

LIQUID ALTERNATIVE FUNDS: WHAT IS DRIVING THEIR POPULARITY AND GROWTH?

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Declan Denehan: Liquid alternative assets under management in Europe and the United States now exceeds \$1 trillion. In the last 12 months alone, we have seen more than 500 alternative UCITS and '40 Act funds being launched in Europe and the United States¹.

TeHsing Niu: Market conditions, fee structures, institutionalization have all contributed, as well as retail education, to the continuing growth.

Declan Denehan: With over a trillion dollars currently under management and expected to grow to \$3.7 trillion by 2020², creating a revenue pool of billions of dollars for successful managers, it is not surprising that a recent FundFire survey indicated that more than 57% of managers intend to increase their alternatives product line in 2016³.

TeHsing Niu: Launching and growing a liquid alternative is complicated:

- What kind of strategy do you want to launch?
- What kind of flows will it attract?
- Will you be managing or sub-advising?
- Does the strategy fit better in a '40 Act or a UCITS or a private structure?
- Can you be compensated for performance?
- What platform will the product be on?
- Will that platform be able to support the constituents you want to reach?
- What kind of financing alternatives can help you enhance alpha?
- Will you need credit to facilitate redemptions?
- What risk and compliance analytics will you need in this new environment?
- Do you want a third party risk manager to help you?
- How will the prime broker interact with your administrator and custodian?
- What are the benefits of a single servicing provider?



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Declan Denehan: We're the investments company for the world, safeguarding more than \$28 trillion and managing more than \$1.6 trillion including managing or sub-advising a number of liquid alternative funds. We provide innovative servicing and financing solutions and we support the largest RIA platform.

If liquid alternatives are part of your strategy, you should talk to our experts.

¹ Data compiled from MorningStar, LuxHedge and other proprietary sources

² Alternative Alternative asset management 2020, Fast forward to centre stage, PwC, 2015

³ FundFire Exchange: How Traditional Managers Expand into Alts, February 2016

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