

# News Release

March 8th 2010

## UCITS to transform the Alternative Investment landscape say leading industry figures

The widespread use of UCITS by the hedge fund industry is “gaining momentum”, said major fund managers at a seminar hosted by the Irish Funds Industry Association (IFIA), on behalf of the funds industry in Ireland. Over 400 investment management professionals, influencers and decision makers attended the event to discuss the growing interest among hedge fund managers in UCITS structures.

Ireland’s position as a leading domicile for UCITS products was highlighted throughout the seminar. Ireland is the foremost funds centre for the administration of alternative investment funds, with 40% of global hedge funds serviced there. Moreover, 80% of Irish domiciled assets are contained within UCITS structures.

The seminar – held in Mayfair on March 3rd – featured speeches by Gary Palmer, Chief Executive of IFIA and Grellan O’Kelly of the Irish Financial Regulator. The event also hosted a panel discussion of prominent alternative investment managers sharing their experiences of setting up UCITS funds in Ireland. The panel, chaired by Michael Jackson of Matheson Ormsby Prentice and Chair of the IFIA, featured Bridget Guerin, Managing Director of Money Matrix Management Ltd, Paul Mack, Partner and COO of Iveagh Ltd and Tim Peary, Partner and COO/CFO of Odey Asset Management LLP.

Mr O’Kelly presented an overview of the regulatory environment and process for establishing UCITS products and outlined the types of strategies that can be used within UCITS, as well as the benefits UCITS products can bring managers from a regulatory standpoint.

The panel of leading hedge fund managers discussed their motivations for establishing UCITS funds. Among these, investor demand for increased regulatory oversight, transparency and liquidity were major factors. In volatile market conditions, many investors favoured weekly redemption rights over more restricted redemption provisions typically found in alternative products. In addition, investors were very receptive to the high level of investor protection afforded by UCITS, as well as the requirement for independent custody and administration and the robust regulatory approval process. In the current environment of uncertainty over the regulation of hedge funds, the regulatory certainty afforded by UCITS was a major advantage, according to the panel. From a manager perspective, the ability to distribute UCITS throughout the EU and beyond was a major motivation. The panel also stated that a wider audience of investors is now becoming interested in UCITS, including institutional investors.

Discussing their motivations for establishing UCITS funds in Ireland, panellists highlighted the robust but pragmatic and efficient regulatory approval process as well as the approachability and responsiveness of the Financial Regulator and the quality of the Irish law firms and service providers.

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Recent figures from EFAMA show that in 2009 total assets in UCITS rose by 16.7 percent, or €757 billion, to reach a total of €5,299 billion. It is expected that inflows in 2010 will dramatically exceed that figure.

Gary Palmer commented:

*“While UCITS were traditionally limited to ‘long only’ type strategies, changes under UCITS III enabled the use of many common alternative investment strategies within a robust regulatory framework and investment managers are increasingly availing of these opportunities. UCITS III is a very good example of how the UCITS framework enables product innovation while insisting that strict regulatory standards are followed. The evolution of UCITS has continued with UCITS IV, which will increase efficiencies in the European asset management industry and further enhance the market for cross-border funds. The excellent attendance at this event shows the interest investment managers have in UCITS.*

*We heard from our panellists that their establishment of UCITS funds was driven by investor demand, the need for regulatory certainty and distribution possibilities and it is clear that UCITS are increasingly becoming must-have offerings for many hedge fund managers. Inflow figures for 2010 thus far strongly suggest that this year will be another record year for UCTIS.*

*Bridget, Tim and Paul’s testimonies vindicate our belief that Ireland is the best location for establishing UCITS, particularly those using alternative investment strategies, and I think it has been good for managers to hear directly from industry practitioners how smooth the process of setting up a UCITS fund in Ireland can be. Establishing a UCITS fund in Ireland can take as little as six weeks, which is a far shorter process than other jurisdictions can offer.”*