



Institutions Concentrate On UCITS

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It's surprising that the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) haven't made an impact in the United States. The directive is a popular format for investment vehicles in Europe, where the ability to passport and allow investors from multiple countries to participate is key.

Transparency and liquidity are also two selling points that make UCITS attractive for the retail crowd. Net asset valuation or NAV is calculated daily and shares of UCITS-compliant funds offer deep liquidity with no significant lockups to speak of. It has given the smaller investor access to hedge fund strategies without a large amount of capital.

U.S. hedge funds are now replicating or attempting to replicate existing strategies so that they can be marketed throughout Europe. But these days, it's not just retail investors who are interested in UCITS funds. Institutional investors who need the transparency and liquidity associated with UCITS funds are also getting into the game.

"Think about the investment management firms that have a fiduciary responsibility to invest in liquid assets," Lisa Corvese, managing director of global business strategy at PerTrac, told Markets Media. "The larger pension plans and insurance companies are the first movers and I don't think they'll be the only movers. Europe has taken the lead on UCITS but it remains global."

PerTrac recently launched a new analytics product suite that will allow investors and fund managers to have fast access to fund information. High-frequency data is the term the firm uses; UCITS has pioneered the trend of getting faster access to daily fund data.

Traditional long-only investments aren't making the grade for most investors these days. Many people want access to the diverse sets of strategies hedge funds can provide. UCITS has been integral in doing this.

"UCITS started in Europe because passporting mitigates the distribution issues across countries," said Corvese. "And with UCITS, daily information becomes an imperative beyond month-end information. The world is moving to higher-frequency analysis and UCITS is a growing trend."

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