



HFMWeek examines how Ucits platforms have fared this year, and counts down from number ten to number one
 BY TONY GRIFFITHS

Having enjoyed a golden period from 2009-2011, with interest from investors and managers alike in plentiful supply, the last 12 months have seen a relative tempering of expectations in the Ucits platform space. Last year, the top ten umbrellas experienced hedge fund AuM growth of 120% with several firms seeing triple-digit expansion. This year the acceleration has been more modest.

Still, with *HFMWeek* research suggesting the top table has increased in collective size by 27% (up to \$13.81bn from a readjusted 2011 total of \$10.87bn) at a time when, according to Hedge Fund Research, total industry assets have advanced by just 11%, the sector remains in apparent rude health.

However, the scale of enquires and the ease of asset raising varied among the top ten. Schroders reported a larger number of enquiries from managers, while SEB's Peter Herlin noted a decrease, but that the "quality and knowledge of those asking had increased significantly".

10 SEB PRIME SOLUTIONS \$75m

<div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> -9% (-\$7m) </div>	<p>12-MONTH GROWTH</p>	<p>HEDGE FUND UCITS AuM</p>
<div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> 6 </div>	<p>UCITS HEDGE FUNDS</p>	<div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> +1 </div> <p>12-MONTH NET FUND ADDITIONS</p>

The past 12 months have seen few changes at Swedish bank SEB's Ucits umbrella. There has been a net increase of one fund, with the loss of Vertex Evolution offering offset by new products from Oslo-based managers Sissener A/S and Groven & Partners, while AuM on the platform has decreased

by almost 10% – down from \$82m this time last year. Launched just under two years ago, the Luxembourg-based platform's focus on equity and CTA strategies "will not change," SEB Ucits chief Peter Herlin told *HFMWeek*. Target AuM for this time next year remains at \$250m.

While almost all platforms acknowledged that asset-raising had been more challenge over the past 12 months, net inflows were reported across the board – the UK and Switzerland were cited as particularly buoyant investment markets.

"Our largest contributors are private banks and family offices," says David Armstrong at Morgan Stanley's FundLogic Alternatives platform. "However, we are seeing an increase in institutional flows," he adds, pointing to insurance companies, private and public pension funds. "The most dynamic countries have been the UK, Switzerland, Italy and France."

The sector's German power-trio, Deutsche Bank, Aquila Capital and Universal-Invest have all seen significant asset growth driven by continental Europe and the UK.

Miriam Muller, head of Merrill Lynch Investment Solutions, has seen an increasing trend of managers who have created their own Ucits fund seeking to move the fund to a platform. "This is generally as a result of the manager finding that the marketing of regulated products, which has a fragmented investor base and requires a great deal of support, is very different to the marketing of hedge funds," she says, noting that Ucits IV has made it possible to merge such funds to a platform.

It is a trend backed by Cyril Delamare, CEO of ML Capital, whose Montlake platform now stands at \$100m in hedge fund AuM. The increasing number of "reverse enquires," he says, is due to managers that have found running standalone Ucits products "does not make economic sense".

The number of platforms is swelling too. Bryan Garnier, Prodigy and Lemanik have all recently joined the party, while big-name projects from Goldman Sachs, UBS, Nomura and Gottex continue to attract attention. Of the newer names, only Goldman has made the top ten this year. Nomura and UBS have both added big names and assets in the last 12 months, but just miss out, despite large platforms, as hedge fund AuM remains modest. Notable closures at Merchant Capital have seen it drop out of the top ten. Matrix announced it was to close its platform in August. ■

FEATURE TOP 10 UCITS

9 LYXOR DIMENSION

\$92m

42%
(\$27m)

12-MONTH
GROWTH

HEDGE FUND UCITS AuM

4

UCITS HEDGE
FUNDS

+2

12-MONTH NET
FUND ADDITIONS

Steady progress at one of 2011's new entrants has seen two big-names double the single manager fund range at Lyxor Dimension. The Luxembourg-domiciled platform, from Paris-based Lyxor Asset Management, has added Caxton HAWK and IKOS Futures in the last year, helping boost assets by 42%

from last year's \$65m total. Looking ahead, the firm is working on several projects with "highly-recognised managers which should materialise over the coming months," a spokesperson told *HFMWeek*. Additions in the credit and event-driven arena are top of the agenda.

8 MONTLAKE

\$100m

43%
(\$30m)

12-MONTH
GROWTH

HEDGE FUND UCITS AuM

4

UCITS HEDGE
FUNDS

+1

12-MONTH NET
FUND ADDITIONS

Ireland-domiciled Montlake has added one new hedge fund – the RP Systematic Emerging markets fund – and \$30m in AuM in the last 12 months. "Inflows have been slower than expected," Cyril Delamare, CEO of platform parent ML Capital, admits. "However we have been fortunate to witness growth

in all our products," he adds, highlighting renewed confidence amongst UK investors and steady flow from Switzerland and Scandinavia. The firm expects to add 8-12 managers in 2013 taking AuM to \$500m, concentrating on the fixed income, global macro spaces, and Latin America L/S equity.

TOP 5 BY 12-MONTH PERCENTAGE GROWTH

236%

GOLDMAN SACHS

47%

DEUTSCHE BANK

46%

SCHRODER GAIA

43%

ML CAPITAL

42%

ALCEDA

7 GOLDMAN SACHS

\$141m

HEDGE FUND UCITS AuM

236%
(\$99m)

12-MONTH
GROWTH

6

UCITS HEDGE
FUNDS

+4

12-MONTH NET
FUND ADDITIONS

Just missing out on last year's top ten, Goldman Sachs has made healthy progress since launching its Ucits platform in May 2011. Twelve-month growth of nearly 240% has seen AuM rise by \$100m, with big-name managers joining a fund range that, this time last year, had been the sole preserve of GLC. A Goldman spokesperson highlighted the ongoing trend of US managers launching Ucits products as a driving force both last year and next – New York-based Karsch Capital is the most recent addition. The bank hopes to add six new funds in 2013, ending the year with \$500m in AuM.

6 MORGAN STANLEY

\$706m

HEDGE FUND UCITS AuM

-12%
(-\$104m)

12-MONTH
GROWTH

14

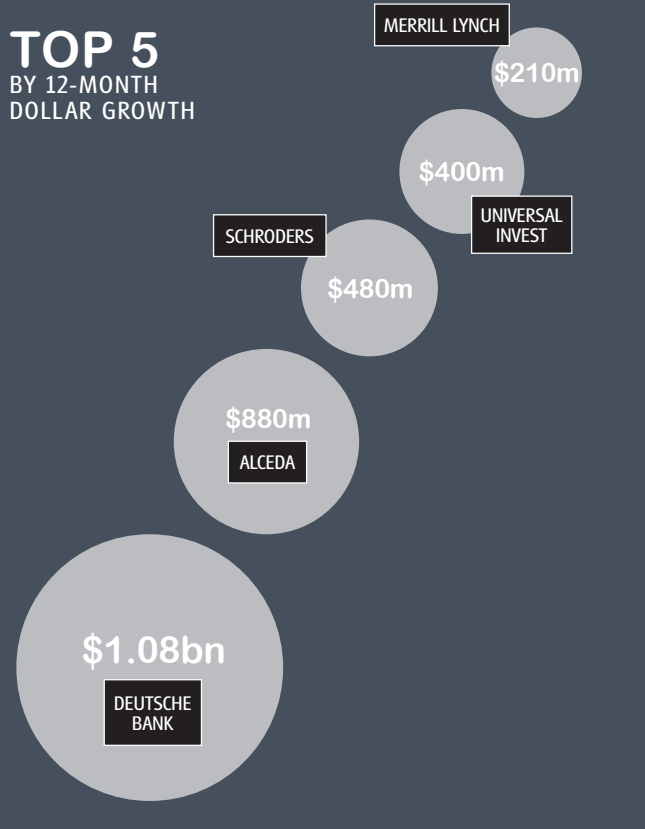
UCITS HEDGE
FUNDS

+4

12-MONTH NET
FUND ADDITIONS

The only platform to see a notable dollar drop in AuM in the last 12 months, FundLogic Alternatives nevertheless boasts more than \$700m in hedge fund assets – and all accrued in a relatively truncated two-year timeframe. The platform, which is domiciled in Ireland, offers a distribution network across Europe, Asia and Latin America and has seen an additional 30% in flows YTD. In terms of new funds, there has been a net increase on four since the last survey, most recently the QTI and SLJ Macro funds. Three CTAs are expected by year end as well as a new L/S US strategy. Morgan Stanley expects to add eight funds in total by this time next year.

TOP 5 BY 12-MONTH DOLLAR GROWTH



RATIONALE

This survey does not aspire to cover the entire Ucits hedge fund sector, just those held at Ucits platforms. To be eligible, a platform must have at least one externally managed fund. Only AuM at single manager Ucits hedge funds was included in the final totals. Platforms that deal only with hedge fund-style Ucits are marked as 'dedicated'. HFMWeek's definition of Hedge Fund Ucits excludes 130/30 funds and ETFs. AuM totals as of end of September 2012 (except for Deutsche Bank and Alceda which are as of October 2012).

5 SCHRODER GAIA

\$1.53bn

HEDGE FUND UCITS AuM

46%
(\$480m) 12-MONTH
GROWTH

3 UCITS HEDGE FUNDS

0 12-MONTH NET
FUND ADDITIONS

Schroder GAIA's Sloane Robinson Emerging Markets fund may have been one of the highest profile Ucits casualties of the last 12 months, closing in August, but the firm's GAIA platform has more than made up for it with the continuing strength of its CQS and Egerton offerings – both of which are among the

biggest in the space. As such, despite a net flat change in fund numbers in the past year – the Schroders Global Macro Bond fund joined in September – the Luxembourg-based umbrella has still added \$480m. Total assets of \$2.5bn and an additional 2-3 funds is the 2013 target.

4 MERRILL LYNCH INVESTMENT SOLUTIONS

HEDGE FUND UCITS AuM

\$2.01bn

12%
(\$210m) 12-MONTH
GROWTH

13 UCITS HEDGE
FUNDS

-1 12-MONTH NET
FUND ADDITIONS

The first of four platforms with more than \$2bn in hedge fund AuM, Merrill Lynch Investment Solutions (MLIS) has experienced a mixed 12 months: the firm's fund suite has dropped by one, with the loss of GLG, Perella Weinberg, TT International and Boyer Allan funds offset by three new recruits, including

Fulcrum's macro offering, while asset growth has been healthy at \$210m, or 12%. An overall target of 25-30 managers remains – expectations are for 6-8 additions in 2013. Renowned for its crop of big-name managers, MLIS will add a liquid long/short credit fund in Q1.

3 UI-NEWCITS

HEDGE FUND UCITS AuM

\$2.83bn

16%
(\$400m) 12-MONTH
GROWTH

35 UCITS HEDGE
FUNDS

+16 12-MONTH NET
FUND ADDITIONS

Overshadowed by developments at the global banking brands, German investment giant Universal-Investment-Gesellschaft has been making quiet yet impressive progress at its alternatives Ucits platform. UI-Newcits currently has €2.2bn (\$2.8 3bn) in 35 managers, placing it third in this year's survey. The platform, based in both Luxembourg and Germany, was at the centre of one of 2012's biggest Ucits acquisitions, buying SEB's German

Ucits arm Master KAG in February. The move added €110m (\$141m) to UI-Newcits as well as big-name Germanic managers such as Loys, Tungsten Capital Management and Volksbank Invest from Austria. German regulator BaFin only gave Universal-Investment permission to launch and manage hedge funds in September 2011 – at which point the firm had around €130bn (\$166.8bn) in total funds under management.

2 ALCEDA UCITS PLATFORM

HEDGE FUND UCITS AuM

\$3bn

42% (\$880m) 12-MONTH GROWTH

36 UCITS HEDGE FUNDS

+19 12-MONTH NET FUND ADDITIONS

Continuing its success and consolidating second place with growth of 42%, the Luxembourg-based Alceda Ucits Platform (AUP) has added \$880m in the past 12 months and increased its suite of managers by 19. Its appearance on the list marks the first of two wider Ucits platforms, for which hedge fund AuM has to be stripped out of total assets. Alceda Fund Management, part of the

Hamburg-based Aquila Group, oversees \$7bn in assets, of which \$4.8bn is on AUP, and \$3bn is in hedge fund strategies. AuM growth of 42% is impressive but its fund additions more so – over doubling its 2011 total. Among the more high profile managers to join were London-based Polunin Capital Partners and Germany's Pulse Invest GmbH in June and August 2012 respectively.

1 DEUTSCHE BANK

\$3.33bn

HEDGE FUND UCITS AuM

47% (\$1.08bn) 12-MONTH GROWTH

20 UCITS HEDGE FUNDS

+8 12-MONTH NET FUND ADDITIONS

Retaining the top spot, Deutsche Bank's victory makes it a German one-two-three in this year's *HFMWeek* survey – demonstrating the success of those firms with strong continental European distribution arms. Another example of a Ucits platform that hosts both hedge and traditional asset Ucits funds, DB Platinum has over \$10bn in total, meaning that its \$3.3bn hedge fund total is now a larger percentage of its overall offering than it was last year.

While not as busy in terms of manager recruitment as its German brethren, Deutsche's eight additions include some of the biggest names in the hedge fund industry,

such as Leon Cooperman's Omega Advisors and Tim Tacchi's TT International. There have also been a couple of notable closures – Sloane Robinson Asia and Traxis Global equity Macro. Last year's biggest hitter, dbX Systematic Alpha, based on a Winton Capital strategy, has continued its upward surge. The fund may not have achieved quite the same level of success as in the 2011 survey, when it alone added \$1.2bn, but a gain of \$200m, up from \$1.4bn to \$1.6bn is not to be sniffed at. Into 2013, Deutsche Bank is looking to add a number of funds in coming months across a range of asset classes and strategies, with fixed income a particular focus.

TOP 10 BY UCITS AuM

AuM
N° OF FUNDS

