

caceis news

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FROG & RNI

CACEIS's solution for distributing funds - page 2

TOBAM interview

David Bellaiche, TOBAM COO - page 3

Digital offer

Client-centric digital innovation - page 6

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JOE SALIBA,
Deputy CEO, CACEIS

In an international environment that seems to have regained its momentum, our objective is clear: we support our clients by offering innovative and customised solutions so that they can take advantage of business development opportunities. I believe the word

“solutions” is key because we want to ensure that each client receives the most effective set of services for their business.

As an example, we offer asset management companies fund distribution and data analytics solutions to-

gether with our custody/depositary and fund administration services.

In France, recent regulatory developments resulting from the FROG initiative open up new possibilities to facilitate international distribution of French funds.

For this reason, we developed our RNI (International Register) which features in this issue.

Institutional investors have access to our Solvency-related solutions linked to custody, reporting and file exchange on the TEEPI platform. During the first quarter of 2017, we added a ‘Securities Class Action’ service to our service range, new reports that meet SFTR requirements and a new service designed to handle EMIR’s collateral exchange requirements.

Our corporate clients have a full range of issuer services available, including market access solutions such as execution, clearing, Forex and securities lending, which are already widely used by institutional and investment management clients.

All these solutions are the result of an ongoing dialogue with the various actors of the asset servicing ecosystem. This is the reason why I believe that the close relationships our teams have with each of our clients is essential. The many discussions and meetings we organise provide an excellent opportunity to talk about our projects

and understand clients’ opinions and needs. Our ability to design and adapt services, combined with responsive operational teams and high service quality, is central to building long-standing trust in CACEIS. This is how we position ourselves as a long-term strategic partner for our clients. CACEIS is delighted to have received industry recognition for its creativity. We are proud to have won an award for “Innovation in Mobile Fund Services” at the 2017 Global Custodian Leaders Awards held in London on 16th March. This award recognises CACEIS’s OLIS Mobile application with its real-time collection and monitoring features and NAV validation capabilities.

CACEIS is also nominated for the same application at the 2017 FTF Awards (Financial Technology Forum) in the “Best Cutting-Edge Solution” category. The awards ceremony will take place in New York at the end of June.

These two nominations reflect CACEIS’s excellence in developing innovative asset servicing solutions. CACEIS is proud to be Solid & Innovative.

JW Marriott
Hong Kong
24-26
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FundForum
Asia

CACEIS TEAMS
LOOK FORWARD
TO SEEING YOU
AT OUR STAND
No. 8

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CACEIS's solution for international distribution of French funds



ETIENNE CARMON, Group Product Manager, CACEIS

when it comes to distributing their funds abroad: lack of knowledge of non-domestic markets, undersized international sales force coverage, cost of cross-border distribution (marketing, sales, operational infrastructure, etc.). For distributors and investors, the need to use the services of the French CSD is often viewed as an obstacle, given the operational and cost constraints linked to such an intermediary," notes Etienne Carmon, Group Product Manager at CACEIS.

Within the framework of the new French regulations which allow "registered intermediary" (or nominee) accounts in fund units to be opened in registers, CACEIS has developed its Registre Nominatif International offering, the French equivalent of the Transfer Agent Registers that exist in other European countries such as Luxembourg and Ireland.

In practical terms, the ownership of the fund units subscribed to by distributors is recorded by an entry in the RNI.

"For management companies, CACEIS can also manage the opening and holding of investor accounts in the RNI. This includes the prior collection of essential documents and information. The service can include FATCA and AEOI type controls," adds Etienne Carmon.

Furthermore, to support the international distribution of funds, the

“For management companies, CACEIS can also manage the opening and holding of investor accounts in the RNI. This includes the prior collection of essential documents and information. The service can include FATCA and AEOI type controls.”

offering for management companies includes additional services such as assistance in registering

funds, the management of distribution networks, the calculation and payment of trailer fees to distributors, and the provision of digital solutions such as data analytics (analysis of investor behaviour).

CACEIS' offer has several advantages. It draws on the group's proven experience with regard to cross-border distributors and processes, and on multilingual teams with expertise in opening accounts and processing subscription and redemption transactions.

The technical platform that hosts the RNI is also tried-and-tested since it already supports the TA and Prime TA® services of CACEIS.

Automated investor tax treatment solutions are already in place. Lastly, online reports are adapted to the needs of international distributors and management companies.

This is a flexible offer that will gradually integrate optional services, such as allowing investors to settle their subscriptions in a currency other than that of the fund, and dematerialisation of account openings with the CACEIS WebRegistrar in the future.

The new "Registre Nominatif International" solution consolidates CACEIS's major role in distributing French funds, allowing them to concentrate on their management and marketing operations.

To meet the challenges of the FROG initiative and help French and foreign management companies market their French funds internationally, CACEIS has developed a solution designed to maintain a register of unitholders.

The new offering, Registre Nominatif International (RNI-International Register), is an alternative to the Prime TA® solution offered by CACEIS for almost twenty years. It is designed, on the one hand for French and foreign management companies that market French funds abroad (except for Private Equity and Real Estate funds) and, on the other, for distributors and non-resident institutional investors seeking to invest in these funds. "Management companies are often faced with several difficulties

INTERVIEW WITH Eric Derobert The FROG initiative

How did the FROG initiative come about?

In 2016, the French regulator AMF (Autorité des marchés financiers) and the French asset management association AFG (Association Française de la Gestion financière) launched the "French Routes and Opportunities Garden" initiative, bringing together different stakeholders of the French asset management industry.

This project is part of a wider initiative to promote the French financial marketplace. It has a clear ambition: to encourage French or foreign management companies to domicile their funds in France, where they can find the best conditions for international development.

Indeed French investment funds (currently over 11,000) are able to meet all savings and investment needs. France also stands out for the high degree of security for investors, and its regulator's responsiveness in the licensing process. For example, it currently takes an average of 17 days to receive AMF authorisation, which compares very favourably with other countries. Bear also in mind that the French marketplace often has a strong influence on proposals for creating and developing EU rules.

Moreover, the UK vote, to leave the European Union, will cause companies based in London

and benefiting from the different statuses and passports due to their current EU membership, to consider relocating some of their business to an EU member state. France has a role to play, and this is where the FROG initiative comes in.

Funds domiciled abroad (e.g. Luxembourg and Ireland) account for the bulk of European funds distributed internationally. Has this been taken into account?

Members of the FROG community were naturally aware of this. This is why they were committed to identifying what may appear to be "barriers" to a foreign investor wanting to invest in a French fund.

The FROG group tackled issues as varied as the legal structure of French funds, rules on selling practices, and information disseminated to unitholders.

A key area the group has been working on was related to fund distribution channels for subscriptions and redemptions. As a result, the possibility for non-residents to hold registered shares was extended through the French "Sapin II" act of December 2016. An implementing decree is expected very soon. CACEIS's International French Fund Register (see above) was developed in anticipation of the future French regulation.



ERIC DEROBERT
Head of Communications and Public Affairs, CACEIS

What is the content of the FROG initiative?

Available on the AMF website (www.amf-france.org), the report suggests seven measures to introduce changes and innovations, some of them regulatory.

The FROG conclusions advise removing certain French constraints and specificities, making it easier to compare French and foreign funds, without questioning the principles of investor protection or the existing European regulatory framework. FROG has led to a common clear analysis of the adjustments needed to overcome what has become a major economic challenge of a very open and highly competitive market.

These measures are the result of a constructive discussion among the stakeholders. They

are targeted, specific and, for the most part, already operational. The French regulator's role in this has been key.





CLIENT INTERVIEW - David Bellaiche, TOBAM Chief Operating Officer

completely and to transfer its management to CACEIS. As a result of the teams' full commitment an operational solution was implemented within a record time of two months.

Another strategic shift came in 2014 when we merged the French funds into a Luxembourg SICAV. On this occasion, we opted for the range of services provided by CACEIS in Luxembourg: custody, valuation, registration, reporting, corporate governance, legal affairs, FATCA, etc. Once again we acted as beta tester, and the excellent work of the project teams meant that our funds' migration was completed without a hitch.

During this time, we also decided to entrust "principal securities lending" operations to CACEIS.

2016 marked the tenth anniversary of the TOBAM and CACEIS collaboration.

What do you particularly like about CACEIS and what makes it stand out from other service providers?

CACEIS's major strengths are its on-going commitment to client satisfaction and the responsiveness of its teams. Its teams are ready to act at all times, being strongly involved in order to meet our needs and finding solutions. We can see that they care about their work.

We also appreciate CACEIS's ability to provide a bespoke service, with flexible solutions

tailored to our needs. It is easy for us to talk to CACEIS teams about the development of new products and solutions. We really do have a partnership rather than just a client/supplier relationship. And this sets CACEIS apart from other asset servicing providers. Most of them expect the management company to adapt and "fit the mold".

Another thing I particularly like is having a single point of contact in Karim Allouache. He is very efficient in maintaining the business and operational relationship whether services are provided from Luxembourg or Paris. He has been working with us since 2008 and so knows our journey inside out. Above all, he brings a human touch to the relationship, which is essential from my point of view. This is a real bonus, saving us precious time.

Another distinction is that CACEIS has always sought to establish relationships with start-up or medium-sized management companies to help them grow, and has always been flexible with its clients. This was the case for TOBAM, which has developed with CACEIS as asset servicer and support provider, and which now has assets of more than €8 billion under management. I am convinced that CACEIS made the right bet and TOBAM chose the right partner.

What do you expect from CACEIS now?

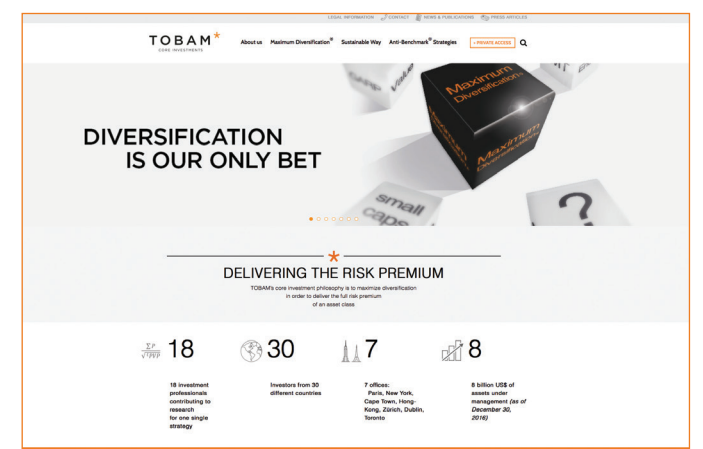
From my point of view, CACEIS must continue helping companies to develop. This means constantly seeking adaptable solutions, which is already the case today.

The quality of services is also a key strategic issue for TOBAM in that our processes are extremely automated. Therefore, when issues occur, things could quickly become complicated. So CACEIS must be able to guarantee impeccable quality over time. At TOBAM we have focused on the front office both in terms of the management and research side, as well as on the sales side. We expect CACEIS to remain an asset servicing partner on which we can rely; one that will provide an all-in service and support us in our international development 🍀

How would you describe your relationship with CACEIS?

We see our relationship with CACEIS as a true partnership. TOBAM has often been a driving force (and beta tester) behind new solutions developed by CACEIS. And obviously we have always been among the first subscribers to these new services.

TOBAM management company was founded in 2005 by Yves Chouefaty and launched its first products in 2006: a range of mutual funds. At that time we selected CACEIS in France as the funds' custodian and valuation agent. In 2008, TOBAM decided to revisit its management model to add more value. We chose to outsource our middle office



CACEIS strengthens ties with its clients and enjoys further success in France

CACEIS's ability to respond to the needs of its French clients, by offering bespoke and additional solutions, has led us to become a leader on the French post-trade market. CACEIS has recorded commercial successes and strengthened its relationship with clients.

At a time when the asset management industry faces an increasing regulatory burden and macroeconomic uncertainty, CACEIS is strengthening its relationship with clients by offering them innovative additional services. "As a strategic partner, we place great importance on listening to our clients and understanding their needs, so as to offer support that goes beyond standard services", says **Hubert Montcoudiol**, Head of Regional Coverage France.

Our current strategy is to imagine solutions rather than product ranges, such as support for fund distribution through our International Fund Register (RNI) and Data Analytics services (investor behaviour analysis). These are solutions developed specifically to facilitate the distribution of our clients' funds, both in France and abroad.

To better assist our clients when they are away from the office and give them 24/7 access to their services and reports through a quicker,

easier to use and more secure channel, CACEIS's digital offering has been significantly expanded to include new dedicated OLIS Mobile applications for each category of client.

Launched in 2016 by CACEIS, the collaborative TEEPI platform is a resounding success and has already prompted a great many institutional clients and management companies to participate in the exchange of their Tripartite files.

Collateral management, securities lending and cash reinvestment are some of CACEIS's other major areas of development for its clients.

At the same time we also enhance our market access services through fully integrated execution and clearing solutions on the cash equity and listed derivatives markets.

Another important development took place in the agricultural commodity sector in 2016. "The merger of CACEIS with Sigma Terme has consolidated CACEIS's position

“As a strategic partner, we place great importance on listening to our clients and understanding their needs, so as to offer support that goes beyond standard services.”

among the main agricultural commodity market operators and convinced many players from the agri-food business to join us”, added **Hubert Montcoudiol**.

CACEIS's corporate clients offering has also been diversified through targeted solutions. In addition to issuer



HUBERT MONTCOUDIOL, Head of Regional Coverage France, CACEIS

services (registrar services, bond issuance, corporate actions, general meetings, employee shareholding), for which CACEIS is the leader in France with a 40% market share (by number of issuers listed on Euronext Paris), securities custody and execution/clearing services on fixed income and equity markets also proved

very successful among companies and their holding companies.

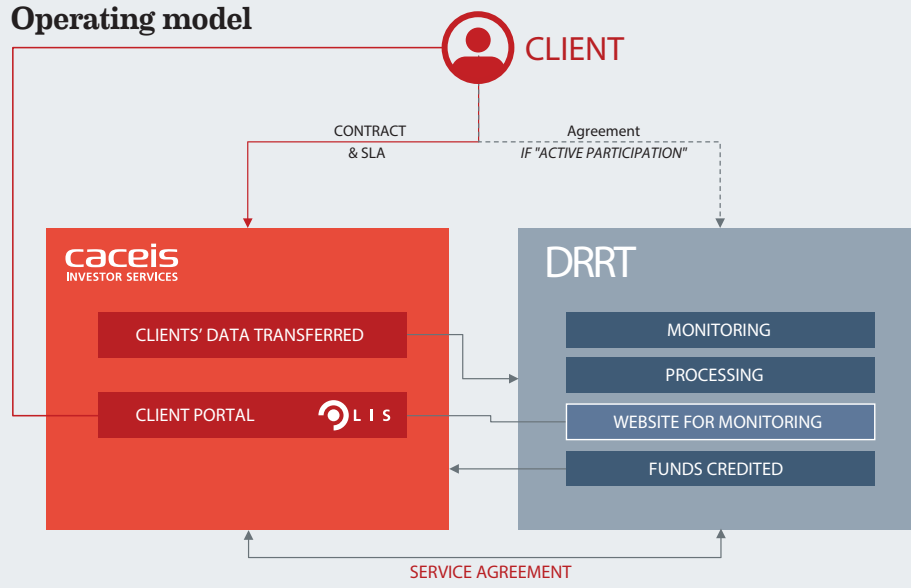
In the coming years, CACEIS will continue to put its clients at the heart of its offering, by optimising its operational and regulatory functions and supporting the distribution and development of their funds 🍀

CACEIS and Securities Class Actions: a new range of services



NATHALIE POUX-GUILLAUME, Group Product Manager, CACEIS

Operating model



Class actions first emerged in the United States in the 1950s, but they have been on the rise in recent years in Europe and Asia. The solution offered by CACEIS ensures that clients are notified in the event of a class action regarding securities held in a portfolio, enabling them to act and claim compensation for costs related to settlement of the dispute.

Class actions are a common practice in the United States and the European Commission is encouraging all EU member states to adopt similar framework measures. To date, 16 European countries,

including The Netherlands, Italy, Spain, Germany and France, have adopted such mechanisms.

While institutional investors are still underrepresented in such procedures in the United States and Europe (it is estimated that they participate in less than 50% of class actions in the United States and 30% internationally), uptake is higher among management companies. Some funds now include an obligation in their fund managers' mandates to set up warning systems for class actions at the earliest opportunity.

In order to meet our clients' needs and enable them to better safeguard

their investors' interests, CACEIS introduces a range of Securities Class Actions services.

In partnership with the international firm DRRT, a specialist in Class Actions and claims filing, CACEIS offers a solution covering all steps from notice of the filing of a new claim in relation to the securities held in a portfolio, to claims filing and crediting any compensation awarded, via an assessment of the financial benefits of participation or non-participation in the procedure. Clients who sign up for the service can access all information via OLIS, the CACEIS web portal.

Based on an assessment of the financial benefits of participation or non-participation in the procedure, they can choose to contact DRRT or their own firm.

The range of CACEIS Securities Class Action services is available to all of our clients.

This solution is part of an investor protection strategy and responds to growing regulatory challenges. It offers an additional guarantee to management companies and institutional investors seeking to act in the best interests of their clients.

CACEIS IS LAUNCHING A NEW SOLUTION TO ALLOW INVESTMENT FUND SUBSCRIPTIONS AND REDEMPTIONS TO BE MADE USING BITCOIN

CACEIS is now offering fund promoters a solution enabling investors to pay for their subscriptions and redemptions in bitcoin, the digital currency designed by Satoshi Nakamoto in 2009.

To this end, CACEIS has joined forces with the company Bitstamp, one of the leading bitcoin exchanges and the second largest platform in the world in terms of volumes.

To date, Bitstamp is Europe's only regulated bitcoin exchange platform (regulated by the CSSF in Luxembourg). As such, the company practises due diligence to ensure that payments do indeed come from its clients.

This partnership provides fresh investment opportunities for the entire investment fund community. By interfacing fund promoters with a regulated bitcoin exchange, CACEIS is helping them to achieve their business development objectives.

This new service will be available to CACEIS clients in the second half of 2017.



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Arnaud Misset receives the Award

INNOVATION AWARD FOR OLIS MOBILE FUNDS

CACEIS has received the Innovation Award for OLIS Mobile at Global Custodian's 2017 Leaders in Custody Awards Ceremony on 16th March 2017 in London. This Award recognizes the industry's best technology innovation for the past year.

Global Custodian is a magazine and the information website covering the international securities services business. Each year, Global Custodian awards prizes in several categories.

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SFTR: new reporting obligations for securities financing transactions

The European Union's SFTR (Securities Financing Transactions Regulation) of 25th November 2015 put in place a transparency obligation for securities financing transactions (SFTs) and the reuse of financial instruments deposited as collateral.

SFTs include repurchase, lending/borrowing, buy-sell back and sell-buy back transactions. Total return swaps are also included because they have similar impacts to SFTs in terms of risk.

The regulation affects all counterparties to SFTs headquartered in the EU, all branches of such counterparties (regardless of their domicile), all European branches of counterparties headquartered in a third country, as well as UCITS and AIFs.

It defines three categories of obligation, scheduled to enter into force between 12th January 2016 and October 2018 (provisional date).

REPORTING OBLIGATIONS AND SAFEGUARDING OF TRANSACTIONS

From 12th January 2016, a record of each SFT must be kept for at least five years after its maturity date. CACEIS' data conservation policy complies with this new requirement. The RTS on the reporting obligation, which ESMA planned to publish by 13th January 2017 at the latest, have been postponed. As a result, it is highly likely that the progressive implementation schedule anticipated initially (January 2018 – October 2018) for SFT reporting by counterparties to approved repositories will also be postponed.

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PIERRE OGER, Group Product Manager, CACEIS

CACEIS is closely monitoring developments in this regard to ensure we are able to support clients that conduct SFTs.

DISCLOSURE AND TRANSPARENCY OBLIGATIONS TOWARDS INVESTORS

From 12th January 2016, all new mutual funds must disclose authorised SFTs policy in their pre-contractual information documents. UCIs created prior to 12th January

2016 have until 13th July 2017 to comply.

CACEIS legal teams assist clients to update their information documents.

From 13th January 2017, information regarding SFTs, TRSs (Total Return Swaps) and counterparties must appear in the notes to the annual financial statements of all types of UCI, as well as in semi-annual financial statements pro-

duced by UCITS.

CACEIS teams have taken part in a number of working groups in the main countries where they are present, with a view to creating an SFTR model, compliant with local requirements to be used in the notes to financial statements.

TRANSPARENCY OBLIGATIONS REGARDING THE REUSE OF SECURITIES RECEIVED AS COLLATERAL

From 13th July 2016, counterparties providing collateral must have been duly informed of the risks and consequences linked to authorising the reuse of the collateral under a securities collateral arrangement or entering into a title transfer collateral agreement.

They must formally agree to conduct this type of transaction.

Since spring 2016, CACEIS legal teams drafted a disclosure letter for counterparties, formalised the new clauses regarding collateral arrangements and helped clients to comply with global master securities lending agreements (GMSLAs).

CACEIS will keep clients updated on any new developments regarding SFTR. ◻

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EMIR: Exchange of collateral for uncleared OTC derivatives

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KAIS HAJ TAIEB, Group Product Manager CACEIS

On 15th December 2016, the European Commission published the delegated regulation of 4th October 2016 on over-the-counter derivatives and established a requirement to exchange variation and/or initial margins on OTC derivatives not cleared by a central counterparty.

This regulation requires counterparties to uncleared OTC derivatives transactions to:

- ▶ exchange collateral in the form of variation margins, and
- ▶ in the case of the largest market

counterparties, to exchange an initial margin.

The Variation Margin (VM) is the guarantee collected by a party on a regular basis to reflect changes in the market value of outstanding contracts.

The Initial Margin (IM) is the guarantee collected by a counterparty to cover its current and potential future exposure between the last margin exchange and the liquidation of positions after the counterparty's default or the hedging of this exposure.

The requirement to exchange variation margins is applicable to the largest market counterparties since 4th February 2017 and to all counterparties since 1st March 2017. The new rules also require the update of contract documentation (around 160,000 documents in Europe).

However, given the risk of derivative traders not meeting this deadline, the European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA) and European Securities and Markets Authority (ESMA) released a statement on 2nd March announcing that they would leave it to the competent national authorities to assess the extent of market participants' readiness on a case by case basis.

Implementation of initial margin requirements will be gradual over 2017 and up to 2020 for counterparties whose group AANA* on OTC contracts exceeds certain thresholds (see below).

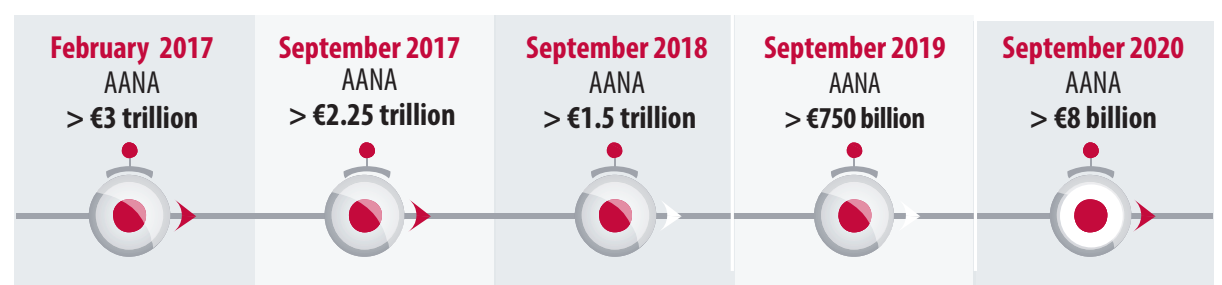
Under certain conditions, when OTC derivative transactions are concluded, issuers of covered bonds or covered pools are not required to provide or receive the IM or VM.

Stock options and single-stock index options are exempted from these requirements for three years. Some exceptions may also apply to intra-group transactions.

"CACEIS has considerable experience in collateral management with a large number of counterparties, and is doing its best to help its clients satisfy these new requirements. To meet initial margin requirements, we have adopted ISDA's standard initial margin model (SIMM) for uncleared derivatives", said Kais Haj Taieb, Group Product Manager.

CACEIS offers a comprehensive range of flexible services. This solution fully meets EMIR requirements, while taking into account the clients' business and operational needs. ◻

*AANA: Aggregate Average Notional Amount



CACEIS clients remain the focus of our digital innovation

Solid & Innovative: our fast-evolving digital solutions have CACEIS' motto at heart.

The continuous work to enhance our digital service offer ensures we provide strong support and simplify our clients' daily operations.

The digital services address the operational challenges our clients face thanks to the OLIS portal and the OLIS Mobile app, enable them to adapt their commercial strategy with Data Analytics services and facilitate the exchange of information through the collaborative TEEPI platform. The WebRegistrar disintermediation solution will

soon be added to the offer. CACEIS is also researching emerging blockchain technology, which has the potential to bring fundamental change on the post-trade market. CACEIS's digital solutions leverage the latest technology, so that fund promoters and our other clients can benefit from cutting-edge services that meet their needs now and in the future.

THE OLIS PORTAL



OLIS enables CACEIS clients to access all their services in real time. With over 3,000 connections every day, it is easy to use and has become our clients' preferred point of contact. OLIS offers a wealth of features including the ability to submit instructions (subscription/redemption, settlement-delivery instructions, cash transfers, etc.) and access to a wide array of reports on each service CACEIS provides.

DATA ANALYTICS SERVICES



CACEIS's Data Analytics services provide management companies with analyses into the behaviour of their investors using a large pool of data. Reports, generating customisable tables and graphs, are available through OLIS. Results may be filtered by investor type, country or distributor. All data is updated on a regular basis and covers a five-year period.

The analysis reports can be grouped according to fund category, and serve as key indicators to optimise and refine the key strategic decisions central to fund management. They help managers identify any correlation between investor behaviour and fund performance and enhance the insight of marketing analyses. Based on the information highlighted by the reports, fund promoters can make decisions on how best to adapt their services, distribution networks and promotional campaigns to suit their clients' requirements.

MOBILE APPLICATIONS AVAILABLE ON APPLE STORE AND GOOGLE STORE



OLIS Mobile is our app that enables clients to access OLIS securely on mobile devices. In 2017, CACEIS's forthcoming app products will be available through Apple's App store and the Google Play store, making installation even easier and more secure.

The CACEIS mobile application range is designed to meet the following needs:



FUNDS, for asset managers, provides real-time inflow/outflow tracking and enables users to monitor and/or validate net asset values.



SHARES enables direct registered shareholders of issuing companies to view their securities accounts and submit instructions.



AGRO, aimed at agri-business clients, enables users to instruct purchase and sale orders on agricultural commodities at any time.

THE TEEPI PLATFORM

TEEPI (Tailored Electronic Exchange Platform for Investors) is a collaborative platform designed for institutional investors and management companies. It was developed by CACEIS in 2016, and facilitates the exchange of data essential for generating the regulatory reports required under Solvency II and PRIIPs (to be implemented in 2018). This innovative solution has much to offer insurers and management companies, whether or not they are CACEIS clients. Insurers who sign up for TEEPI can create their own network for collecting tripartite (TPT) files in a secure environment. Meanwhile, management companies become visible to institutional investors with a presence on the platform and have the opportunity to save their data there free of charge (www.teepi.com).



THE WEBREGISTRAR SOLUTION

CACEIS is working on a project to enable investors to subscribe to an asset manager's funds online through a white-labelling solution which runs on their own website. Investors will be able to open accounts online, and the service will facilitate the investor identification process, as well as the management of access rights and of the selection of funds on offer. Phase one of the project will take place in the first half of 2017, seeing the launch of "Investor Web" which will give each investor a real-time view of their portfolio of funds administered by CACEIS, including the operations and historical reports. In the project's second phase, management companies will gain a new online distribution channel to sell funds to investors. They can use this to raise their sales figures in a secure environment while ensuring compliance with regulatory requirements and automatically submitting orders to CACEIS's settlement-delivery, custody and fund administration systems.



BLOCKCHAIN

CACEIS has integrated blockchain technology into the product research scope and takes part in several working groups within Crédit Agricole and at a market place level (e.g. the LaBChain group, which is a French initiative led by the Caisse des dépôts). We are also engaged in several other discussion forums within the AFTI in France, Scorechain in Luxembourg and ESMA at a European level. Initially, this research is focused on processing securities transactions and investors' KYC files.



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EDHEC-RISK INSTITUTE SUGGESTS A NEW DYNAMIC APPROACH FOR MEASURING THE MARKET EXPOSURES OF STOCK PORTFOLIOS

Multi-factor models are standard tools for analysing the performance and the risk of equity portfolios. In addition to analysing the impact of common factors, equity portfolio managers are also interested in analysing the role of stock-specific attributes in explaining differences in risk and performance across assets and portfolios.

In a new publication entitled “Multi-Dimensional Risk and Performance Analysis for Equity Portfolios”, EDHEC-Risk Institute explores a novel approach to address the challenge raised by the standard investment practice of treating attributes as factors, with respect to how to perform a consistent risk and performance analysis for equity portfolios across multiple dimensions that incorporate micro attributes. This research was conducted with the support of CACEIS as part of EDHEC-Risk Institute’s research chair on “New Frontiers in Risk Assessment and Performance Reporting”.

EDHEC-Risk Institute’s study suggests a new dynamic meaningful approach, which consists in treating attributes of stocks as instrumental variables to estimate betas with respect to risk factors for explaining notably the cross-section of expected returns. In one example of implementation, the authors maintain a limited number of risk factors by considering a one-factor model, and they estimate a conditional beta that depends on the same three

characteristics that define the Fama-French and Carhart factors.

In so doing, the authors introduce an alternative estimator for the conditional beta, which they name “fundamental beta” (as opposed to historical beta) because it is defined as a function of the stock’s characteristics, and they provide evidence of the usefulness of these fundamental betas for (i) parsimoniously embedding the sector dimension in multi-factor portfolio risk and performance analysis, (ii) building equity portfolios with controlled target factor exposure, and also (iii) explaining the cross-section of expected returns, by showing that a conditional CAPM based on this “fundamental” beta can capture the size, value and momentum effects as well as the Carhart model, but without the help of additional factors.

In this study supported by CACEIS, EDHEC-Risk Institute introduces an approach that can be used by asset managers to implement portfolios more consistent with their active views on factor returns, or lack thereof, said **Lionel Martellini**, co-author and Director of EDHEC-Risk Institute.

“Understanding risk in all its forms is key to achieving the highest risk-adjusted returns – an essential component in today’s competitive asset management environment. Through our sponsorship of the EDHEC-Risk research chair, we hope to provide practical advances in risk management techniques for the benefit of our clients, and welcome the outcome of this work”, said **Cécile Falcon**, Global Head of Business Line – Front Office Solutions at CACEIS

In the press - Q1 2017

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January 2017
Bluerating
 “Le opportunità del securities lending”
Donia Rouigueb,
 Trader Securities Lending,
 CACEIS Bank, Luxembourg Branch

© Yves Maisonneuve - CACEIS

March 2017
Securities Lending Times
 “SFTF regulations”
Manuel Leveque,
 Equity Finance trader,
 CACEIS

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January 2017
Instit Invest
 “Interview - Blockchain”
February 2017
Funds Europe
 “Fintech in Custody banking”
Arnaud Misset,
 Group Products Director, CACEIS

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Conferences - Q2 2017

LONDON	DUBLIN	PARIS	MILAN	FRANKFURT	BERLIN	HONG KONG
22-23 May ALFI UK London Conference	25 May IFIA Annual Global Conference	9 June Salon Agro Bourse	16 May Fondi a prova di stress test	23-24 May BAI Conference	30-31 May CFO Forum	24-26 April Fund Forum Asia
1 st June Global Infrastructure Investors Summit (GIIS) Conference	Paddy Walsh	Jean-Loïc Bégué-Turon	Eric Derobert	Heike Findeisen		David Li Betty Zhou Arnaud Misset
GLOBAL INFRASTRUCTURE INVESTORS SUMMIT Arnaud Garel	if irish funds	AGRO PARIS BOURSE	caceis INVESTOR SERVICES MORNINGSTAR	BAI Alternative Investor Conference	CFOFORUM2017	FundForum Asia

Worldwide

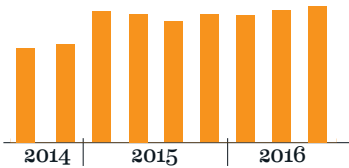
Source: EFAMA - March 2017

Worldwide Investment Fund Assets Q3 2016 (€ trillion)

+3.4%/Q2 2016

€39.41tr

Worldwide investment fund assets increased by 3.4% in the third quarter of 2016 to €39.41 trillion.



Trends by investment type Q3 2016 (€ trillion)

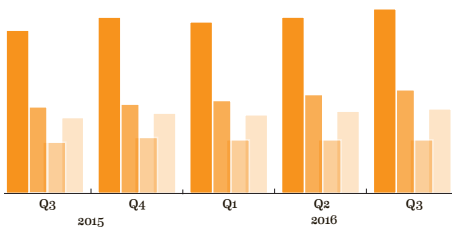
At the end of the third quarter of 2016, equity funds net assets increased by 4.3% to €15.5 trillion and bond funds net assets by 4.0% to €8.7 trillion. Balanced/mixed fund assets increased by 2.8% to €7.1 trillion and money market fund assets by 0.7% globally to €4.5 trillion. 39% of worldwide regulated 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 11.5% of the worldwide total.

Equity €15.5tr +4.3%

Bonds €8.7tr +4.0%

Money Market €4.5tr +0.7%

Balanced €7.1tr +2.8%

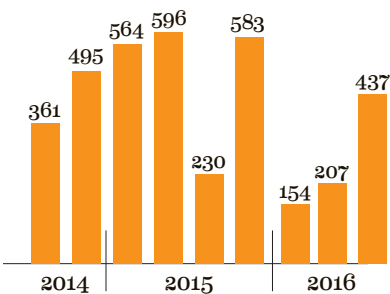


Net sales of Investment Funds Q3 2016 (€ billion)

+111%/Q2 2016

€437bn

Worldwide net cash flow to regulated open-ended funds amounted to €437 billion in the third quarter of 2016, compared to €207 billion during the second quarter of 2016.



Europe

Source: EFAMA - March 2017

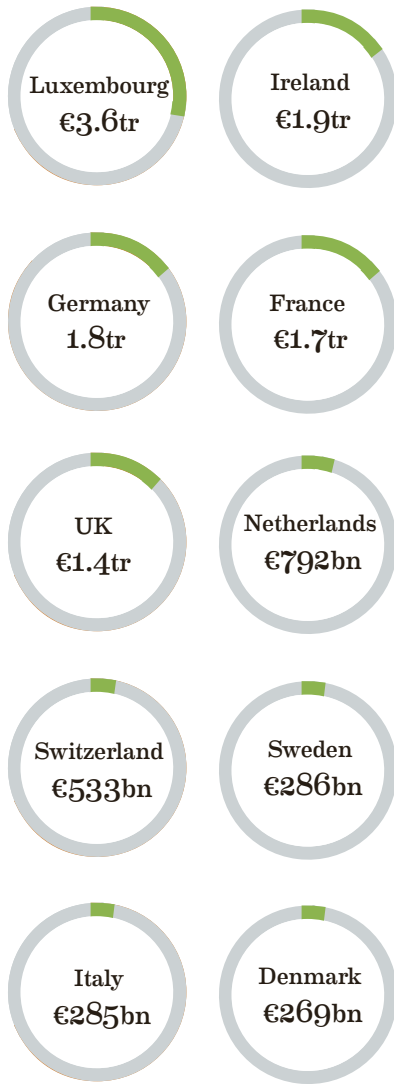
Net asset of the European Fund industry Q3 2016 (€ trillion)

+3.1%/Q2 2016

€13.70tr

Total European investment fund net assets increased by 3.1% in Q3 2016 to €13.70tr billion. Net assets of UCITS increased by 3.38% in Q3 2016 to €8.35tr, and total net assets of AIFs by 2.68% to €5.36tr.

Top Ten

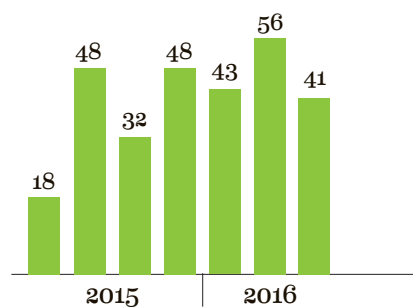


Net sales of AIF Q3 2016 (€ billion)

-26.8%/Q2 2016

€41bn

Net sales of AIF totaled €41 billion in Q3 2016, compared to €56 billion in Q2 2016.

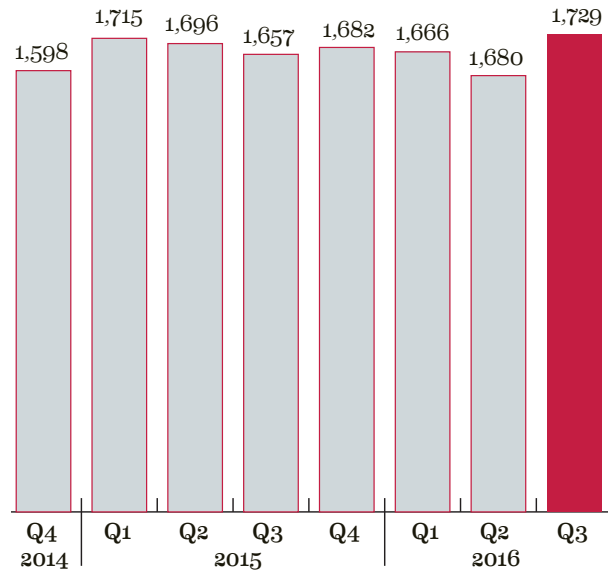


Country Focus France

Net assets in France (domiciliation) - Q3 2016 (€ trillion)

+2.91%/Q2 2016

€1.73tr



Net assets in France increased by 2.91% in the third quarter of 2016, compared to 3.1% in Europe.

Source EFAMA

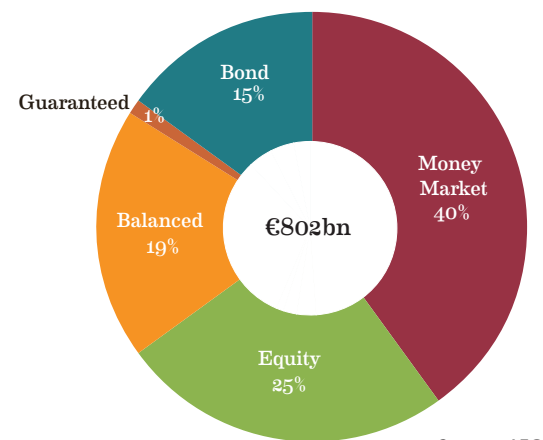
Evolution of net assets by category of French Investment Funds (€ billion) - November 2016

CATEGORY	NET ASSETS 30/11/2016	NET ASSETS VARIATION	
		Over a month	Year To Date
Equity	291.6	3.3	-10.6
Balanced	319.4	-1.0	4.2
Guaranteed	24.5	-0.2	-3.5
Bond	252.4	-3.4	10.2
Money market	363.7	3.2	52.7
Others (Employees savings, PE, Real Estate, FofHF, Securitisation Funds)	501.4	-0.3	17.0
TOTAL	1753.1	1.6	70.1

Source: AFG

Net assets breakdown by category of UCITS November 2016 (€ billion)

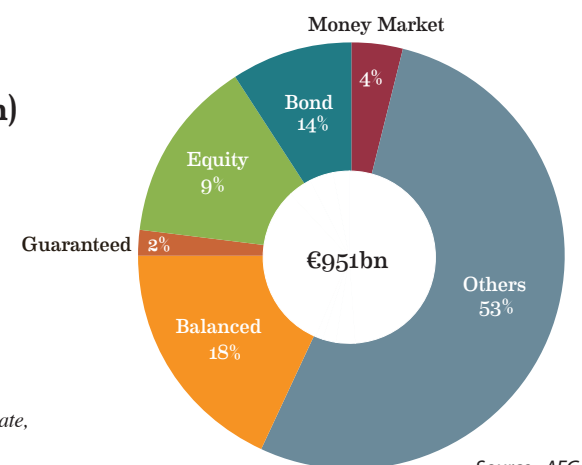
UCITS net assets in France amounted to €802bn in November 2016, i.e. 45.75% of the global assets.



Source: AFG

Net assets breakdown by category of AIF November 2016 (€ billion)

AIF net assets in France amounted to €951bn in November 2016, i.e. 54.25% of the global assets.



*Others (Employees savings, PE, Real Estate, FofHF, Securitisation Funds)

Source: AFG

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