

SOLID FOUNDATIONS

WITH THE POPULARITY OF UCITS SURGING, AND WITH IT THE USAGE OF PLATFORMS GROWING, *HFMWEEK* TALKS TO MICHAEL SANDERS OF ALCEDA FUND MANAGEMENT AND PETER DOHERTY OF TIDEWAY INVESTMENT PARTNERS ABOUT THE SUCCESS THE ALCEDA UCITS PLATFORM IS ENJOYING



Michael Sanders

chairman of the board of Alceda Fund Management S.A., is responsible for the strategic direction of the company and has a long-standing experience in the conception and launch of integrated structuring solutions.



Peter Doherty

portfolio manager for all Tideway Managed Accounts and investment adviser to the Tideway UCITS Global Navigator Fund, has 20 years' experience in fixed income, currency and derivative structuring and sales. He has held a number of senior positions in the financial industry.

Over the years, Ucits have become a trusted and recognised brand and format throughout Europe and parts of Latin America and Asia. With the Alceda UCITS Platform (AUP), the Luxembourg-based leading independent structuring specialist Alceda aims to provide managers with a regulated format and investors with the reassurance they require to manage their exposure to the alternatives world. *HFMWeek* talked to Michael Sanders of Alceda Fund Management and Peter Doherty of Tideway Investment Partners about the importance of such platforms.

HFMWeek (HFM): Michael, what is your view on how the Ucits sector has evolved over the past few years?

Michael Sanders (MS): Since our launch in 2007, Alceda has been one of the fastest growing structuring specialists in Europe. Over the years, we have seen a strong promotion of the Ucits brand as a reliable investment structure with a global appeal and we have seen a real, concerted effort for Ucits to become the most compliant and well-regulated fund regime in the world. This has helped to attract institutional investors in Europe who have previously been particularly cautious about investing in fund centres such as the Cayman Islands. We are now seeing Ireland and Luxembourg consistently retaining their position as the domicile of choice for Ucits absolute return funds.

When looking at Ucits platforms available on the market, we can still categorise them into three distinct groups. First, we have those operating within an investment bank or prime brokerage environment. Second, there are asset manager-led platforms launching in-house and in third-party funds. And finally, we have the independent or boutique platforms. While Ucits platforms have been successful in attracting new managers and funds, the level of AuM is growing at a slower pace.

HFM: Peter, with the wide range of Ucits platform providers on the market today, what made you choose the AUP?

Peter Doherty (PD): Tideway

launched its fund on the AUP in 2011. Launching a Ucits product independently is an expensive and resource-intensive process that involves a high level of complexity. When you compare the different options in the marketplace, the AUP offers long-standing expertise in structuring solutions with extensive IT infrastructure. This means that Tideway has the freedom to choose its own service providers from prime brokers to custodians and swap partners. Choosing the providers we want to work with was a fundamental issue for us and this has proved to be the right approach. Looking forward, using a standalone umbrella is quite useful for launching multiple products under our own structure.

Taken all together, the AUP is a well-managed, cost-efficient and tailor-made solution, which allows Tideway to focus on what we do best – portfolio management. Our experience so far with Alceda in structuring and fund set up has been very positive.

HFM: Michael, what are the benefits of the AUP for managers?

MS: Managers are able to benefit from our significant expertise in structuring Ucits solutions. We are also valued for the independence of our platform, especially by the highly specialised investment boutiques. Furthermore, I believe that the AUP is particularly attractive to small and medium-sized managers, like Tideway, as we are able to offer a one-stop-shop for tailor-made solutions for creat-

ing and marketing Ucits funds. We have an open architecture platform, providing fund initiators with the freedom to choose their preferred service provider and are able to complete the process of a Ucits fund in only six to eight weeks. Additionally, besides the advantage of gaining access to our platform's existing network as well as access to new markets, we handle all aspects involved in setting up a Ucits fund. Our standalone structure gives each new fund its own individual fund umbrella and we provide each fund initiator with a comprehensive all-round service package through each different stage of the product launch process. Importantly, thanks

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to the structural set-up that we have employed with the AUP, we are able to safeguard against the risk of cross-contamination, which is a key concern for managers.

Beyond our structuring capabilities, we also have a dedicated third-party distribution team who are able to support managers with a range of services including sales and marketing, organising dedicated road shows and events as well as targeted PR services. Our distribution efforts reach a wide range of European countries including Germany, the UK and Sweden and can stretch as far as Asia.

HFM: What other projects do you have in the pipeline?

PD: Having the correct infrastructure in place such as ISDA's and pre-trade compliance has enabled Tideway to have a very successful 12 months as investment adviser to The Global Navigator Fund (macro/fixed income). Following on from this, Tideway is seeing demand for other fixed income related funds and we are exploring new funds in this area for 2013 launch. Tideway benefits from the unique feature of the AUP, which allows us to set up our own SICAV Umbrella.

MS: With our long history and considerable experience of the alternative Ucits sector, we are uniquely positioned to provide commentary on the market and have therefore launched a quarterly review of the Ucits sector for investors and fund managers. We are continuously monitoring the market and, for instance, we are seeing growth in business from Asia, Latin America and Australia where the fund managers are increasingly seeing the benefits of a structuring specialist and the Ucits vehicle.

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HFM: What do you expect from the Ucits markets going forward? What challenges does Alceda face?

MS: Despite a difficult market backdrop this year, the alternative Ucits sector has continued to grow in the second quarter of 2012. I believe we will continue to see growth in the Ucits sector, largely driven by the demand from institutional investors like insurance companies and pension schemes who will be looking for reliable structures in a market of increased volatility.

Ucits will continue to provide an attractive solution for alternatives managers, with platforms playing a major role in the sector's development and continued growth. I think more offshore managers will come onto Ucits platforms, especially given the distribution capabilities available with this option.

I believe the sector will become increasingly competitive with asset manager platforms, investment bank platforms and independent platforms, all vying for new managers and funds to come onboard. A manager looking to launch a Ucits will be faced with a wide choice of such platforms, so we will continue to innovate and maintain our competitive offer. With our track record and experience, I believe we will be able to continue our growth trend, which has led us to have over \$6.5bn of AuM.

In line with this, we aim to attract new alternatives managers to the Ucits sphere who previously may not have considered launching a fund in a Ucits format. Our key advantage lies in offering a platform and structuring capabilities, as well as identifying potentially interesting opportunities for investors. Now, more than ever, investors are searching for risk adjusted returns and Ucits platforms support this. ■

