

REGULATORS NOT IN TUNE WITH INVESTOR REQUIREMENTS

ALCEDA – UK INSTITUTIONAL INVESTOR SURVEY

- **Regulators not in tune with investor requirements say 73 percent of institutional investors**
- **80 percent of institutional investors to increase allocation in alternative UCITS**
- **71 percent of institutional investors believe UCITS would benefit from greater transparency**

Institutional investors feel that regulators are not in tune with investor requirements, according to a survey commissioned by Alceda, the independent structuring specialist. The survey of 49 UK institutional investors, was conducted by Kepler Partners LLP at the Global Macro UCITS Conference in London, in October 2012. The majority, 84 percent, of respondents were Discretionary Wealth Managers or Family Offices, with the remaining 16 percent active in the Fund of Fund/ Multimanager space.

The survey reveals that 73 percent of respondents feel that regulators are not in tune with investor requirements, with almost half of investors (43 percent) stating that the threat of regulation is adversely affecting the way that they are currently investing.

The demand for alternative UCITS products is growing with 80 percent of the investors surveyed planning to increase their allocation.

Transparency continues to be a significant issue for investors with the majority of investors, 71 percent, believing that the alternative UCITS sector would benefit from greater transparency. In the current uncertain regulatory environment, investors continue to be concerned with the instruments underlying their fund investments and while UCITS structures are much more transparent than offshore structures, there is still a focus on the need for increased transparency.

In line with this, the results showed that close to half of the investor surveyed, 49 percent, currently invest in swap based UCITS products. While swaps have allowed investors access to a wide range of strategies within a UCITS wrapper, they are still an imperfect fit for the regulatory constraints on UCITS funds.

Manuela Fröhlich, Managing Director and Head of Global Fund Sales at Alceda:

“Regulation has paved the way for a healthy and growing alternative UCITS sector, with the survey results underlining the healthy appetite for alternative UCITS. At the same time there are regulatory hurdles that investors are worried about, that are having a detrimental effect on their behaviour. The efforts of the regulators should focus on stabilising and creating a lasting framework from which investors and managers can work from confidently and for the long term.”

“UCITS has become a widely recognised and used structure for both retail and institutional investors, especially in the alternatives sector. We strongly believe that in order to generate positive returns in the difficult market conditions it is essential to invest in alternatives and to avoid highly correlated traditional assets. Furthermore, we believe that a more collaborative approach between investors, fund providers, and regulators is needed to ensure that the correct products are available to meet the clear investor demand.”

About Alceda:

Alceda is a leading independent structuring specialist dedicated to providing institutional investors worldwide with tailored investment solutions. Launched in 2007, Luxembourg based Alceda has been one of the fastest growing structuring specialists in Europe, with current assets under administration of over 7 billion US dollars across a variety of products. Alceda is a market leader in structuring UCITS solutions and has a wealth of experience in this field. This is reflected by Alceda's strong competitive position in the market: the Alceda UCITS Platform (AUP) was voted "Best UCITS Platform" at the 11th European Fund of Hedge Funds Awards 2012, "Best UCITS Platform" in the 2011 Hedgeweek Awards and in the inaugural UCITS HFS Index Awards. The Alceda Platform provides investors with a choice of successful and innovative investment strategies.

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