



PRESS RELEASE

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LRI Group's Investment Summit highlights opportunities for fund managers at a time of considerable uncertainty and change

LRI Group recently hosted an Investment Summit in Frankfurt addressing some of the biggest issues facing fund managers. At a time when the world's financial markets remain volatile and uncertain, coupled with major changes sweeping the financial industry, LRI Group believes that there are some attractive opportunities for managers.

The event, which brought together about 100 leading investors, asset managers and providers to the fund management industry, opened with a review of year-to-date European fund flows by Detlef Glow, Head of Lipper EMEA Research at Thomson Reuters¹. The report showed that bond funds are the European investors' preference in 2017 (+ EUR 232.9 billion) and that assets under management in the European mutual funds industry have hit a new all-time high of EUR 10.2 trillion at the end of September 2017. Global equity funds are up EUR 51.3 billion and were the best-selling sector over the first nine months of 2017. BlackRock was the top fund promoter for this period with net sales of EUR 84.9 billion. The report also underlines the importance of Luxembourg as the central hub for fund domiciliation and distribution worldwide.

Accelerando Associates, a leading European fund distribution consultancy, warned that the European fund market is heavily overcrowded and fund managers face continued pressure from the EU and Government, local regulators, pricing, transparency and fee structures. This will result in some asset managers disappearing and new ones emerging. The funds that now end up on the shortlists differ only marginally. The difference then lies in the services, reporting, access to the fund manager and the transparency. In the face of increasing regulation, reporting tasks are becoming increasingly important.

Digitalisation was also raised as being a challenge for many managers but also provided a real opportunity to improve systems, sales and distribution. LRI Group believes that this age of digitalisation will increase the need for greater co-operation between managers and their product, and service providers. The disruption brought about by fintech innovation should lead to changes in customer behaviour and should mean added-value for customers.

Real-estate-debt-mandates is another opportunity for investors, and an asset class that is anticipated to increase in the regulated environment of Solvency II. It also became apparent that among the regulated investors, Luxembourg vehicles such as the Specialised Investment Fund (SIF) are still popular, but new vehicles such as the Reserved Alternative Investment Fund (RAIF) introduced in 2016 are experiencing strong growth.

Michael Sanders, Managing Director of LRI Invest S.A., says:

"The increased competition and complexity facing fund managers means that more are looking for a global network to help them to identify potential demand in each market and then to build distribution

¹ European Fund Flows Report: Review of the Year-to-Date Flows Through September 2017



channels and add partners, as required. Despite the challenges and uncertainty in Europe, it is clear that demand to invest in the region is as high as it has ever been.

“We believe that the age of digitalisation will open the door for managers to build stronger relationships directly with their customers. This goes way beyond robo advice and into a more tailored investment approach with customised funds, managed by investment professionals. With the implementation of MiFID II, it will turbo-charge digitalization, which means that managers must focus on quality, transparency and greater accessibility.”

LRI Group manages over EUR 3 billion in Real Assets especially in Real Estate, Private Equity and Debt and nearly EUR 9 billion in Financial Assets such as Multi Asset Funds, Liquid Alternatives and Funds of funds.

About LRI Group

LRI Group is a leading independent investment services company based in Luxembourg. It provides asset managers and investors with nearly three decades of experience in structuring and administration of traditional and alternative investment strategies. Established in 1988, LRI Invest S.A. acts as Super Management Company (Super ManCo) being authorised as Alternative Investment Fund Manager (AIFM) and as UCITS Management Company in Luxembourg. Through LRI Invest Securitisation S.A. it also operates a securitisation platform for a variety of alternative investment underlyings for institutional investors. With LRI Depositary S.A. it also provides depositary services and can act as Register and Transfer Agent for alternative investment funds. LRI Group has over EUR 10 billion in assets under management and 100 staff.

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