

caceis news

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Rethinking risk prediction models



JOE SALIBA,
Deputy CEO, CACEIS

Imperfect information leads to poor decision-making and a subsequent increase in risks. Advanced methodologies imported from the world of macroeconomic

prediction-making are increasingly filtering down to asset management. Economic modelling has improved considerably over the years enabling economists to gain a better

understanding of the factors driving instability and cycles. Modern models integrate new techniques, such as cognitive psychology to understand how human behaviour

creates waves of optimism and pessimism which lead to boom and bust cycles. Social media's massive data samples help give a clearer picture of user sentiment.

These advances in macroeconomic risk prediction modelling find their applications in investment management, and CACEIS is keen to bring these benefits to its clients. Our data analytics solution, relying on our "data lake", is designed to address issues about capital in- and out-flows. It plays a key role in generating tailored management reports that form an essential part of a company's risk and compliance management process. Indeed, these massive amounts of data sourced both internally and from data providers and other contributors, give an accurate, real time picture of holdings across the board. Beyond risk managers, the value proposition of our data analytics services is also of interest to marketing departments. We integrate data from social media in order to measure the impacts of sales campaigns and

provide a better understanding of online brand recognition – a key issue as investors increasingly turn to e-services for investment advice.

CACEIS will soon implement a new online application, WebInvestor, which enables our clients' investors to access real time information on their investments and helps reduce the environmental impact of printing and mailing documents such as statements and contract notes. We also invest into Distributed Ledger Technology and participate in some of the key research and working groups in this field. We hope to uncover applications for this technology and for the benefit of our clients' operations.

CACEIS is committed to "client efficiency". This is a result of ensuring the optimal balance between increasing our confidence on information technology performance, innovation and digital services, and seeing the human factor and client satisfaction remain at the centre of our relationship.

FundForum
International

InterContinental
Berlin
12-14
June 2017

CACEIS TEAMS
LOOK FORWARD
TO SEEING YOU
AT OUR STAND
No. 58-59

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Exploring new methodologies for strengthening macroeconomic models



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ARIANNA ARZENI, Group Head of Business Development Support, CACEIS

In its newest research project, CACEIS explores new methodologies for understanding how people are thinking and behaving towards politics, policy and brands, as well as the applications for asset management.

By examining the older macroeconomic models, used between 1776 and the 1990s, based on the classical macroeconomic frameworks, we see that they assume complete rationality - that humans will always attempt to maximise their utility and organisations will always attempt to maximise their profits. These models tend to be strictly positivist, using deductive approaches that use single methodologies with large quantities samples. Assuming complete rationality however does not always make sense, as human behaviour is not always rational. We all have biases, various motives for our behaviours, we all make mistakes and behave irrationally every now and then.

Classical, rationality-assuming macroeconomic models come into question when we observe boom and

bust cycles and where the only possible cause of those cycles, human behaviour not being accounted for, is exogenous shocks. External shocks are notoriously difficult to integrate into macroeconomic models. Rare, with an extreme impact, and only hindsight-aided predictability, are the three attributes of so-called 'Black Swan' events. These events shape our world and the adage that we live in unpredictable times becomes far more poignant when we account for the fact that such an event could occur out of the blue, and we would have no way of ever predicting it. An example of a Black Swan event is the dot.com bubble burst. It had an extreme impact - a rough calculation estimates that the cost amounted to US\$1.75 trillion. Black Swan events are also not restricted to one specific sector, but can rather occur in many, including weather,

“The benefits can be broken down into three areas: Investments, Compliance & Regulation, Operations & Clients.”

technical, economic, political, internal fraud, technological and many more. However, due to such events' unpredictability, it is nearly impossible to factor them into useful models.

A BEHAVIOURAL MACROECONOMIC MODEL

Nevertheless, the observation that boom and busts occur with some regularity allows to deduce that actual macroeconomic cycles are the result of human behaviour with its own limitations. They lead to a strong empirical regularity, i.e. that output gaps and output growth are non-normally distributed.

Previous macroeconomic models attempted to explain this phenomenon only by invoking external shocks such as Black Swan events, which are non-normally distributed. However, models more recently proposed, offer an explanation based on a behavioural macroeconomic model, in which agents are assumed to have limited cognitive abilities and thus develop different beliefs. Such models produce waves of optimism and pessimism in an endogenous way and therefore provide a better explanation



© IconImage - Fotolia

of the observed non-normality of the output movements.

Recently, central banks and financial institutions, in an attempt to reduce risk and the volatility of the boom and bust cycles, have started using models that are more flexible towards making assumptions on behaviour and policy. For example the OECD, ECB and BoE are using software that allows for movements between forward-looking, rational explanations and adaptive learning for consumers, firms and labour and financial markets.

These models have the advantages of allowing for stochastic shocks which means different scenarios can be analysed based on the effects of a given shock on factors such as trade, FDI etc.

SOCIAL MEDIA ANALYTICS MODELS

However, in order to re-evaluate these prediction methods, one should look to the advances being made in behavioural economics and how it can help understand how people behave and how it is possible to anticipate their reactions.

Alongside this, one should look to the spread of social media and the internet and how this could represent an opportunity for newer prediction models. From a purely statistical viewpoint, social media analytics models are more robust than those based on surveys as the samples are bigger and people are less exposed to the bias issue. In other words, behaviours are not influenced by the data collection process. For example, there are more than 200 million Facebook users in the United States which roughly represents half of the total population. No survey could ever be based on such a large sample. The question is how to integrate such data into macroeconomic

models for prediction purposes. Major advances in technology, such as natural language processing can provide an answer, as they have the ability to process vast sets of text data into meaningful information using sentiment analysis techniques. This data can then be incorporated into macroeconomic models and enable prediction accuracy to be significantly improved.

BENEFITS TO ASSET MANAGEMENT INDUSTRY

What are the benefits that new methodologies used in prediction models can bring to asset managers? The benefits can be broken down into three areas: Investments, Compliance & Regulation, Operations & Clients.

Firstly, investor sentiment on social media can be analysed in order to make better decisions and improve product performance, and machine learning can be used to generate trading ideas. CACEIS's new data analytics service is already incorporating social media data to benefit clients (see article in this issue).

Secondly, advances in natural language processing allow us to better define investor suitability under new regulations being introduced under MiFID II. Models will also help asset managers better predict fund performance in the event of another financial crisis, which is required due to European regulations aimed at strengthening investor protection levels.

Finally, such models will enable a better analysis of client data, helping asset managers improve their client experience and retain/attract new assets. Alongside this, internal machine learning and big data capabilities will increase internal efficiency and reduce costs.



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CACEIS mandated to service Amundi Italian funds

Amundi SGR, the Italian asset management company of the Amundi Group, has mandated the Italian branch of CACEIS as its main asset servicing provider. The migration of 100 funds was finalised at the end of May 2017.



PIERRE CIMINO, Head of International Development, CACEIS



GIORGIO SOLCIA, Managing Director of CACEIS in Italy

“The migration process was successfully completed, respecting all timing and operational conditions. This confirms CACEIS’ expertise in onboarding new clients.”

“The project was structured in three main phases: the migration of the Transfer Agency activity, the fund administration and the custody/depository business.”

Amundi SGR, without even taking into account the recent Pioneer acquisition, is among the 10 largest asset management players in Italy. The company manages mutual funds, pension funds and real estate funds which are distributed through Gruppo Cariparma Crédit Agricole’s network as well as through more than 300 other distributors. The mutual funds migrated to CACEIS Italy amount to €5.5 billion in Assets under Management (compared to €1.1 trillion worldwide as of 31st March 2017).

CACEIS provides Transfer Agency, Fund Administration and Custody/Depository services for these assets.

A MIGRATION PROCESS SUCCESSFULLY COMPLETED

“The project was structured in three main phases: the first, the migration of the Transfer Agency activity, was finalised in December 2016, implementing the new operational model available to all Italian clients. The second and third phases, covering the fund administration and the custody/depository business, were achieved in two ‘waves’ in April and May of 2017” explains **Giorgio Solcia**, Managing Director of CACEIS in Italy.

With the migration of its Italian funds to CACEIS Italy, Amundi

benefits from CACEIS’ central platform for custody and fund accounting. Amundi can thus take full advantage of CACEIS’ set-up for its range of funds; one of the main features being the “Follow-the-Sun” workflow which increases operational efficiency due to CACEIS’ presence on three continents.

This enables Amundi to benefit from consistent service levels and streamlined processes throughout the Group, in full compliance with local requirements.

“The migration process was successfully completed, respecting all timing and operational condi-

tions. This confirms CACEIS’ expertise in onboarding new clients, gained from its vast experience of managing migrations from other service providers, such as custodians and fund administrators. CACEIS has proved its adaptability and its know-how in the integration of various clients, be they asset management companies, banking institutions or institutional clients. Furthermore, the Amundi migration is a key step in CACEIS’ objective to become a leading player in the Italian market, providing asset managers with a comprehensive range of UCITS services” says **Pierre Cimino**, CACEIS Head of International Development.

NEW BUSINESS

CACEIS provides trustee services to Hong Kong funds

As of January 2017, CACEIS features on the Hong Kong Securities & Futures Commission’s list of authorised trustees for Hong Kong-domiciled funds. Hong Kong-domiciled funds allow asset managers to access the Chinese onshore retail market as part of the Mutual Recognition of Funds (MRF) programme. The MRF programme enables managers of Hong Kong and Chinese-domiciled funds to distribute their products in both jurisdictions.

When appointed as trustee for a Hong Kong domiciled fund, CACEIS can assist in obtaining authorisation from the Securities & Futures Commission. Furthermore, as a member of the Hong Kong Trustees’ Association, CACEIS’s services are governed by the association’s best practice principles and guidelines, ensuring a high standard of professional conduct.

CACEIS in Hong Kong provides comprehensive fund distribution support and related services to clients active in the Asian market. And by leveraging the group’s considerable experience in the European depository/trustee space, CACEIS can ensure its clients are well positioned to make the most of the business development opportunities offered by the Mutual Recognition of Funds programme.



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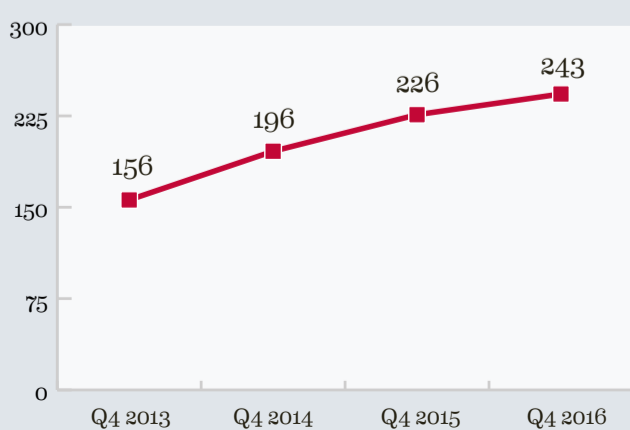
CACEIS to partner in the initiative to develop an SME post-market Blockchain infrastructure

CACEIS has signed an investment agreement intended to develop a post-market Blockchain infrastructure for the SME segment in Europe. Launched in June 2016, the objective of this partnership is to improve the access of such companies to capital markets, while facilitating and enhancing the security of post-market operations. It brings together eight major financial institutions: CACEIS, BNP Paribas Securities Services, Caisse des Dépôts et Consignations, Euroclear, Euronext, S2iEM and Société Générale, with the support of Paris Europlace.

This initiative was launched in anticipation of a new regulatory framework in France providing for the issue and distribution of financial securities using Blockchain technology. Blockchain technology uses a ledger of data that is distributed and shared by multiple parties. It has the capacity to improve and simplify the chain of post-trade operations.

Jean-François Abadie, CEO of CACEIS, remarked, “We are very pleased to participate in this collective innovation process. This promising project combines a wide range of experience and expertise that is appropriate to its ambition to help drive the process of transforming the post-market environment. This is fully in line with the CACEIS strategy of prioritising the development of innovative solutions for its clients.”

Evolution of UCITS net assets in Italian market (domiciliation in € billion)



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Primary Lending Funds: a new investment opportunity for French funds



EDOUARD ELOY, Head of product offering - Private Equity Real Estate Securitisation, CACEIS

As part of a move towards banking disintermediation in France, certain French Alternative Investment Funds can now grant loans directly to corporates.

In Europe, private debt funds have been very active in recent years, raising substantial amounts of capital. Indeed, approximately €26 billion were

raised in 2016 (source: Preqin), half of which were channelled into direct lending funds, demonstrating the appetite for this investment strategy.

Until recently, French domiciled investment funds could not grant loans unless they had obtained the ELTIF (European Long-Term Investment Fund) label, introduced by the European regulation in 2015. The strategy of these “debt funds” consisted in purchasing corporate bonds.

Two types of French domiciled vehicles can grant credit: specialised professional funds (*fonds professionnels spécialisés - FPS*) and professional

private equity funds (*fonds professionnels de capital-investissement - FPCI*). They can grant loans to individual European industrial and commercial companies or legal entities.

Eligible funds can be “pure player” (the assets consist solely of loans) or “hybrid funds” whose assets consist of loans, shares or corporate bonds. For risk management reasons, loans may not be granted for a term exceeding the fund’s residual maturity.

“CACEIS expects that the debt fund asset class will continue to grow significantly and will see a great interest among fund managers.”

CACEIS expects that the debt fund asset class will continue to grow significantly and will see a great interest among fund managers.

“CACEIS private equity teams have a significant experience in the administrative and financial management of debt funds (mezzanine, etc.) and loan agreements. In addition to traditional fund custody and administrative services, CACEIS can assist managers of FPS and FPCI fund management companies in loan administration services: amortisation schedule, management of interest invoicing, management of covenants, etc. Specific reports are available” explains **Edouard Eloy**, Head of product offering - Private Equity Real Estate Securitisation.

Furthermore, CACEIS produces all regulatory mandatory reports on a regular basis. All information relating to loan management is available on the OLIS website.

This new service supplements solutions already offered to investment funds by CACEIS and the Private Equity business line of Crédit Agricole’s Premium Clients Division, covering the fund’s entire lifecycle. It is intended not only for French specialised investment funds but also for all funds eligible for the ELTIF label, regardless of their domicile.

Digital innovation: WebInvestor, a new solution for investors

CACEIS has developed WebInvestor, a fund distribution application for investors. Currently in its testing phase, WebInvestor will enable investors to access their information online. It is designed to become a key platform for investor communication, integrating other information and innovative services.

WebInvestor is an easy-to-use application designed for legal entities and individuals investing in our clients’ funds. It will give fast access to real time information such as holdings, transactions, performance and specific reports designed to meet investors’ information requirements.

AN AGILE DEVELOPMENT METHODOLOGY

The application will provide a consolidated view of positions held across asset management companies’ investment products for which CACEIS acts as transfer agent. It will also give the status of

the account and the relative data. WebInvestor will enable reductions in paper usage and mailings of statements, contract notes, notifications, etc. and thus raise the efficiency of communication with investors.

Antonio Barros, product owner at CACEIS said, “CACEIS used the Agile Development Methodology when developing the WebInvestor application, which enabled us to reduce time-to-market. Our IT and operational teams first created a prototype of WebInvestor, then reviewed and refined it in a series of configuration and validation runs.

The first release of WebInvestor was developed in record time as the project only kicked off on 1st February 2017. It is currently in a beta testing phase with pilot investors. Feedback has been very positive and we plan to roll out the application progressively to investors of all CACEIS clients.”

The WebInvestor application represents another important step in CACEIS’ plan to develop more services in the digital domain, and by doing so, increase the speed and accuracy while reducing any environmental impacts.



ANTONIO BARROS, Product Owner at CACEIS



MiFID II: the countdown is on

The MiFID II/MiFIR regulatory package is scheduled to enter into force at the beginning of 2018. Banks and investment service providers, as well as buy-side players will be impacted by the regulations and must be prepared to ensure they are compliant by the deadline.

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ELISABETH RAISSON, Group head of Projects and Regulatory Monitoring

MiFID II/MiFIR's implementation date for Member States, pushed back in 2016 to allow building IT systems to enable enforcement of the new package, is 3rd January 2018. Between now and the implementation date, a number of technical details (Regulatory Technical Standards) and opinions are still to be provided, particularly about the handling of costs and charges. All changes introduced by MiFID II aim at ensuring "more transparency for better investor protection". However, the impact on the players of the requirements of MiFID II, depends heavily on their function within the investment industry.

All actors, including investment firms and management companies are required to review their governance policies, employee skills evaluation measures, conflict of interest management provisions and data recording measures.

Some parts of MiFID regulations will affect the sell-side in particular, such as trade requirements and the emergence of new platforms, better execution regulations and pre- and post-trade transparency. Conversely, the arrangements on product governance and new requirements relating to distribution and research, and associated fees, will have a major impact on the buy-side.

Sell-side players have to pay particular attention to areas such as: transaction reporting, costs and charges transparency, and customer alerts in the event of variations in portfolios. CACEIS actively encourages its sell-side clients to ensure they comply with the regulatory requirements. CACEIS relationship managers may be of assistance in this respect.

TRANSACTION REPORTING

The scope of the obligation to report transactions under MiFID I has been extended under MiFID II, as a result of the enlarged scope of financial instruments as well as the information to be provided for each transaction. While the future reporting fields are known, further clarification is still to be provided on the scope of reportable corporate actions, portfolio transfers and the identification of natural persons. CACEIS is taking part in the industry's drive to generate its own transaction report (execution, and reception and transmission of orders) by 3rd January 2018, through an Authorised Reporting Mechanism (ARM).

Some European regulators have signalled that management companies will not be subject to transaction reporting under MiFID II, provided that they are authorised to manage UCITS or AIFs. As national transpositions may vary, clients are advised to check their status with their own regulator.

INFORMATION ON COSTS AND CHARGES

Investment firms are required to provide information relating to the cost

of investment and ancillary services, as well as of the underlying financial instruments. This is based on the information, where applicable, provided by the financial instrument provider. This requirement also applies to management companies whenever they provide investment advisory and discretionary management services.

The information (as shown in the table below), shall be provided in amount and in percentage, on a generic ex-ante and actual ex-post basis.

CACEIS takes part in the industry initiative to pair the requirements of MiFID II with those of PRIIPs, in the aim of providing a table of costs and charges that is compliant and understandable for the client.

Investment firms providing a portfolio management service are required to inform their clients if the overall value of their portfolio has fallen by 10% (and thereafter at multiples of 10%). In the same way, investment firms that hold a retail client account that includes positions in leveraged financial instruments must inform their clients where the initial value of each instrument depreciates by 10%.

Management companies must specifically define research governance, in the following areas: client invoicing and ex-ante and ex-post transparency, expenses based on the activity, forecast annual budget and annual budget used.

REGULATION



AUDE DONNÈVE, Group Product Manager, CACEIS

AEOI, ARE YOU READY?

The number of signatories to the OECD Convention continues to grow since it entered into force on 1st January 2016; on 21st April, the United Arab Emirates became the 109th jurisdiction to join in the convention.

The Automatic Exchange of Information (AEOI) standard developed by the OECD at the request of the G20 is seen as a powerful tool for combating tax evasion internationally. This regulation requires financial intermediaries and companies to inform their local tax authorities of the tax residence of their clients in the participating countries.

The participants to the convention will have access to data related to their tax residents holding assets abroad; the controlling persons of NFE (Non-Financial Entities) must also be identified and included in the reports where applicable.

30th June 2017 is the first concrete milestone in the implementation of this regulation, as it will be the first reporting deadline for the early adopters, such as Luxembourg, Germany, Ireland and Belgium. These countries will be closely followed by France, the Cayman Islands and the British Virgin Islands.

Financial intermediaries of these countries must transmit the first CRS (Common Reporting Standard) files containing the names and assets of their non-resident clients to their local tax authorities. These files will then be transferred by the tax authorities to their foreign counterparts. The penalties for non-compliance is high. Other than reputational risk, the penalties vary from country to country and will be known as and when the standard is transposed into local legislation.

After two and half years of preparatory work, CACEIS is fully prepared and will discharge its obligation to the early adopters in accordance with the agreed regulatory framework, on its own behalf and on behalf of the clients that have already signed up for its services. The clients impacted by the late adopter countries can still sign up for CACEIS services.

<https://www.oecd.org/tax/transparency/AEOI-commitments.pdf>



OECD headquarter in Paris

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COSTS AND CHARGES FOR THE PROVISION OF SERVICES AND/OR ANCILLARY SERVICES TO BE DISCLOSED TO CLIENTS

COST ITEMS TO BE DISCLOSED		EXAMPLES
ONE-OFF CHARGES RELATED TO THE PROVISION OF AN INVESTMENT SERVICE	All costs and charges paid to the investment firm at the beginning or at the end of the provided investment service	Deposit fees, termination fees and switching costs
ONGOING CHARGES RELATED TO THE PROVISION OF AN INVESTMENT SERVICE	All ongoing costs and charges paid to investment firms for their services provided to the client	Management fees, advisory fees, custodian fees
ALL COSTS RELATED TO TRANSACTIONS INITIATED IN THE COURSE OF THE PROVISION OF AN INVESTMENT SERVICE	All costs and charges that are related to transactions performed by the investment firm or other parties	Brokerage commissions, entry- and exit-charges paid to the fund manager, platform fees, mark ups, stamp duty, transaction tax and foreign exchange costs
ANY CHARGES THAT ARE RELATED TO ANCILLARY SERVICES	Any costs and charges that are related to ancillary services that are not included in the costs mentioned above	Research costs, custodian fees
INCIDENTAL COSTS		Performance fees

Source ESMA

COSTS AND ASSOCIATED CHARGES RELATED TO FINANCIAL INSTRUMENT TO BE DISCLOSED TO CLIENTS

COST ITEMS TO BE DISCLOSED		EXAMPLES
ONE-OFF CHARGES	All costs and charges paid to product suppliers at the beginning or at the end of the investment in the financial instrument	Front-loaded management fees, structuring fees, distribution fees
ONGOING CHARGES	All ongoing costs and charges related to the management of the financial product that are deducted from the value of the financial instrument during the investment period	Management fees, service costs, swap fees, securities lending costs and taxes, financing costs
ALL COSTS RELATED TO THE TRANSACTIONS	All costs and charges incurred as a result of the acquisition and disposal of investments	Brokerage commissions, entry- and exit-charges paid to the fund manager, platform fees, mark ups, stamp duty, transaction tax and foreign exchange costs
INCIDENTAL COSTS		Performance fees

Source ESMA

Data analytics services: unlock your data's potential

The global asset management industry, whose assets accounted for over €41 trillion in 2016, generates vast amounts of data every day. These massive databases, together with powerful technology, open up new opportunities for asset managers, enabling enhanced reporting capabilities, more transparency on distribution and marketing activities, and improved KPIs on their service provider.

To enable its clients to benefit from the advantages Big Data technology brings, CACEIS has developed its Data Analytics solution.

The service is designed not only to enable clients to be more efficient but also to focus on their core business of generating investor value. "Our data analytics service offers high flexibility and is tailored so that the results are perfectly suited to the client's needs and provide the optimum benefit for their business strategy", says **Delphine Moulin**, Group Product Manager at CACEIS.

CACEIS's systems process the internally generated, and externally sourced data stored in a database or "data lake", and can deliver a clear and accurate analysis of a wide range of activities. The speed and breadth of the service allow asset managers to allocate less time to sourcing data, processing and displaying it, and far more time on analysing the in-

formation in order to understand trends and adapt business strategies accordingly.

THE DATA ANALYTICS OFFER ALLOWS CLIENTS TO ANSWER QUESTIONS IN FOUR KEY AREAS:

Fund distribution

- ▶ Who are my investors?
- ▶ Where are they located?
- ▶ What are the current trends, by investor type, fund type, fund price, amounts invested, etc.?
- ▶ What are the effects of my Twitter campaign on fund subscriptions?

Financial Reporting

- ▶ What is my risk ratio on a 2nd level fund of funds versus 3rd level?
- ▶ Am I compliant?
- ▶ What is my performance over 3 years?
- ▶ What is the correlation between fund performance and investor subscriptions?



DELPHINE MOULIN, Group Product Manager, CACEIS

KPIs

- ▶ What is the actual level of services I receive?

Social Networks

- ▶ How are social networks perceiving my brand and my funds (positive, negative, neutral)?
- ▶ What about my competitors?

INVESTOR BEHAVIOUR ANALYSIS

CACEIS plans to gradually roll out the Data Analytics service across the entire service offering. As of today, the first service offered is the 'Investor behaviour analysis' module. This service examines data from fund distribution activities, and combines it with fund and investor characteristics, to provide a clear picture of the impact of marketing initiatives as well as insight into potential business development opportunities. Investor behaviour analysis can uncover trends and patterns in:

- ▶ Investors' capital inflows

- ▶ Subscription/redemption rates both in terms of size and quantity
- ▶ Investor type and profile
- ▶ The relationship between investor location and fund domicile
- ▶ Most important investors' subscriptions and redemptions.

The service offers complete flexibility in terms of time period, country, currency, investor or any other data point.

Results are clearly and rapidly displayed through an enhanced user interface on the OLIS website or through our new mobile application:

- ▶ an overview covering a wide range of up-to-the-minute data on all funds, and several years of historical data.

A clear and comprehensive dashboard view means our clients can zoom in on a specific element such as a particular investor, a fund, a date, a geographical zone or a currency.

All types of data can be integrated, providing a simple way to generate reports containing the specific information they require.

- ▶ As each client has individual requirements, CACEIS offers a customised service that enables the tool to adapt report to its specific needs



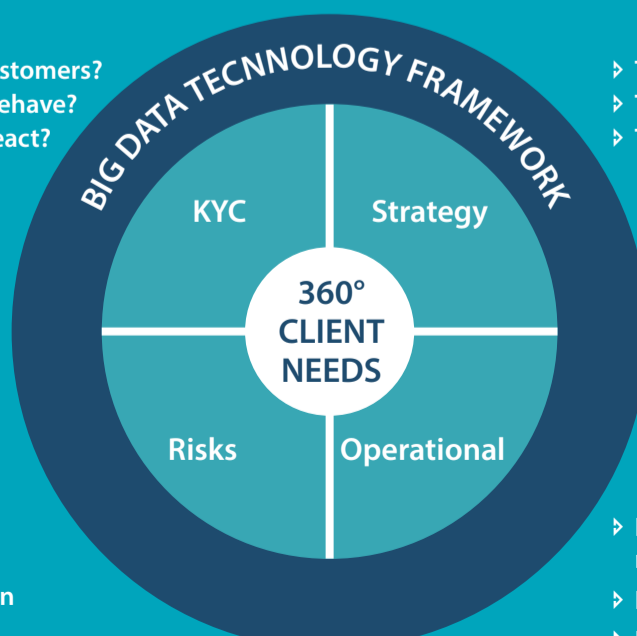
DATA ANALYTICS SERVICES



Please contact your relationship manager to find out how to put our Data Analytics service to work on your funds right now.

WITH BIG DATA TECHNOLOGY, CLIENTS HAVE THE FULL PICTURE OF THEIR INVESTORS' NEEDS AND THE RELATED VALUE CHAIN

- ▶ Who are my customers?
- ▶ How do they behave?
- ▶ How do they react?



- ▶ Towards my customer
- ▶ Towards my competitors
- ▶ Towards the market

- ▶ Markets
- ▶ Performance
- ▶ Communication

- ▶ Facilitate the client relationship management
- ▶ Facts vs feelings
- ▶ Internal improvement process



CACEIS's new Corporate Brochure is online

The Corporate Brochure gives an overview of CACEIS's position as one of the world's leading asset servicing providers and of its product offering.

The 2017 CACEIS Corporate Brochure is available online and in hard copy, in English and French. The document presents

the CACEIS organisation and governance, the 2016 key indicators and financials, the sales coverage and an overview of the asset servicing solutions tai-

lored to each client's needs. Our clients and prospects can consult factsheets covering clear and concise description of each service offering.

In the press - Q2 2017

April 2017
Börsenzeitung
 "CACEIS Strategy"
Joe Saliba,
 Deputy CEO, CACEIS

April 2017
Funds Global Asia
 "The challenges facing asset servicing in Asia"
David Li,
 Managing Director, CACEIS in Hong Kong

April 2017
Les Echos
 "The consequences of blockchain on asset management"
Arnaud Misset,
 Group Products Director, CACEIS

May 2017
Funds Europe
 "Market trends in Fund Administration"
Philippe Bourgues,
 Managing Director, CACEIS in Luxembourg

Conferences - Q3/Q4 2017

LONDON	AMSTERDAM	LUXEMBOURG	PARIS	MUNICH	MILAN	TALLIN
12-13 September Beneficial Owners' Securities Lending	28 September Risk Forum	19-20 September ALFI Global Distribution Conference	4-5 October Large & MidCap Event (CT)	4-6 October Expo Real	5 October Italian Private Equity Conference	13-15 September EUROFI

Worldwide

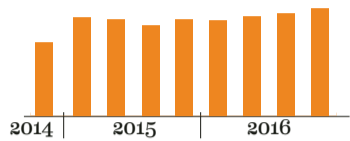
Source: EFAMA - May 2017

Worldwide Investment Fund Assets Q4 2016 (€ trillion)

+4.8%/Q3 2016

€41.29tr

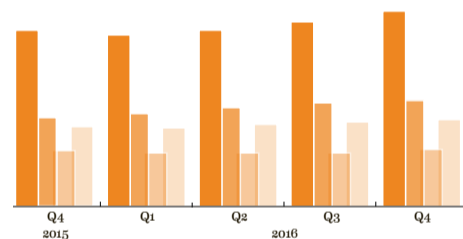
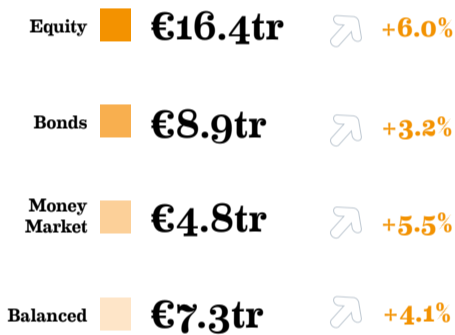
Worldwide investment fund assets increased 4.8% in the fourth quarter of 2016 to €41.29 trillion.



Trends by investment type Q4 2016 (€ trillion)

At the end of the fourth quarter of 2016, equity funds net assets increased by 6.0% to €16.4 trillion and bond funds net assets by 3.2% to €8.9 trillion. Balanced/mixed fund assets increased by 4.1% to €7.3 trillion and money market fund assets by 5.5% globally to €4.8 trillion.

40% of worldwide regulated open-ended fund net assets were held in equity funds. The net asset share held by bond funds was 22% and the net asset share of balanced/mixed funds was 18% (unchanged from the quarter before). Money market fund net assets represented 12% of the worldwide total.

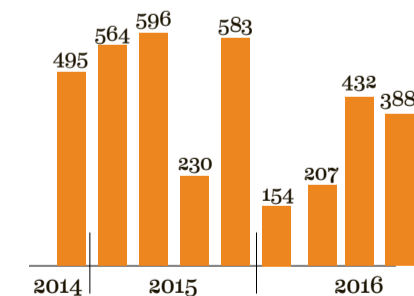


Net cash flow to Investment Funds - Q4 2016 (€ billion)

-10.18%/Q3 2016

€388bn

Worldwide net cash flow to all funds amounted to €388 billion in the fourth quarter of 2016, compared to €432 billion during the third quarter of 2016.



Europe

Source: EFAMA - May 2017

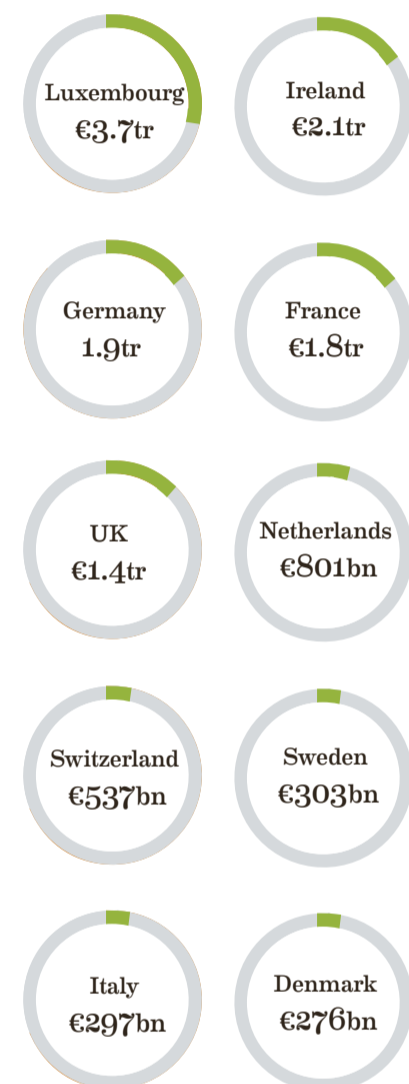
Net asset of the European Fund industry Q4 2016 (€ trillion)

+3.2%/Q3 2016

€14.14tr

2016 was another record year for the European investment fund industry, with net assets of investment funds rising to an all-time high of €14.14 trillion, by 6.1% to end 2015. Net assets of UCITS increased 3.75% in Q4 2016 to €8.65 trillion, and total net assets of AIFs by 2.35% to €5.48 trillion.

Top Ten at end 2016

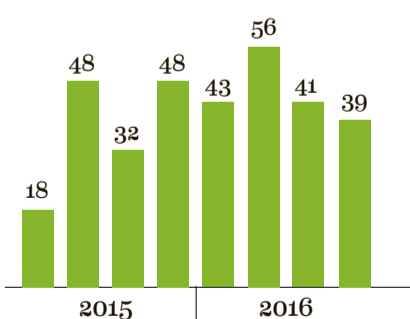


Net sales of AIF Q4 2016 (€ billion)

-9%/Q3 2016

€39bn

AIF recorded net inflows of €39 billion during the fourth quarter of 2016, down from €43 billion in the third quarter.

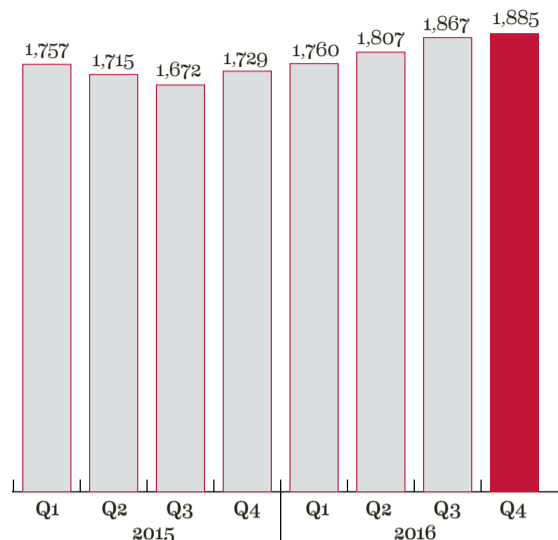


Country Focus Germany

Net assets in Germany (domiciliation of funds) Q4 2016 (€ billion)

+9.1%/Q4 2015

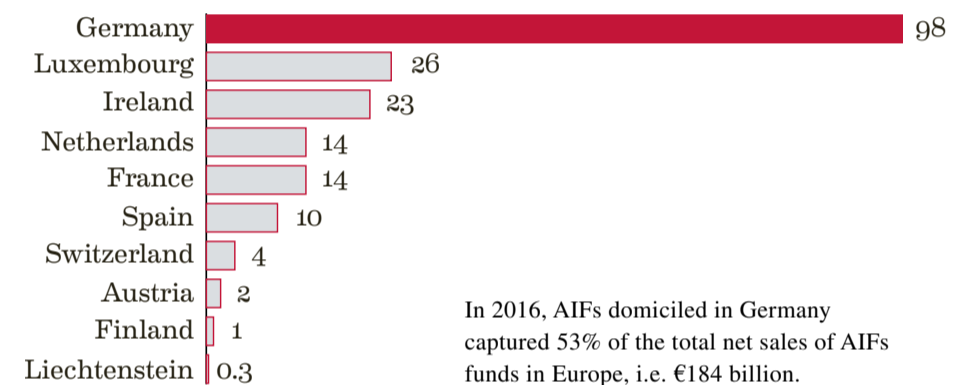
€1.88tr



Net assets in Germany increased by 1.0% in the fourth quarter of 2016, compared to 3.2% in Europe, and by 9.1% year to date.

Source EFAMA

Net sales of AIFs in 2016 (€ billion)

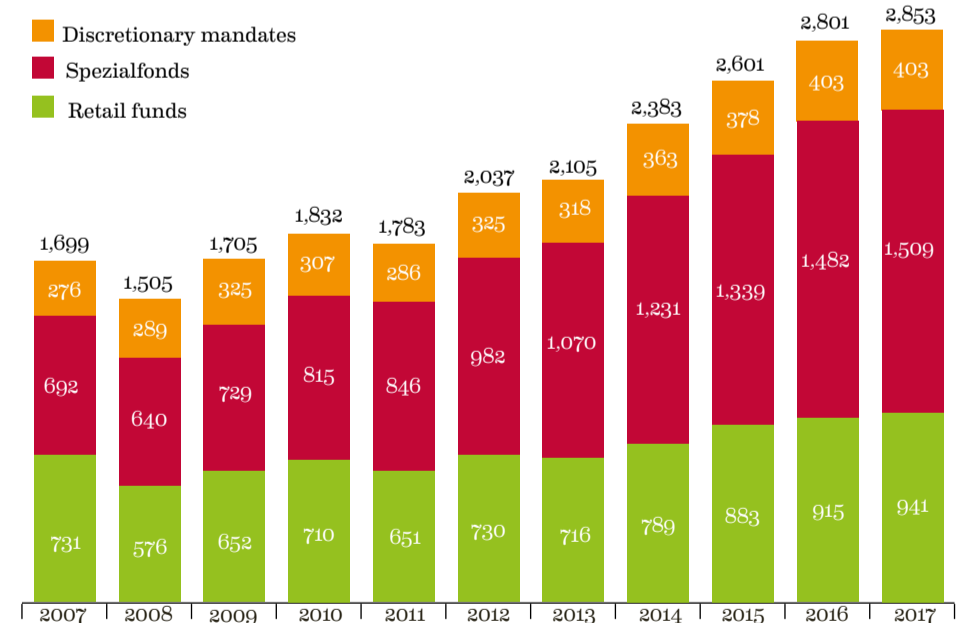


In 2016, AIFs domiciled in Germany captured 53% of the total net sales of AIFs funds in Europe, i.e. €184 billion.

Source: EFAMA

Total net assets under management (AuM) in Germany as at 28 February 2017 (€ billion)

The investment companies represented by the BVI* manage assets of €2.8 trillion on behalf of over 50 million private and institutional investors.



*Source: BVI (BVI, the German investment funds association, compiles reliable and comprehensive statistics about the German investment market based on the original data from its members)

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