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PIERRE CIMINO,
HEAD OF INTERNATIONAL DEVELOPMENT, CACEIS

Nearly 10 years ago, CACEIS chose to make the Hong Kong branch its competence centre and operational hub for Asia. The decision has since been vindicated as Hong Kong itself has now become the key entry point for

asset managers seeking to access the Chinese market.

CACEIS in Hong Kong was created as a “launch pad” from which European asset managers could distribute their funds to cli-

ents in Asian markets. But, since the branch was first established, CACEIS has rolled out a large range of high-quality services alongside the fund distribution support services to meet the needs of its clients. These cover static data management, price dissemination, fund administration, middle-office services, and in 2017, “market solutions” which includes execution and clearing. The private equity sector is also seeing growing interest from Chinese asset managers looking to diversify their investment scope, and CACEIS's recognised expertise in this sector has therefore become a key factor in our success.

As part of its development strategy, CACEIS Hong Kong obtained Trust status, authorising it to act as a representative agent for offshore funds. Then in 2017, it also obtained a license from the Hong Kong Securities & Futures Commission to provide trustee services for locally domiciled funds. Hong Kong domiciled funds are eligible for distribution to the Chinese retail market via a Mutual Fund Recognition program, which

also permits China domiciled funds to be sold in Hong Kong.

Back in 2014, CACEIS became the China Asset Management Association of Hong Kong's first non-Mainland member and the only service provider in the association. This gave CACEIS a significant first starter advantage as well as the opportunity to meet leading Mainland fund managers. In 2015, CACEIS also became member of Honk Kong Trustees' Association. As a member of the Association we comply with its best practice principles and guidelines which ensure a high standard of professional conduct.

With a comprehensive set of services now in place, CACEIS Hong Kong has become a full-fledged operational hub, supporting the needs of both European and Asian clients. The Hong Kong branch is a central pillar in CACEIS's global delivery model, enabling us to provide 24 hour servicing coverage. Our Hong Kong branch's objectives are closely aligned with Group strategy - ensure continued innovation in client servicing, extend the geographic scope of the offer, and export the expertise of

our individual operational centres to every part of the group.

To be certain that our Hong Kong operations deliver optimum servicing for our Asian and European clients, we recruit highly skilled staff, and run a continuous professional development program to ensure existing staff are up to speed on products, business cultures, servicing requirements, regulations and market trends. This helps us maintain and further develop our market positioning, and is a key factor in our business wins.

We are continuously strengthening our position in the Asian marketplace by finding efficient servicing solutions and by developing close working relationships with local asset managers. As Crédit Agricole Group also has a number of entities in Asia, we are working together to seek out potential business synergies and develop partnerships that will help us to further enhance our servicing offer in the future. We believe that the future for CACEIS in Asia is bright, and we look forward to discussing how we can help you in achieving your own business development objectives at the Fund Forum Asia, which we have sponsored since it began.

JW Marriott
Hong Kong
3-5
September 2018

FundForum
Asia

CACEIS TEAMS
LOOK FORWARD
TO SEEING YOU
AT OUR STAND
No. 1

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CACEIS's solutions for optimising fund distribution and promoting business growth in Asia

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DAVID LI, Managing Director of CACEIS in Hong Kong

For almost 10 years, CACEIS has enhanced its business development from its Hong Kong office, a key cross-border fund centre in Asia. The Hong Kong office assists group clients worldwide in distributing their funds regionally and internationally, as well as bringing a broad asset servicing offer to players operating in the market.

“CACEIS in Hong Kong provides comprehensive fund distribution support and related services to clients active in Asia. By leveraging the group’s considerable experience in the European depositary/trustee space, we ensure our clients are well positioned to make the most of the business development opportunities offered by the European and Asian Markets,” explains David Li, Managing Director of CACEIS in Hong Kong. The entity has become a full-fledged servicing hub by providing a comprehensive range of high quality services.

FUND DISTRIBUTION SERVICES

CACEIS in Hong Kong assists European clients in achieving their business development objectives in Asia and supports local management companies whether they are seeking to expand nationally or internationally, offering local client relationship management. CACEIS acts as cross-border transfer agent on behalf of major European asset management companies and as local TA for HK funds.

CACEIS's full service offer in Hong Kong includes fund distribution support, which enables pan-Asian distributors to connect to Western and offshore target Transfer Agents. “This gives distributors a single point of access to a broader range of funds and related services, such as

account opening and maintenance, order capture and online reporting solutions,” adds David Li. CACEIS Hong Kong's pan-Asian distribution hub currently serves more than 80 funds domiciled and distributed in 8 markets: China, Hong Kong, Korea, Japan, Malaysia, Singapore, Taiwan and Thailand. Clients benefit from a local call centre managing queries related to fund information, transactions, holdings, payments, and reporting between distributors and investors. “We are expanding our distribution solutions offer in Asian markets by automating links with the TDCC Taiwan Depositary and Clearing Corporation platform,” adds David Li.

CACEIS teams are multilingual and multicultural. They use the Group's information systems and the support of its qualified international teams, available 24/7. This organisation facilitates the management of procedures for in-depth customer knowledge (KYC) and anti-money laundering (AML). This set-up represents a major advantage for investors and distributors, who can overcome difficulties linked to time zones as well as cultural and linguistic barriers.

“Our teams assist our regional clients, regional fund houses, in reaching international markets and launching offshore products such as UCITS or AIFMD funds. Most of them choose to domicile their funds in Luxembourg, which ranks second only to the US in terms of capital raising for infrastructure funds,” says David Li. Over 45% of the flows from China to Europe are already structured using Luxembourg entities, and Chinese financial players, including most large Chinese banks, are driving part of this. “We are also seeing strong interest from our clients in private equity and real estate funds. We have recently

concluded several interesting projects with major Chinese firms that confirm this interest over the long term,” adds David Li.

REPRESENTATIVE AGENT AND FUND ADMINISTRATION SERVICES

Through its trustee license obtained in January 2017 from the Hong Kong Securities & Futures Commission, CACEIS in Hong Kong delivers fund administration and transfer agency services to regional fund houses. As a trustee for Hong Kong domiciled funds, CACEIS assists in obtaining authorisation from the Securities & Futures Commission. 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 asset managers of Hong Kong and Chinese-domiciled funds to distribute their products in both jurisdictions.

Since its inception, CACEIS in Hong Kong provides administrative support for distribution to clients operating in Asia, and acts as the Asian hub for the preparation of European funds' NAVs.

CACEIS in Hong Kong can also fulfil the role of representative agent for Hong Kong-based distribution of international funds which encompasses the following duties: mandatory notifications, ongoing communication, monitoring of local regulations, filing of required statistics and ad-hoc reports, publication of NAVs (Net Asset Value) in the local media, as well as the dissemination of fund documentation to local investors.

MASTER DATA SERVICES

CACEIS in Hong Kong acts as one of the pillars of the Data Management services provided by the Group. Its business experts administer and monitor data. The offer covers all data types: data characteristics, corporate actions, fund data and third-party data.

MORE ADDED VALUED SERVICES

In addition to local custody support across the Asian time zones, CACEIS provides local clients clearing services covering listed and OTC derivatives markets through its Market Solutions offering. This wide-ranging multi-asset solution is fully-integrated into the CACEIS Prime Custody package, one of the key elements of the Execution-to-Custody model. This model emphasizes the rationalisation of post-trade services by offering more simplicity optimisation and efficiency, as well as greater economies of scale for clients.

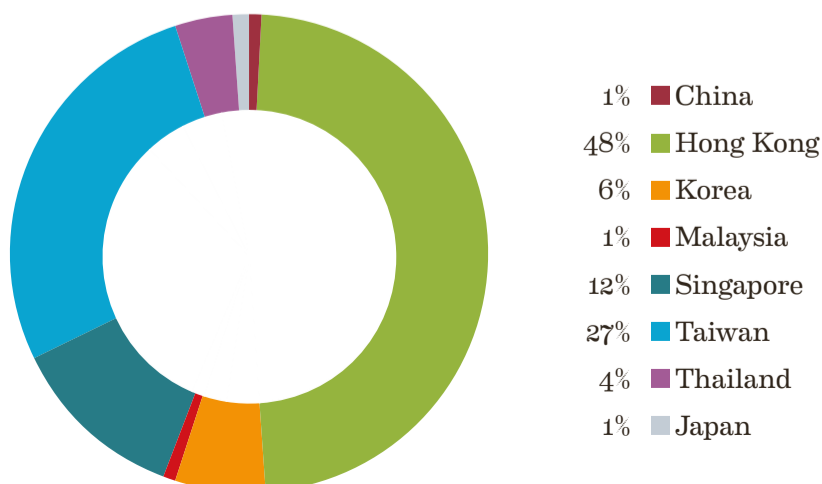
“We produce a range of innovative securities lending solutions that enable investors to increase the return on their portfolios or minimize costs within a secure framework thanks to a collateral coverage. These simple and fully customisable turnkey solutions are aimed at all types of investors and benefit from CACEIS's expertise as an Asset Servicer: excellent knowledge of the main underlying assets (equities and bonds) and risks, regulatory requirements, market practices and rigorous and automated operational management, notably through daily collateral evaluation and margin call management,” says David Li.

GLOBAL DELIVERY MODEL

Finally, CACEIS in Hong Kong acts as the Asian hub for the entire CACEIS group, in the framework of its Global Delivery operating model which ensures round the clock servicing. In this context, CACEIS in Hong Kong collects securities prices, carries out preliminary controls and NAV calculations to ensure early NAV production for European funds.

“At a time when Hong Kong is consolidating its position as a key regional centre for cross-border fund distribution, management companies can rely on CACEIS's extensive expertise acquired in Europe supporting fund distribution and providing asset servicing, to develop their activity in Asia,” concludes David Li.

Distribution of countries in which funds administered by CACEIS HK are distributed



Markets served

8

Assets under administration

\$54bn

INTERVIEW WITH Mr SHEN HUA, Chief Executive Officer of BOCHK Asset Management Limited



中銀香港資產管理

BOCHK ASSET MANAGEMENT



Could you please give us a brief introduction to your company and your clientele?

BOCHK Asset Management Limited (BOCHKAM) was established in 2010 and is a wholly-owned subsidiary of BOC Hong Kong (Holdings) Limited. BOCHKAM is committed to providing retail and professional investors with a wide array of bond, equity and alternative investment products such as private equity and real estate investment, as well as comprehensive investment solutions tailored to clients' risk/return profile. In addition, the company also manages investment funds for clients and customises discretionary investment portfolios to strive for potential returns.

We serve business partners and a global clientele ranging from financial institutions, charitable organisations, governments and supranational organisations. We provide clients with tailor-made solutions, including assistance in organising or participating in marketing events and roadshows in our capacity of Fund Manager or Consultant. We are well positioned to serve each client's unique needs.

Congratulations on receiving the "Best Financial Institution 2017 - China" award given by 2017 Wealth & Finance International. Apart from this award, we know that you also received two fund house awards. Can you tell us more about these awards?

Thank you. The awards we received reflect our Company's strategic efforts and successful positioning which enable our outstanding performance. Moreover, these accolades showcase BOCHKAM's unwavering dedication to providing our clients with investment excellence. We are fully committed to remaining one of China's leading asset management companies. This recognition comes from notably independent juries around the world who are experts in the industry. Our Company was named "Best China Fund House" and "Best RMB Manager"

at the Hong Kong awards in 2016 and 2017 respectively by **Asia Asset Management**¹, and received the "Best-in-Class, Manager of the Year Award - High Yield Fixed Income" and "Outstanding Achiever, High Yield Fixed Income" from **BENCHMARK**².

As an award-winning company with a strong network of major distributors in Hong Kong, can you share with us the key drivers for BOCHKAM's success?

Fundamental research and investment excellence are key focuses for us. We believe that a disciplined and comprehensive process of assessing values and risks is essential for outstanding and consistent investment performance, in comparison to our peers. Our investment process is a combination of both macro top-down and micro bottom-up approaches with both quantitative and qualitative assessment. Having very experienced, high-calibre investment professionals is central to this. For instance, the investment portfolio manager and analysts are industry experts in the area and have an in-depth understanding of each particular industry.

Is BOCHKAM planning to launch any new products? And what is your strategy when you decide to bring something new to the market?

We are constantly seeking to offer new products to investors. We currently have nine registered funds in Hong Kong to retail public investors (including: eight of them are registered in Macau and two of them are registered under northbound Mutual Fund Recognitions in China). Meanwhile, we also manage seven private funds open to professional investors. We are certainly looking to launch more funds to broaden our offering to our retail, corporate and institutional professional clients. So, new products are definitely an area we are constantly focusing on to be able to offer a more diverse range of products to investors.

CACEIS was appointed as the depositary bank and fund administrator for the UCITS-SICAV.

As your company is working closely with CACEIS, what do you like most about CACEIS?

As an investment manager, we should stay focus on fund's portfolio management and value generation for our investors at all times. CACEIS is a solid provider with extensive expertise in asset servicing and European products. In CACEIS, we found a company that meets these criteria especially a team is based in Hong Kong and is able to provide us with a full range of high quality services in a timely manner.

CACEIS's global delivery model covers the complete fund life cycle from creation to distribution, including fund hosting via its management company, Luxcellence. Most importantly, CACEIS's services put us in a position that enables us to effectively meet our business development objectives.

What do you particularly appreciate about your relationship with CACEIS?

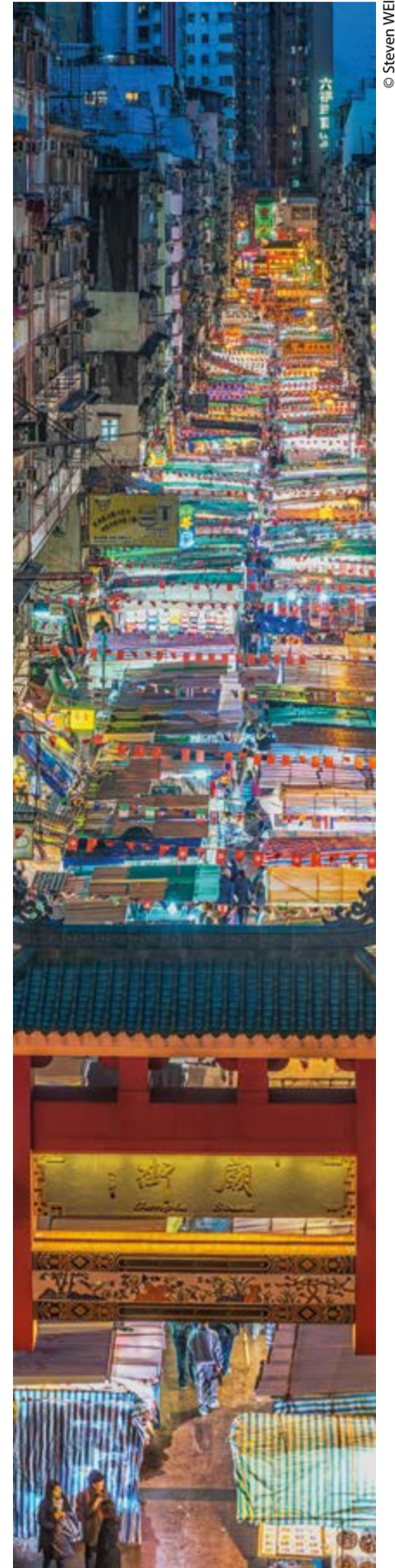
CACEIS is a global firm with local presence. Their service team in Hong Kong ensures responsive follow-up in the local time zone, liaising with their European counterparts to provide timely and professional solutions.

How do you consider technological innovations such as artificial intelligence fit into your business?

Artificial intelligence or AI is sparking innovating throughout the asset management industry. We believe that AI alone cannot currently outperform a computer working with human guidance, and machines work better when combined with human sensibilities. One of our funds has recently adopted AI-based technology to assist our fund manager with portfolio asset allocation. We nevertheless remain cautious about many aspects of AI and machine learning as we need to ensure that it can master a range of complex factors that enable it to deal with unprecedented events in the best possible way ☺

¹Source: Asia Asset Management, the awards given by Asia Asset Management are based on the performance as at 30 September 2016 and 2017. For awards details, please visit www.asiaasset.com.

²Source: BENCHMARK, the awards given by BENCHMARK are based on the performance as at 30 September, 2017. For awards details, please visit www.fundawards.asia.



Interview conducted by **BETTY ZHOU**, Head of Business Development, CACEIS in Hong Kong



Robotic Process Automation – Ruthless efficiency at any cost?

© Alexis Cordesse



ARNAUD MISSET, Chief Digital Officer, CACEIS

The incessant barrage of new regulations is slowing. The fund industry finds itself with the ability to shift focus away from the resource intensive burden of implementing regulations, and look to ramping up innovation and improving efficiency. Although companies have done their utmost to maintain innovation during recent years, business efficiency has often taken a back seat due to the entangled complexity of new regulatory processes taking up IT development time. In an increasingly competitive environment with ever-growing data volumes, the fund industry is keen to understand the opportunities in terms of

efficiency, and a key element in the search for efficiency gains is Robotic Process Automation, or RPA.

Simply put, RPA is computer software that can use IT systems designed for humans. Clearly no automatons here, but instead, software that can operate with extensions such as Optical Character Recognition (OCR) to read hand-written entries such as in forms, Natural Language Processing (NLP) to extract data from unstructured text, Chatbots to respond to standard queries and possibly Artificial Intelligence. RPA's ability to perform data entry, and use plug-ins to understand and respond

to client queries makes it analogous to offshoring, and in some ways it is, but it has some key differences.

CACEIS has decided to undertake very little offshoring, as the potential loss of control (through dealing with a far-off provider with cultural differences and being just one of a number of clients) is major factor that explains the reticence to pursue that avenue. RPA on the other hand, enables companies to maintain control of their business, especially if they create the competence centre internally rather than rely on an external provider that may itself become a source of issues due to the lack of required industry expertise. Many companies see this RPA technology as a key component of the future financial ecosystem and therefore choose to make the necessary investments internally.

We are often said that RPA's principal objectives are nothing more than the ruthless pursuit of pure efficiency, however the reality is different – and certainly not just marketing “spin”. The back-office, which is always the first area to go under the RPA spotlight, is where we find a glut of tedious, repetitive processes that are the source of a high level of operational risk and have low added value. RPA's prime objectives in such an area are to 1) reduce operational risk stemming from human error, 2) improving client experience by increasing

service quality and professionalism, and 3) freeing-up staff for tasks where human intervention is key, such as client contact and handling more complex transactions.

Most RPA projects start in the back office, however prioritisation of the processes is an essential task both in terms of the project's efficiency (picking the low hanging fruit first as opposed to simply branching out) and in terms of its image within the company, (targeting the tedious, repetitive processes where there is a low feeling of ownership). Here, RPA goes hand-in-hand with a “Lean Management” approach, which promotes continuous efficiency and quality improvement through small incremental changes over time. One should not forget that, whenever RPA is implemented on an isolated process, the impact on upstream and downstream processes must be carefully considered. Later on, as the patchwork of isolated tasks taken over by RPA start to interface with each other, efficiency levels can then further improve. On average, RPA increases business efficiency by some 10-12% for individual tasks, but this figure can rise significantly when several processes are daisy-chained, end-to-end.

We have already established that an in-house RPA competence is preferable, but let's take a look at an ideal

structure that should ensure a successful RPA project within any company. Along with the RPA specialist, three other positions are essential within the piloting group – first, a business analyst to explain the processes to the RPA specialist and ensure everything is exhaustively documented to avoid loss of skills/expertise. Second, an operational representative ensuring all members have a complete understanding of the tasks involved and acting as a project sponsor for the Operational department. Finally, an IT representative responsible for the systems with which the RPA will interface is required. All three people should make up the core team from the project's outset and ensure the project remains on track.

The final point that should never be underestimated in any RPA project is communication. There is a lot of fear surrounding the topic, and it's not limited to operational department employees. Management, IT, Compliance, Risk, Legal, HR and other areas may be impacted by RPA, and together with Operations they need a structured communication campaign to explain the technology, the benefits and goals in order to get them on-side. Liaising with staff representatives and trades unions is also a key part to ensure smooth implementation of what is a very promising technological innovation ◉



... and climbing.

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Offering leading value in investor services demands constant evolution. At CACEIS, our strategy of sustained growth is helping customers meet competitive challenges on a global scale. Find out how our highly adapted investor services can keep you a leap ahead.

CACEIS, your comprehensive asset servicing partner.

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