



Cross-border fund distribution services Solving the puzzle for you



SPECIAL
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CONFERENCE
EDITION

Foreword

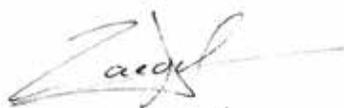
Much has been said, written, and above all, achieved not only in the domain of cross-border distribution of funds but also within taxation and risk reporting. In the long journey that has taken UCITS from its first iteration in 1985 to its pre-eminent position today as the mostly widely recognised cross-border investment vehicle, many elements have contributed. For those of us who have walked this road from inception, it has been a long, at times arduous, at times challenging, but always fascinating journey. As one set of objectives and targets was achieved, with new markets opening and new client segments attracted to our core products, so the frontier shifted and we looked to new challenges.

The current state of cross-border distribution reflects over two decades of continuous evolution and growth, with a distinct focus on UCITS products. The next two decades will see challenges unlike those that we have met before, as the retirement and savings imperative changes the shape of the distribution of investment products, as alternative products join the mainstream via the introduction of AIFMD; as reporting, taxation and risk take on greater importance and as those countries that we used to think of as emerging, move to centre stage. We are entering a new era of harmonisation, albeit with an underlying current of divergence re-emerging on some details, and at the same time we are moving to the next phase of globalisation with greater competition in financial services. For as one set of issues and problems fall away, other imponderables emerge to replace them, and today more than ever, a skilled and experienced eye can guide the way through complexity where trial and error, even when fuelled with optimism, will inevitably result in cost and frustration.

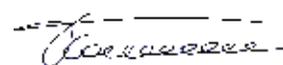
We are pleased to present this short brochure and the accompanying descriptions of our services; it will, we trust, give you an indication of the unique breadth and depth of experience we have to assist you in meeting your goals. It is not generic, because you are not generic; each of our customers is unique, with goals that match their investment products and aspirations that are in line with their goals. Our wide-reaching and complementary services covering Reporting, Tax, Risk, KIID, Fund Registration, Fund Reporting and AIFMD, will accompany you in achieving those aspirations. We provide you with the technology, the processes, the know-how, the synergies of leveraging on multi-disciplinary teams and the in-depth expertise to truly make a difference; but above all we look to understand your business to be able to be a part of its success. Deloitte's cross-border fund distribution services show you what we can do and how far we can go; the details we can complete together.



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Where to find us

To access our services, please feel free to contact any of the professionals listed in this brochure.

Distribution: what matters most?

Distribution is at the heart of the investment fund industry, and there are many paradigms that come together, like a constellation, to determine how and when an investor will buy a particular fund. Within a 'domestic' or national context, this is driven by compatibility with the various savings and investment incentives put in place by national governments. It can be argued that it is, for example, these basic rules that have created the largest and most efficient fund market in the world – that of the United States with its 401k and Individual Retirement Accounts savings plans – and which have led to the fragmentation of non-U.S. markets resulting in the greater number of fund offerings for a significantly smaller gathered asset pool. For tax harmonisation, despite the imperatives created around the mechanics of a common currency within Europe, is far from a reality, with domestic offerings of investment funds, in terms of fund characteristics, asset classes, charging and payment features, adjusting to the needs of the most readily available pool of investible savings.

Cross-border distribution of investment funds lies at an intersection – true economies of scale, investment efficiency and cost effective asset management all come from the ability to attract significant inflows on a regular and continued basis, and those inflows come from a vast number of different national, regional and fiscal environments. The real economic value unlocked by facilitating cross-border investment is to effectively reach across those barriers, by taking funds with the simplest yet adequate base structures and features, those of investor protection, of prudent regulation yet also of financial innovation and genuine investor choice. It transforms them in such a way that they may compete firstly on the global stage by offering a single and recognised product meeting investor demand and in turn nationally, by being able to withstand favourably the comparison with purely national products so that the investor can evaluate the investment choices offered, freed from the paraphernalia of 'packaging'.

To achieve these ambitious goals requires knowledge of how markets operate in each country, not just within the increasingly harmonised context of the European internal market, but globally from the very different requirements and preferences of the Asia-Pacific region and increasingly into the context of Central and South America, of the growing markets of Africa, the Near and Middle East, and the ever changing dynamics of wealth creation in the modern world. Taking these reflections and concepts and turning them into inflows into investment funds, by identifying the 'right' share class to offer and how, by understanding marketing requirements and messages, by harnessing regulation to work alongside commercial considerations, is the objective that comes together within Deloitte's concept of cross-border distribution.

Distribution: the drivers

Whether one starts the process of distribution on the 'sell' side, as a 'manufacturer', as an asset manager with a product to market, or on the 'buy' side, as a distributor with a demand to satisfy, the 'precise' fit of product to demand will always be a function of:

- Regulation
- Customer preference
- Tax considerations
- Client awareness and information
- Economies of scale and critical mass

These broad sectors will drive – market to market and product to product – the choice of:

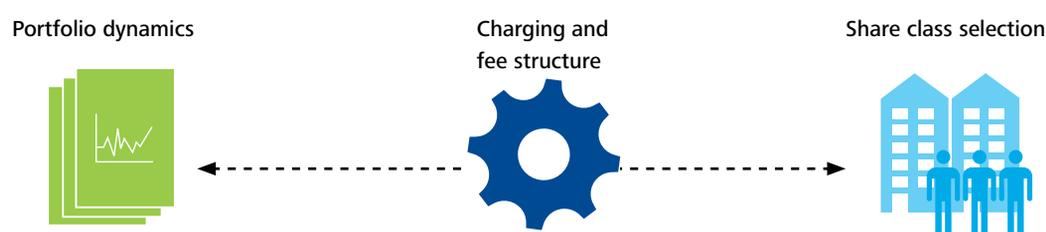
- Asset class
- Detailed investment policy
- Portfolio structure
- Share class characteristics
- Marketing strategy and documentation
- Time to market

Aligning products to these drivers is the secret to successful distribution. A smooth and seamless process is the difference it takes to be a market leader.

Distribution: the solutions

The infrastructure to support successful distribution is built from knowledge, insight, expertise and execution

Understanding the requirements for distribution is at the intersection of client and product. Not every product, sub fund, or share class is appropriate for every situation. The wrong share class in the wrong market not only increases costs and ultimately impacts on client profitability, but it may also increase regulatory, reputational and operational risk. With increasing market demand for diversity and return, these key tenets for UCITS are now expanding into alternative funds – with AIFMD - and across geographies.



Registration requirements drive product design At the heart of successful cross-border distribution is the registration and maintenance process – what is required, where, when and how?

Deloitte Luxembourg is one of the market leaders in this field. It deploys a fully integrated team based in Luxembourg. On the client side, each relationship is in the hands of a dedicated relationship manager, whose focus is on accompanying clients through the processes to meet their objectives, keeping them informed of the progress of their files and abreast of market news, trends and developments which either impact them directly or which may be of interest to them. On the 'street-side' country specialists follow individual markets, manage the relationship with local regulators and where necessary other relevant professionals. We are, above all, not a letter box entity – we have solid local substance with with a pool of over 50 cross border distribution specialists and our investment is in human intelligence supported by process and technology.

Customer protection and information is at the forefront of the regulator's agenda, and the focus for asset managers and distributors alike. One of the cornerstones of investor protection in distribution is the KIID.

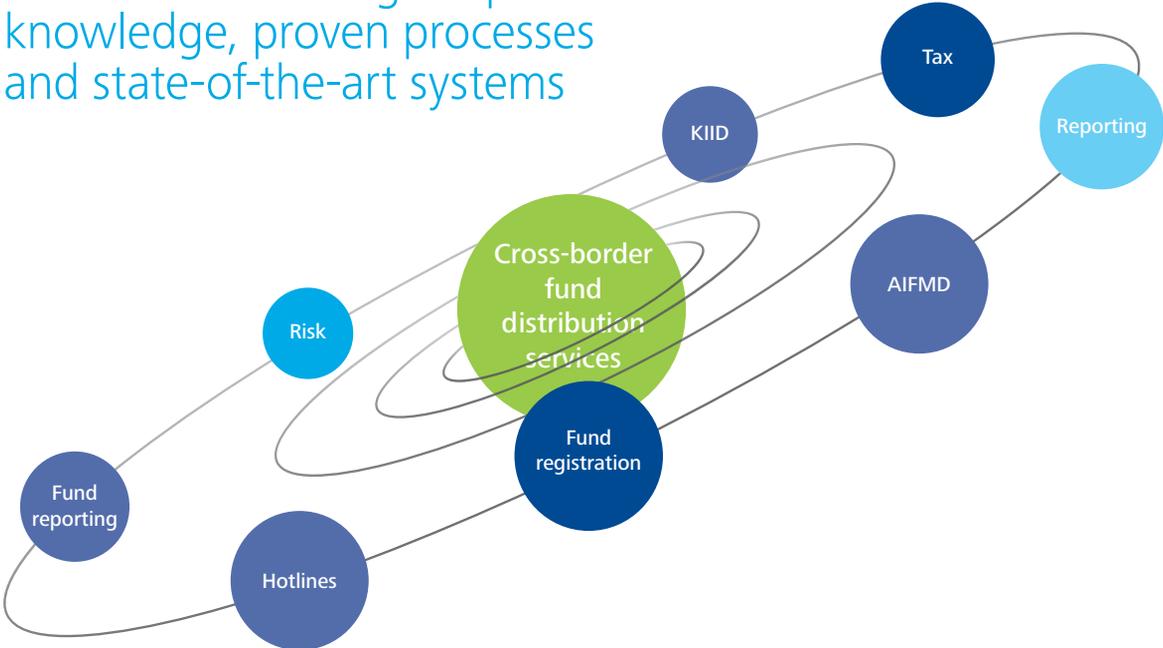
Deloitte offers a full range of KIID services from analysis and quality review to a seamless full KIID production chain.

Supporting these two core distribution services, and complimentary to them, Deloitte deploys the same methodology, expertise and skill in offering a full range of value-added offerings including:

- **Compliance Hotline** – market experts responding to questions and queries across the spectrum of fund activities, including marketing documentation
- **Market Intelligence** – bespoke analyses of products and markets helping you to determine where your strategy stands in the global competitive context
- **Tax Certification** – the requirements for tax filings and reporting in the countries in which you market, and preparing and filing these on your behalf
- **Investors' taxation country guides** – what are the tax implications for investors and funds alike across jurisdictions – an at-a-glance guide maintained by our dedicated experts to lead you through the fiscal context of distribution
- **Financial Reporting** – this is in the forefront of client information and is probably the most important information document a fund produces, scrutinised by existing investors, prospective investors and regulators alike

Meeting your requirements and creating synergies with our services

Quick turnaround times, exceptional quality and synergies are achieved through expert knowledge, proven processes and state-of-the-art systems



Expertise...

Our teams are drawn from different horizons. We complement the traditional disciplines of process, analysis and consulting with solid experience sourced directly from the market. Many of our key people at all levels of experience have proven track records in accounting, risk, product design and management. All these disciplines are needed to ensure efficient, effective and successful distribution.

and process

The annual cycle of activities leaves little room for acclimatisation, hence success is only demonstrable at its end. A proven track record in execution linked with access to our state-of-the-art production systems and collaborative on-line technology platforms, including document libraries, dashboards and project management functionalities, leads to successful take-on and onboarding of activities; all this stands alongside on-going commitment as a key to success.



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