

caceis news

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#SOCIAL MEDIA STUDIES

June 2016

ASSET MANAGEMENT IN THE SOCIAL ERA



JEAN-FRANÇOIS ABADIE, CEO, CACEIS

Coming from an international finance, investment banking and private banking background at Credit Agricole, I joined CACEIS as Chief Executive Officer in May, taking over the responsibility from Francois Marion. I have followed CACEIS's achievements over the decade or so since it was formed, and saw it moulded into the globally respected brand that today plays an essential role in furthering the business development plans of its clients.

During much of the last decade, the regulatory burden did little to help industry players plan their own path towards progress. Though it is unlikely we will have less intensity in the regulatory environment ahead, we nevertheless need to put even greater emphasis on efficiency and innovation, the two aspects which I believe are key to success in our industry.

Of course, both CACEIS and our clients alike will face challenges in the future, and together we will need to develop effective products and solutions to overcome them. We all share a common objective - converting innovative ideas into fruitful business projects, so sharing this common goal and improving intimacy with our clients will be paramount.

I am determined to ensure CACEIS continues its successful strategy of geographical growth and innovative service development. I know I can count on the staff of CACEIS to support me in the realisation of these goals, and all CACEIS's clients can count on me to ensure we deliver the innovative products and quality service that meets their expectations ☺

Page 3



CACEIS expands fund administration services in Germany

Page 3



WebRegistr@r: online UCITS orders for private investors

Page 4



Investor behaviour analysis - a marketing tool for investment management companies

Page 4 and 5



Blockchain technology and CACEIS's service offering

Page 6



The UCITS V Directive: new responsibilities for depositaries

Industry buzzwords can be overused, but this newsletter covers many of the industry's hot topics and looks at how CACEIS is embracing technological advances to make concrete progress.



JOE SALIBA, Deputy CEO, CACEIS

The pace of technological evolution is so rapid that what was yesterday's niche internet site for the interconnected early adopter is today's key marketing tool for the financial services provider. This is social media's current place in the modern marketing strategy, not simply an idea of what could be. Industry innovation is at the heart of what we do at CACEIS, so it makes perfect sense for us to study the current use, as well as the future potential of so-

cial media. This issue provides an overview of our successful joint study with PwC Luxembourg with updated asset manager ranking information. The publication looks at how social media and related networking sites can be leveraged to provide efficient brand marketing access to a wealth of customers, particularly millennials, as well as the more involved strategy of using social media as a two-way customer communication platform.

Open distribution is yet another buzzword and an area where CACEIS has made significant progress in terms of technological solutions. Having been massively shaken up by MiFID regulations' anti-inducement rules, fund distribution is ripe for change. CACEIS has developed an innovative service for asset management clients to develop sales to their retail clients directly via the internet. The WebRegistr@r module can be plugged into a client's website enabling private investors to subscribe into funds, make additional payments and manage their account while

CACEIS handles all KYC duties and back office system interfaces.

Yet another buzzword is Big Data, and our development teams on CACEIS's OLIS website have been finalising the data analytics module which allows asset managers to make full use of the vast volumes of client data CACEIS generates and stores. Our powerful calculation engines use data spanning the last 5 years up to real time, to generate summary tables and graphics to uncover trends, indicators and investor behaviour patterns, which facilitate sales and marketing analysis and can help improve the outcome future sales campaigns.

Finally, in this issue of CACEIS News, we look into Blockchain, the distributed, tamper-resistant database technology which is behind Bitcoin and other crypto-currencies. We look at the technology itself as well as the practical applications for the financial industry. As for all matters of technological progress, it pays to be informed ☺



CACEIS's new Corporate Brochure is online

Page 7



Interview with Dariush Yazdani, Partner, Market Research Centre at PwC Luxembourg



How has the presence of asset managers¹ on social media networks evolved since your last report was published in 2013?

Since our previous study in 2013, asset managers have increased their presence on social networks, which has led to an uptick in the interactions they have with their clients and

followers. The share of asset managers present on social media today stands at 89% (73% excluding LinkedIn), up from 60% in 2013, and among this group, 21% are interactive.

In 2013, YouTube represented the most widely used channel by our asset management companies sample at the global level. Today, LinkedIn surpassed YouTube as the most used social media platform by asset managers. In this regard, 77% of our sample is using LinkedIn in 2016, 56% YouTube, 52% Twitter and 33% Facebook.

What main differences do you see in the 2016 ranking compared to your previous report?

The ranking in 2016 is still dominated by strong brands, principally from the US, as it was in 2013. But European players are progressing. In 2016, there are three European firms in the top ten (Schroders, the only one in 2013, Robeco and Aberdeen AM). Robeco jumped to the 8th position while Aberdeen AM joined the ranking achieving the 10th place.

Also, ten European players are now in the top 25, namely Schroders, Robeco, Aberdeen AM, Amundi AM, Nordea IM, Carmignac, Natixis GAM, DWS, AXA IM and BNP Paribas IP. In 2013, there were just seven. In addition, although in 2013 our entire top ten ranking was composed of non-affiliated asset managers, today an affiliated player has joined the top ten and others are climbing the top 50 ranking.

What main lessons can the asset management industry learn from other industries with regards to the use of social media?

Compared to other industries such as technology, consumer goods and the automotive sector, the investment industry is still in the early stages of social media usage. Banks are starting to provide account management and payments via social media, and

distributing through social media networks could unlock new opportunities for asset managers. But, given the current complexity of the Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements in several countries, as well as operational issues, positioning such a model could be challenging.

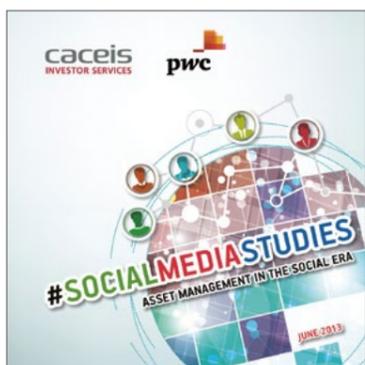
Furthermore, creating channels solely dedicated to customer services-related requests could enhance the customer experience of asset managers' clients, taking into account the example of the tech industry.

Social media has also the potential to provide vital insights about investment trends and customers' preferences as well as to enhance client-profiling practices. Asset managers can turn the data coming from social media in valuable insight for product development practices. Constantly gathering and analysing large volumes of unstructured data from social media in an automated manner (through data analytics tools) could also enhance client-profiling practices and result in vital insights about customers' preferences ☺

¹ Asset managers "active on social media" are those with at least one account dedicated to asset management on Facebook, LinkedIn, Twitter or YouTube

Asset Management & Social Media in 2016

Three years ago, CACEIS and PwC undertook a pioneering study in Europe of leading asset managers' behaviour in the social media landscape. Results were enlightening, showing that as many as 40% of managers had no presence on social media¹.



In 2013, we forecast steady growth in both asset managers' social media presence and their level of interactivity. Our report made it clear there were significant advantages to cultivating a social media presence and that the absence of a clear strategy could hamper business prospects.

titude towards social media usage, from a broadcasting brand awareness or one-way mass communication strategy in 2013 to a realisation of the full interactive potential of social media today.

This year, having completed the same survey some three years on, the results confirm our theory. From the survey's sample of 106 leading managers in terms of AUM and/or net sales, 89% has a social media presence, with 20% of those using social media to its full potential by interacting with the users. True interaction is precisely what social media users expect having grown accustomed to it in their daily web usage, such as real-time chat with their bank or travel agent. Our survey results indicate that there is a clear shift in firms' at-

89%
of
Assets Managers
are active on
at least one of



Looking into social media usage² among leading asset management firms, we find more than half of the top 50 is occupied by US firms. The United States has always led the way in terms of both the internet as a whole, and social media in particular. However, our study's new figures reveal a significant increase in the number of European firms in comparison to 2013, both in the general ranking and top positions alike. At the same time, we should note that our survey rankings overlook Asian asset managers whose entire business is based on social media, but as yet lack the AuM required to be part of our sample of world-wide players.

Ideally, the survey would have involved a much larger sample with a broader range of assets under management, therefore increasing the number of Asian players. Finally, we saw the proportion of affiliated asset management firms with a direct presence in our survey grow considerably, as in 2013 a number of major players had not yet developed their own social media strategy, instead they relied on their parent company's corporate account.

In terms of sales, the marketing mix has evolved with the arrival of social media. Brand definition and engagement can no longer be set aside from their social media component. Online reputation management and sentiment analytics have become a key source of information for sales and marketing departments. Firms are also finding out that although social media allows them to reach an broad audience, the borderless world of the internet can create problems in terms of compliance with local financial regulations and firms need to be aware of these issues in order to avoid pitfalls when interacting in multiple jurisdictions.

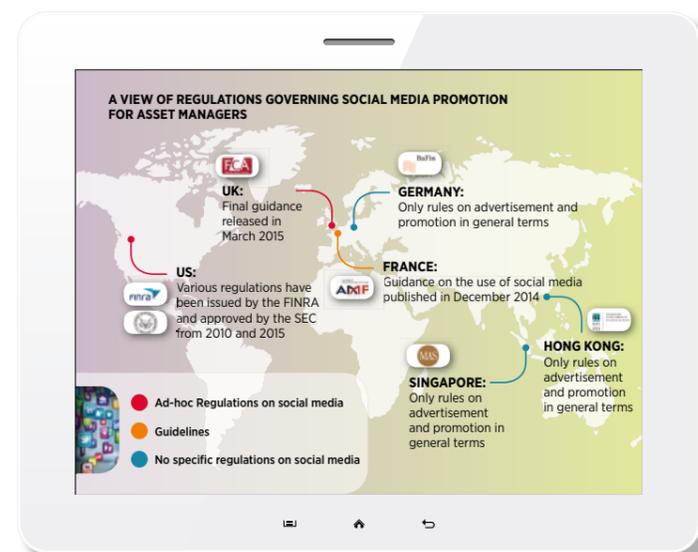
Top 50 Asset Management Groups on Social Media



In Europe alone, financial regulation is far from standard between Member States, despite measures to harmonise the European framework and the compliance issues that may arise must be understood before a truly interactive strategy can be implemented. However, our study noted that robo-advisors are gaining in popularity and seem to be coping well with both the demands of the regulatory authorities and those of social media users. Our

survey revealed that target clients for robo-advice are in the 25-45 age bracket, similar to that of the typical social media, which is why social media and robo-advice pair so well. This certainly provides the lead for traditional asset managers to follow in terms of client engagement.

Other industries, with more advanced social media strategies, show us that firms can and should listen to social media users for product development purposes. A proliferation of data analytics tools and applications allows industry players to better mine client discussions or elsewhere on the net. These tools monitor and analyse comments made in forums and comments sections and can also be used to run client survey campaigns. Online surveys are a growing powerful and extremely cost-effective method of gathering opinions, insight and information on platforms such as Facebook. Industries, such as automobile and insurance, are pushing the boundaries by executing product testing initiatives on social media platforms, where willing participants



are easy to target. Such product testing initiatives can even increase customer and brand loyalty. Our survey highlighted Responsible Investing as an example of where data analytics on customer preferences can allow the creation of targeted focus groups while fostering like-minded communities and brand advocates.

“LinkedIn rules: recruitment and investor education are the most popular topics.”

Finally, technological progress is giving asset managers a vision of the near future in which disintermediated distribution could take place via social media.

For a few asset management firms in Asia, this is already a reality. Asset managers of the West must start to prepare for direct distribution, investing in their social media presence in order to raise brand awareness and meet the general public where they interact most. In today's environment, where the intermediary is being regulated out of the equation, and technology is cutting out the need for a middle man, major disruption is just around the corner.

“By 2020, Millennials will form 50% of the global workforce.”

The marketing, distribution and client interaction opportunities that lie ahead for the asset management industry are vast. Many asset management players are seeking to make the most of the business opportunities social media brings and some in Asia have even used it as the basis for their entire business. Our research clearly shows that

social media is far more than just another information dissemination channel. The combination of the arrival of Millennial investors, a regulatory framework favouring disintermediation, and the technological progress that facilitates distribution and interaction is a volatile cocktail that will likely bring explosive change, disrupting the investment industry on a scale not seen before.

¹The presence has been surveyed in the four following social media: Facebook, LinkedIn, YouTube and Twitter.

²For the full ranking, please refer to CACEIS & PWC "Social Media Studies" report, June 2016 edition.



ARIANNA ARZENI, Head of Group Business Development Support, CACEIS

CACEIS expands fund administration services in Germany

Credit Suisse Real Estate Investment Management is Germany's first major administration client.



FRANK SCHÄFER, Managing Director of Credit Suisse Asset Management Immobilien

A key element in CACEIS's servicing strategy is the ability to offer a full range of asset services to clients wherever they operate. As such, CACEIS recently expanded its group-wide fund administration expertise to German real estate fund managers in response to the growing demand for outsourcing solutions.

Following a tender process, Crédit Suisse Real Estate Investment Management Germany selected CACEIS to administer its German real estate funds. Operations started mid-April 2016, and since then, CACEIS performs fund administration services for some 8 additional real estate funds.

This agreement demonstrates the growing trend among the German market's real estate fund managers for activity outsourcing. CACEIS has responded to this trend by extending its

fund administration offer and delivering the full complement of asset services to clients operating in Germany. The booking of transactions within the fund, the daily NAV calculation and reporting to fund customers, regulators and industry associations are typical tasks of a specialised service provider. CACEIS is a leading fund administrator for European securities and real assets.

Frank Schäfer, Managing Director of CREDIT SUISSE Asset Management Immobilien KAG mbH, explained the group's decision: "This move allows us to focus our resources on our core competencies of conception and management of real estate investment products for our investors. The RFP process enabled us to carefully consider all relevant aspects of outsourcing our fund administration needs to a servicing provider. We are therefore convinced that by selecting CACEIS,

a leading European fund administrator with proven real asset expertise in Germany and elsewhere, we have not only made the best possible choice for Credit Suisse Real Estate Investment Management, but also for our investors."

German market real estate managers interest in outsourcing middle and back-office tasks is still rather new. Compared to the administration of securities, where task sharing has been well-harmonised for years, real estate fund administration still seems to be an unknown world: The process chain is not as automated. At this stage, many tasks have to be done manually and will likely remain that way in the future.

"Like most other real estate managers, we have so far been performing the administration of real estate funds in-house", stated Frank Schäfer. "The legal and regulatory require-

ments are continuing to rise, as well as the reporting obligations and IT requirements. That's why we passed these tasks to a specialist." CACEIS has extensive depository expertise in international real estate administration "In addition, it is flexible and adopts a partnership approach. We don't feel like customers and service providers, but equal partners", said Frank Schäfer. For this reason, the transfer of employees, previously working at Credit Suisse, was a success factor to CACEIS.

Following Credit Suisse, another client has already selected CACEIS for fund administration services, and will be migrating its German real estate funds to CACEIS in July 2016. In addition, there are other discussions and concrete requests for proposals under way. The aforementioned outsourcing is growing rapidly.

WebRegistr@r: online UCITS orders for private investors

CACEIS offers investment management companies a quick and effective solution that allows retail clients to invest directly in their funds on the web.

In China, newcomers to the financial services sector have capitalised on their expertise in new digital technologies to gain market share. Ant Financial Services Group, the financial subsidiary of Chinese giant Alibaba, offers investors the AliPay online platform, which allows individuals to buy UCITS shares. The Yu'e Bao money market fund, launched in June 2013, has attracted over 260 million investors and had assets under management totalling \$95 billion at the end of 2015, making it the world's third-largest money market fund.

The rise has been fast but regulations permit Chinese money funds

more flexibility in taking investment risk than European or US money funds. The majority of its Chinese investors are aged under 30, and this type of product meets the expectations of the generation of Millennials raised with the web and smartphones.

Open distribution, tailored to the independent behaviour of the generation of Millennials, combined with the restrictive measures of MiFID II concerning inducements, have prompted investment management companies to rethink their strategies and develop retail sales of funds directly via the internet. To help them address this challenge, CACEIS offers fund management

companies WebRegistr@r, an integrated turnkey web solution.

WEBREGISTR@R TO DRIVE RETAIL DEMAND

With WebRegistr@r, CACEIS provides investment management companies with a technological platform integrated into their websites, allowing individual investors to subscribe to their funds online. The module uses the fund management companies' visual identity. Compliance with MiFID regulations is ensured by CACEIS taking care of identification of investors (KYC), access rights and the selection of funds open to investment. The features allow investors to

record their own account by entering their ID and tax details, view them and amend them on request. The order placing screen displays the last known net asset value, the fund's past performance, the KIID, and the investor's position. Investors can pay online by banker's order or bank card. Once the order is confirmed, investors are notified immediately of execution by e-mail and receive a downloadable transaction notice.

The "My account" feature allows investors to track online their order history, performance and positions valued using different types of charts. Furthermore, by cutting out the intermediaries, fees paid by investors are limited.

The investment management company and its clients benefit from CACEIS's technical expertise in the development of transactional



LAURENT MAJCHRZAK, Head of Operational Line - FDS, CACEIS

bank websites, its extensive fund database, its support and its skills as an international transfer agent for UCITS orders.

WebRegistr@r provides investment management companies with a turnkey web solution allowing them to develop their direct sales to private investors in a secure environment that complies with regulations and automatically integrates orders into CACEIS's transfer agent, custodian and fund administration systems.

Investor behaviour analysis - a marketing tool for investment management companies



MATHIEU ALIA, Group Product Manager - Digital Client Solutions, CACEIS

JÉRÔME SIMONETTI, Head of Data Analytics, CACEIS

Indicators regarding net inflows for funds available on CACEIS's client website OLIS allow investment management companies to monitor investor behaviour.

CACEIS, as one of Europe's leading fund administrators and centralising agents, accesses to pools of data which can be sorted by fund type in order to obtain relevant indicators and identify changes in investor behaviour.

On its OLIS website, CACEIS's Data Analytics Services offer investment management companies running analysis of net fund inflows and key indicators for optimising sales and marketing.

MULTIPLE ANALYSIS AVAILABLE ONLINE

Different features developed on the OLIS website display a variety of ex-post analyses of inflows. Indicators are summarised in tables and charts that can be customised and downloaded online. It is possible to zoom dynamically on the various criteria to obtain an instant update of all graphics. Results can be sorted by type of investor, country and distributor.

The flexibility of the system makes it easier to integrate new selection criteria and thereby allows investment management companies to use the tool independently.

Data is updated in real time and covers a five-year history.

The analysis helps investment management companies determine correlations between investor behaviour and a fund's performance relative to its benchmark and funds of the same type managed by competitors. This information is paramount in establishing the fund's commercial positioning. These indicators enable investment management companies to achieve more in-depth marketing analysis in several areas (investor behaviour, advertising impact, distribution network etc.).

Data analytics services on CACEIS's OLIS website help investment management companies' marketing, product development and sales teams to adapt their products, distribution networks and promotional campaigns to their clients' daily investment intentions.

Blockchain technology and CACEIS' service offering



LISA RODRIGUEZ, Public Affairs Advisor, CACEIS

“CACEIS is looking to make a success of blockchain to offer new services to its clients across its different locations.”



NATHALIE POUX-GUILLAUME, Group Product Manager, CACEIS

Active in digital transformation, CACEIS is investing in Blockchain to adapt the way it serves clients.

CACEIS seeks out new paths of innovation opened by the growth of digital technologies, to including them in the current service offer. The integration into clients' existing systems and business processes is the key to interoperability and portability of innovation in the asset servicing industry. The DTCC study *“Embracing disruption: tapping the potential of distributed ledgers to improve the post-trade landscape”*, published in January 2016, lays out an analysis on driving innovation to strengthen the post-trade process, as a way to improve existing business models and legacy systems: *“distributed ledger technologies have the potential to simplify the siloed design of the*

financial industry infrastructure with a shared fabric of common information”.

Blockchain innovation is one of the main challenges of the years to come and may bring a lot of opportunities to CACEIS and its clients.

BLOCKCHAIN OPPORTUNITIES

Financial networks have already benefited from connectivity between customers, suppliers, banks and infrastructures. Blockchain technology brings something new: an authentication system of ownership that verifies the entire chain of transactions in a shared ledger and the ability to check automatically and efficiently asset ownership.

It can reduce the reconciliation processes as the ledger is everywhere and as all parties agree to network verified transactions. It can close the loopholes of the current financial market infrastructures such as the multiple versions of the truth, the vulnerability to technology threats, the unnecessary complexity and the system not being equipped for 24/7/365 processing.

From CACEIS's perspective, potential applications range from storing client identification (KYC) to reference data; handling cross-border payments; clearing and settling bonds, cash equity as well as collateral management on OTC derivatives, repos and securities lending or regulatory reporting such as required by EMIR or MiFID. However, the distributed ledger technology has three main limits:

▶ **The technical limit:** it cannot be applied for high performance

transactions, small business network organisation, database replacement, data analytics technologies replacement and financial messaging.

▶ **The security limit:** systemic stability of the economy is at the center of the priorities and regulation is backing this up. Security for final investor needs to be insured. Regulators have a cautious approach of risk and prioritise investors security.

▶ **The “time to market” limit:** in a fast moving digital environment, what limits the development is less the technological abilities than the investment capacity of institutions. It needs to be seen as an example of the modular innovation theory that modernises only a component of the transaction processing with a *“step by step”* strategy. To overcome these limits and to benefit the most from the technol-

DEFINITIONS

BLOCKCHAIN

- ➔ **BLOCKCHAIN**

A transactional technology that registers digital assets and where value is transferred via a peer-to-peer network: unique, immutable and final transactions are grouped into blocks that automatically generate a distributed ledger. Blocks of transactions are added to the blockchain and include a link to the previously added block.
- ➔ **DISTRIBUTED LEDGER TECHNOLOGY (DLT)**

A shared system technology that records all transactions across a business network. It is shared through replication between participants that have their own copy. It is also permissioned so participants see only appropriate transactions.
- ➔ **SMART CONTRACT**

Securisation and safeguard of business terms in contracts by a cryptographic system embedded in transaction database and executed with transactions.

ogy CACEIS shares new approaches with the Credit Agricole group's entities.

A CLIENT CENTRIC APPROACH

An inspiring definition of disruptive innovation from Clayton Christensen, disruptive innovation expert, is that it "allows a whole new population of consumers at the bottom of a market access to a product or service that was historically only accessible to consumers with a lot of money or a lot of skills".

Simplification is the key to disruption, because what really changes is clients' behaviour on a market. The Internet brought disruption to information, now blockchain brings disruption to money, value and risk, with crypto-money and crypto-security. Banks can include blockchain in the range of services they provide.

The success of financial innovation is underpinned by the capacity of asset servicing companies to include innovation to their operating model, reforming their services and simplifying the relation between investors and markets. CACEIS is looking to make a success of the technology, to offer new services to its clients across its different locations.

Blockchain technology is providing the opportunity to overhaul the

existing banking infrastructures. CACEIS can capitalise on its strengths as a leading asset servicing provider, reputation, trust, financial robustness, market recognition and a privileged relationship with customer, while implementing the advanced technologies of digital revolution.

In an increasingly digitalised financial environment, CACEIS is fully aware the importance of human relations and client wealth management and takes a comprehensive approach to the subject.

Post-market is characterised by functionality, speed and plurality of actors, as financial markets, can be adapted to what clients, individual or institutional, want: some need security and a higher level of compliance; others would really benefit from speed and transparency.

A flexible and resilient response to clients' needs would be the best choice for the implementation of blockchain in banking services.

In this respect, building up a blockchain could offer two great benefits for clients:

- ▶ The matching of transactions, collateral management and reconciliation could be facilitated.
- ▶ Transparency and traceability and confidence of investors that have a view of the security life cy-

cle, thanks to "chained" data could be strengthened. As a result, the blockchain could meet the need for a trustworthy record. It could make banks deliver more information all along the financial value chain and also provide regulators with an auditable, easy access to transactions.

BLOCKCHAIN SOLUTIONS IN CACEIS'S OFFER

Digitalisation is already advanced for asset servicers. Having overcome the initial suspicion, Blockchain can be seen as a new technology enabling them to improve their offer.

CACEIS has always been adaptable and has shown its ability to facilitate collaborative work and evolve when required and that is why we joined different initiatives: The bank participates in a dedicated "Blockchain working group" set up at Credit Agricole group level. Technology watch, knowledge sharing, exploration of the use of this new technology and experimenting across the group's entities are the main objectives of this working group.

CACEIS also participates to the first French initiative on blockchain, coordinated by the Caisse des Dépôts, launched on December 15, 2015. The first objective is to perform "proofs of concept" ex-

perimentations. However, the challenges of implementation are huge.

The first is to comply with regulatory requirements, in the highly regulated and supervised post-trade environment.

The second is interoperability and interfaces with IT legacy and with physical assets.

The third and most important is market adoption: if the simplest cases identified are in small networks with low regulatory requirements, the broader network cases need the commitment of all the actors of the financial value chain including regulators.

The financial industry is at an early stage of the Blockchain process. According to many analysts, "2016-2018" will be a period of many small scale but very important "proof of concept" initiatives. There may be 5 to 10 years before the real enterprise distributed ledger platforms start to challenge the post-trade infrastructures and securities processing.

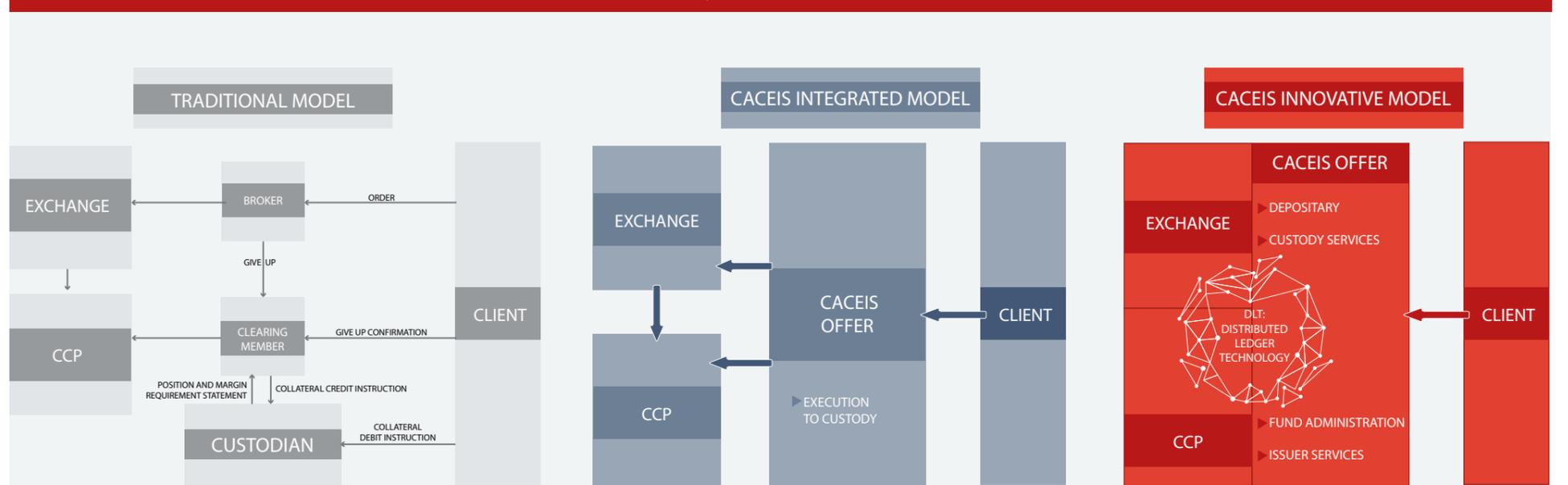
Nevertheless, one should not underestimate the power of technology and this is the reason why, as one of the main players in the asset servicing world, CACEIS is involved in the process that might lead to new industry standards and solutions for its clients

IMPROVEMENT OF CLIENT EXPERIENCE THROUGH

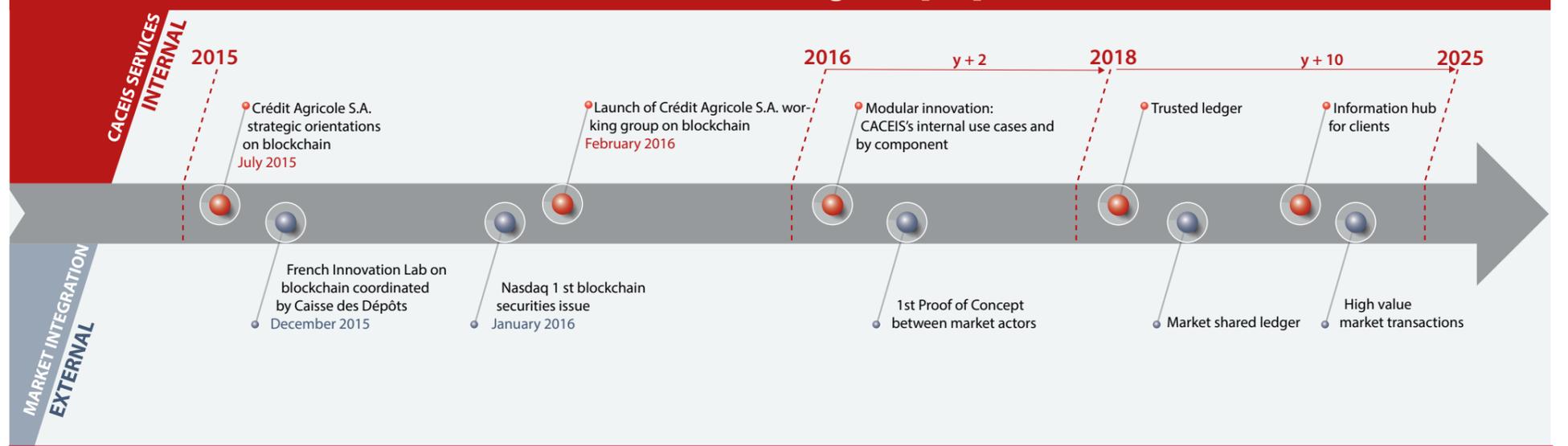


- ➔ **SECURITY**
safeguard of assets
- ➔ **SIMPLIFICATION**
easier customer relationship
- ➔ **CONFIDENTIALITY**
permissioned and protected data
- ➔ **AUTOMATISATION OF CONTROL**
proof of digital identity and ownership
- ➔ **AGGREGATION OF INFORMATION**
comprehensive and unfalsifiable data
- ➔ **TRANSPARENCY**
trusted records
- ➔ **VISIBILITY**
consensus on transactions and ownership

CACEIS's offer, towards innovation source



Timeline: a blockchain integration prospective



UCITS V Directive: new responsibilities for depositaries

The UCITS V directive introduces new requirements for depositaries of UCITS.



AMINA OULMI
Depositary Control Manager, CACEIS



JEAN-PHILIPPE BALLIN,
Depositary services Group Director, CACEIS

The UCITS V directive sets out a harmonised European regulatory framework for UCITS funds. Legislation has been aligned to a large extent with the provisions of the AIFM directive, applicable to alternative investment fund management companies and their depositaries. The new measures focus on the responsibilities of the depositary,

the remuneration policies of investment management companies and sanctions if they fail to meet their obligations. The UCITS V directive strengthens asset protection, transparency and investor information.

GREATER INVESTOR PROTECTION

The Madoff affair revealed different interpretations across Europe of the

responsibilities of the UCITS fund depositary and an unequal level of investor protection depending on the country. To remedy this situation, the role and duties of the depositary have been harmonised for UCITS funds with obligations concerning supervision and oversight duties regarding investment management, asset safekeeping and cash monitoring, a new depositary obligation. In addition,

access to the role of depositary requires stricter revised eligibility criteria and agreement by the relevant national authorities. Additional provisions have been introduced in terms of the means needed for holding financial instruments in custody. Depositaries of existing UCITS funds on 18 March 2016 will have 2 years (i.e. until 18 March 2018) to comply with these eligibility criteria. The UCITS fund depositary is liable to the UCITS and its unit holders for the loss related to the assets held in custody, unless the depositary can prove that the loss has arisen as a result of an external event beyond its reasonable control. Segregation obligations are required all along the custody chain.

INDEPENDENCE BETWEEN INVESTMENT MANAGEMENT COMPANIES AND DEPOSITARIES

To select the depositary, the investment management company has to adopt a solid decision-making process based on predefined objective criteria in the interests of the funds and their investors. This independ-

ence principle is consolidated by several provisions regarding the governance of the depositary.

In today's market environment, partnering with a reputable depositary, having sound financial backing, secure and highly-controlled processes, as well as a firm commitment to providing optimal investor protection, is of paramount importance. With a strong foothold in the industry, CACEIS actively participates in European debates regarding depositary responsibilities.

As one of the largest providers of fund depositary services in Europe, CACEIS delivers high-quality compliance monitoring across the leading European fund centres for investment funds under UCITS and AIFM directives. CACEIS provides its clients with its extensive experience in depositary services and its best practices allowing it to adapt immediately to the new UCITS V directive requirements.

CACEIS'S PRESENCE IN THE MAIN EUROPEAN FUND DOMICILES

- Belgium
- France
- Germany
- Ireland
- Italy
- Luxembourg
- Netherlands
- Switzerland
- United Kingdom

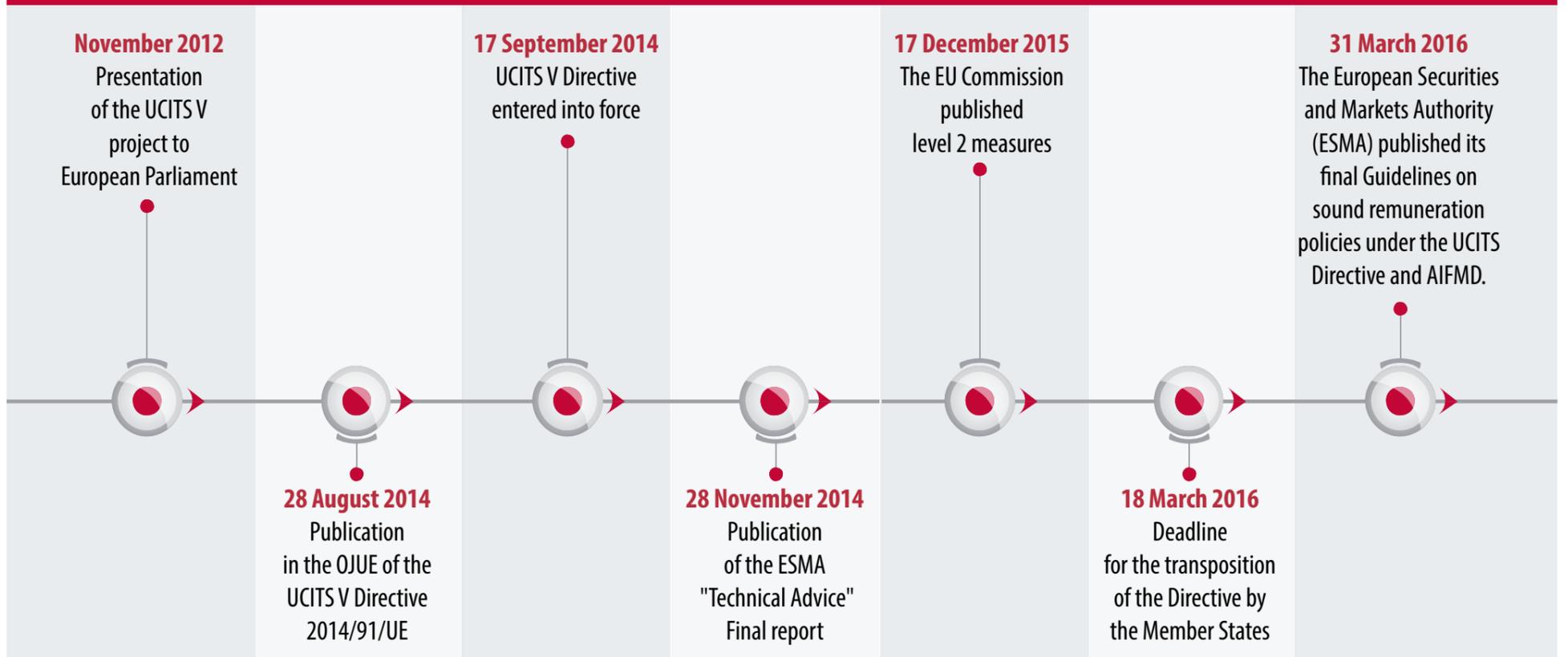


MORE INFORMATION

- ESMA's "Technical Advice"
- The level 1 directive
- EU Commission's Level 2 delegated acts
- ESMA's consolidated Q&A



UCITS V Key Dates



CACEIS's new Corporate Brochure is online

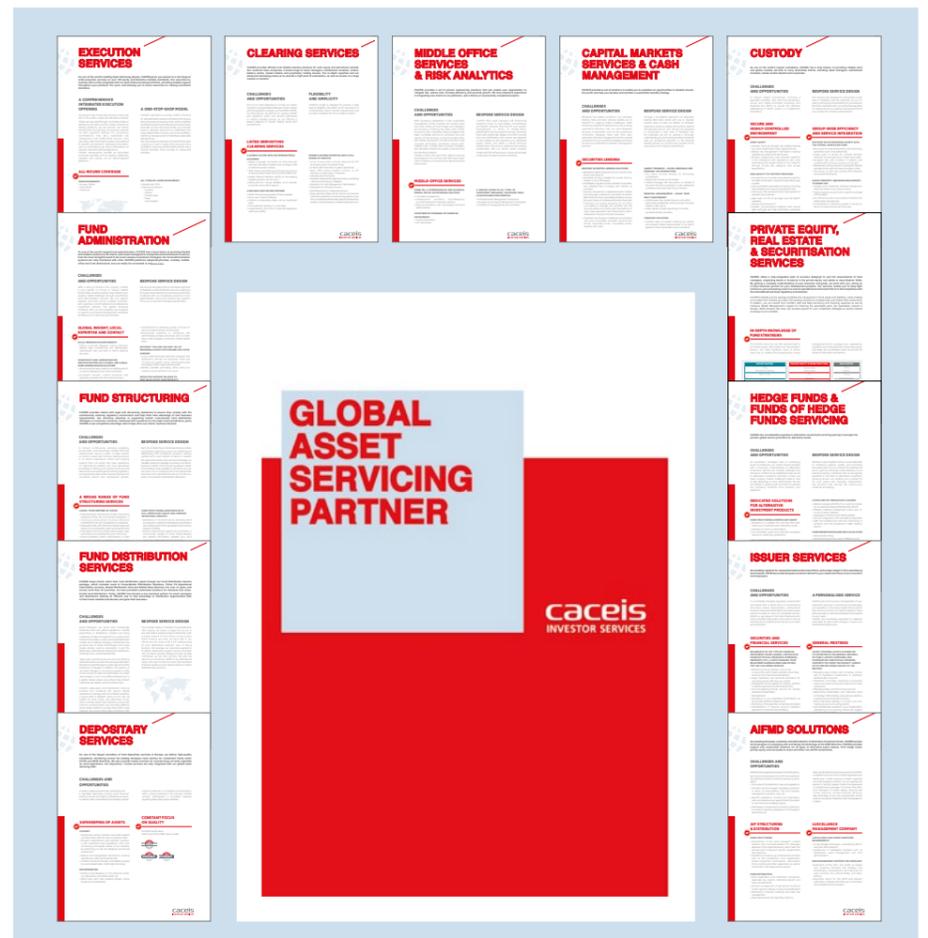
The new Corporate Brochure gives an overview of CACEIS's product offering and its organisation. Key figures highlight that CACEIS is one of the world's leading asset servicing providers. The publication includes updated marketing product factsheets.

CACEIS' NEW GLOBAL MARKETING PRODUCT FACT SHEET KIT IS NOW AVAILABLE

Our clients worldwide can quickly get an overview of CACEIS's asset servicing solutions through updated marketing product factsheets created by the Product and Communication departments as well as by experts from all CACEIS locations.

This documentation material consists of factsheets covering CACEIS business lines and focusing on the benefits for clients, with a clear and concise description of the service offering.

The factsheets are available both in English and French in electronic format on www.caceis.com or in hard copy upon request to your CACEIS Relationship Manager.



In the press - Q1 2016



April 2016
L'Agefi Hebdo
 "Theater inside the companies"
Sylvie Revest-Debeuré,
 Publishing Project Manager,
 CACEIS



April 2016
Asset Servicing Times
 "Transfer Agency Panel"
Etienne Carmon,
 Group Product Manager, CACEIS



April 2016
Global Investor
 "Solveny II sparks securities lending opportunities"
Dan Copin,
 Head of Equity Finance, CACEIS



April 2016
Funds Europe
 "AIFMD still the most significant regulation"
Pierre Cimino,
 Responsible for CACEIS entities in Luxembourg, Belgium, the Netherlands, Italy and Hong Kong

Conferences - Q3 2016



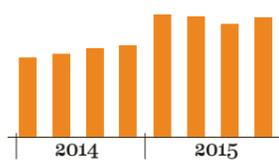
Worldwide

Source: EFAMA - March 2016

Worldwide Investment Fund Assets Q4 2015 (€ trillion)

+12%/Q4 2014

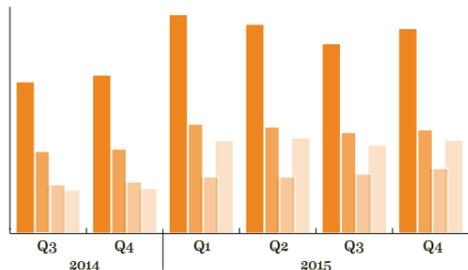
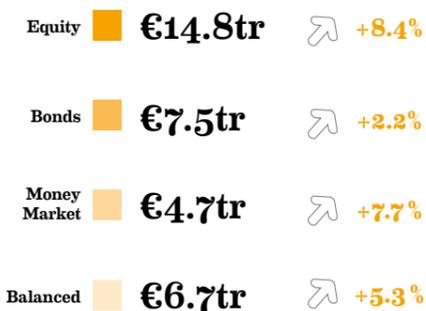
€36.94tr



Investment fund assets worldwide increased 5.9% to €36.94 trillion at year end 2015. The year asset growth reached 12%.

Trends by investment type Q4 2015 (€ trillion)

Equity fund net assets increased 8.4% to €14.8 trillion at the end of the fourth quarter of 2015. Bond fund assets increased 2.2% to €7.5 trillion. Balanced/mixed fund assets increased 5.3% to €6.7 trillion, while money market fund assets increased 7.7% globally to €4.7 trillion. At the end of 2015, assets of equity funds represented 40% and bond funds represented 20% of all investment fund assets worldwide. Of the remaining assets money market funds represented 13% and the asset share of balanced/mixed funds was 18%.

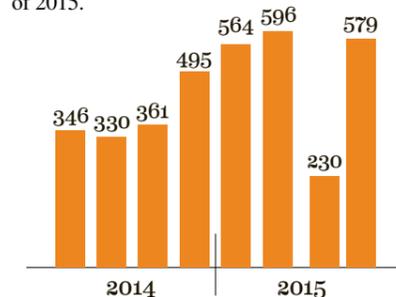


Net sales of Investment Funds Q4 2015 (€ billion)

+151%/Q3 2015

€579bn

Worldwide net cash flow to all funds amounted to €579 billion in the fourth quarter, compared to €230 billion in net inflows during the third quarter of 2015.



Europe

Source: EFAMA - March 2016

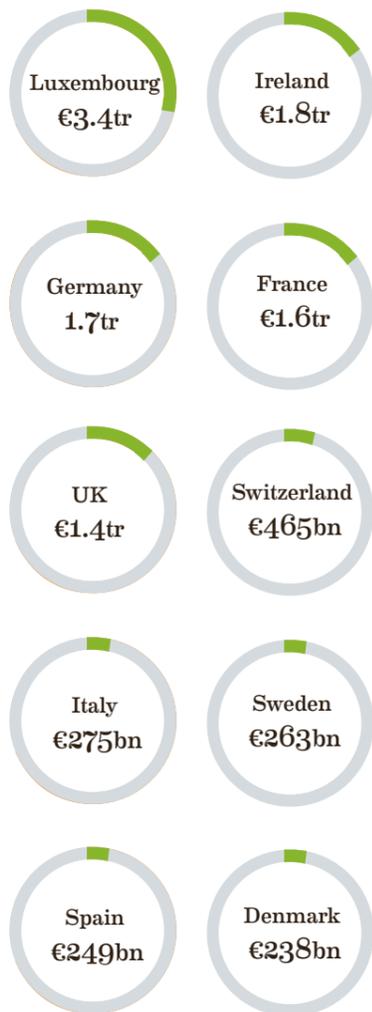
Net asset of the European Fund industry Q4 2015 (€ trillion)

+11.3%/Q4 2014

€12.58tr

2015 was a record year for the European investment fund industry. Investment fund assets in Europe increased by 11.3% to €12.58 trillion. Overall, net assets of UCITS increased by 13% to €8.1trillion. Net assets of AIF increased by 8.3% to €4.4 trillion.

Top Ten

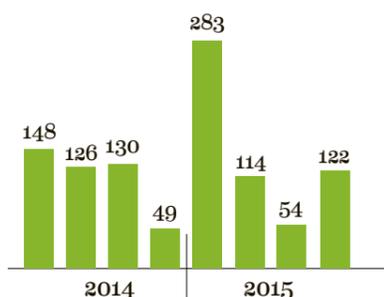


Net sales of UCITS Q4 2015 (€ billion)

+125%/Q3 2015

€122bn

Net sales of UCITS registered an increase in the fourth quarter of 2015 with net inflows of €122 billion, up from €54 billion in the third quarter.



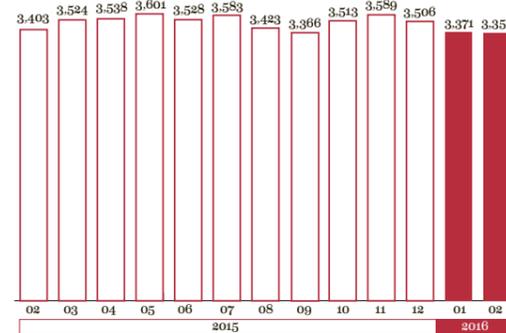
Country Focus - Luxembourg

Germany focus in the next CACEIS news

Net assets under management (AUM) in Luxembourg funds (€ trillion) - February 2016

-0.37%/January 2016

€3.35tr

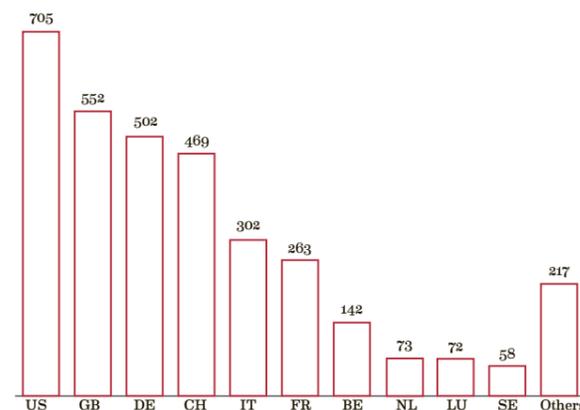


Source CSSF/ALFI as at 29/02/16

€3.35 trillion: net assets under management in Luxembourg investment funds at the close of February 2016. This represents a decrease of 0.37% in comparison with end January 2016.

Market shares of fund promoters by country of origin - February 2016

US Market share: 21%

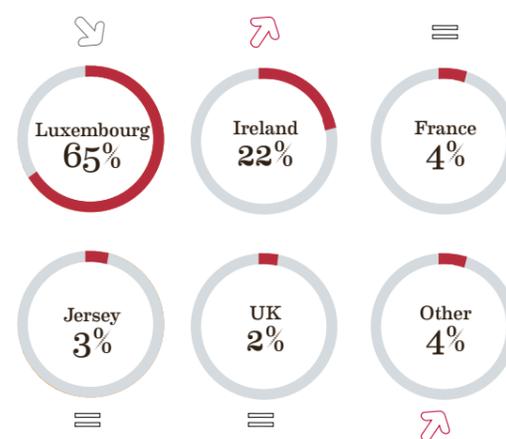


Source CSSF as at 29/02/16

At the close of February 2016, in terms of net assets US promoters held on to the first place which they have occupied since September 2009 with a market share of 21%. US, Germany and Switzerland still account for more than 50% of the overall market as in 2015.

Domicile market share for cross-border fund distribution - Q4 2015

Luxembourg Market share: 65%



Source PwC as at 31/12/15

With 65% of the worldwide cross-border registrations, Luxembourg remains the leading cross-border fund domicile in 2015. AT 22%, Ireland registered an increase compared to 19% in 2014.



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