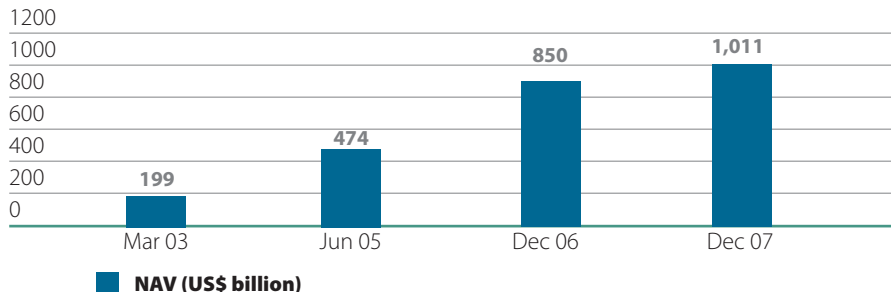
## Irish Registered Collective Investment Schemes – UCITS and Non-UCITS



Source: Irish Financial Regulator

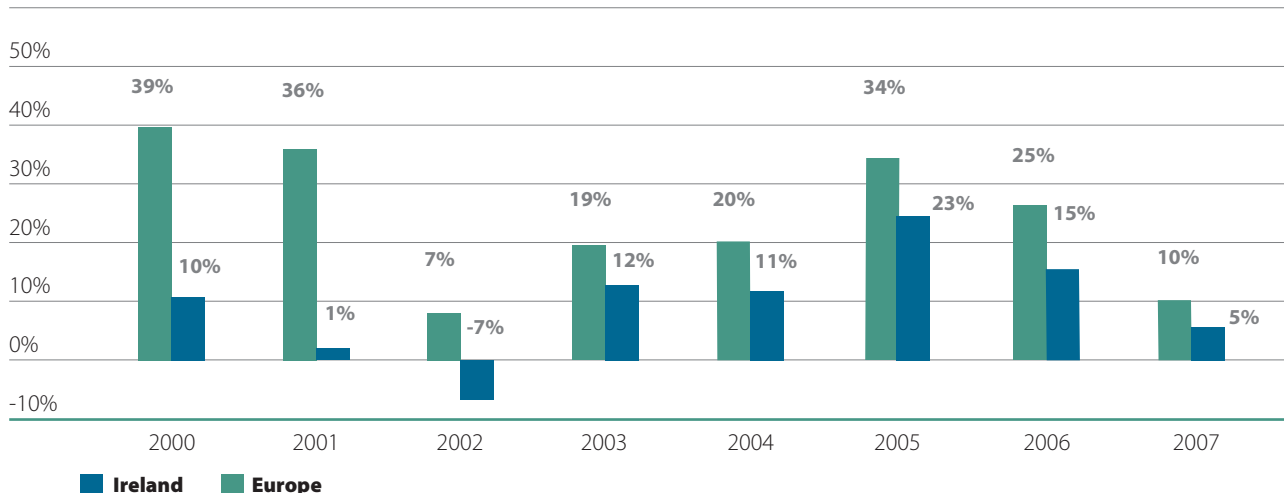
“UCITS funds account for 81% of the net assets of Irish domiciled funds”

## Growth in Alternative Investments



Source: IFIA Industry Survey

## Growth in Domiciled Assets - comparison between Ireland and Europe



Source: EFAMA & Irish Financial Regulator