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Ireland positions for change in the hedge fund world

IRELAND'S SWIFT RECOVERY FROM THE FINANCIAL CRISIS IS BEING DRIVEN IN LARGE PART BY THE SUCCESS OF ITS FINANCIAL SERVICES INDUSTRY – IN WHICH ALTERNATIVE INVESTMENT MANAGEMENT AND INVESTMENT FUND ADMINISTRATION PLAY A BIG, AND GROWING, ROLE. WITH THE AIFM DIRECTIVE USHERING IN A NEW ERA FOR HEDGE FUNDS IN EUROPE, AND WITH NEW UCITS LEGISLATION SET TO BOOST THAT GROWING FUND SECTOR TOO, IRELAND LOOKS WELL-PLACED TO CAPITALISE ON THE OPPORTUNITIES AND CHALLENGES AHEAD AS A KEY GLOBAL PLAYER IN A CHANGING HEDGE FUND WORLD. PHILIP MOORE REPORTS

Another day, another hearty slap on the back for Ireland in recognition of how far its economy has come since the depths of the financial crisis.

In January, with yields on Irish government bonds having already fallen to their lowest level since 2006, Moody's upgraded the sovereign's debt rating from Baa3 to Ba1.

The agency announced at the time that its upgrade was based on the growth potential of the Irish economy, twinned with the government's on-time exit from its EU/IMF support programme, which has helped to restore Ireland's access to the capital markets.

Much of this recovery has been driven by Ireland's financial services industry, which according to the latest available data accounted for €15 billion of value added, or 10% of Irish GDP, in 2011.

According to a working paper published last year by the Central Bank of Ireland, this suggests that the country's financial sector makes an unusually high contribution to national output.

"The euro area average has remained close to 4% of GDP since 2001; while in Ireland the value added as a percentage of GDP climbed from 7% in 2001, peaked at just over 10% in 2010 and… remained just below this level up to end-2011," notes the Central Bank's report.

Banks, inevitably, account for the lion's share of this total, contributing about 70% of the value added of the financial sector. But so-called financial auxiliaries, which include investment fund administrators, have also been a key source of growth since the establishment of the International Financial Services Centre (IFSC), which was set up by the Irish government in 1987.

Kieran Fox, director of business development at the Irish Funds Industry Association (IFIA)

"Over the last 20 years, Ireland has developed a world-leading position as a jurisdiction for the administration and domiciling of internationally distributed investment funds," notes a government report outlining the IFSC's strategy for growth between 2011 and 2016.

"With more than 10,000 people employed in the administration, custody and servicing of funds together with in excess of 2,000 employed in the professional advisory firms, this area of the IFSC remains the single largest sector by employment."

Kieran Fox, director of business development at the Irish Funds Industry Association (IFIA), explains that the alternatives industry in Ireland comprises both domiciled funds regulated and authorised by the Central Bank of Ireland, and non-domiciled funds based predominantly in centres such as the Cayman Islands but serviced in Ireland.

"If you look at the Irish-domiciled and non-Irish funds combined, Ireland administers about 43% of the world's hedge funds, the majority of which aren't Irish-domiciled," says Fox.

"That means the industry here already has relationships with more than 40% of the world's hedge fund managers," he adds. "That in turn means Ireland has experience of every type of hedge fund strategy and structure across a broad range of asset classes and investment styles."

QIFS: THE JEWEL IN IRELAND'S CROWN

Against that background, it is little wonder that PricewaterhouseCoopers (PwC) begins a recent guide by saying that Ireland is "synonymous with hedge funds".

The cornerstone of the industry's development has been the growth of Qualifying Investor Funds (QIFs) –

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and more recently Qualifying Investor Alternative Investment Funds (QIAIFs) – which date back to 1995, when they became the first regulated hedge fund products in Europe.

The growth of the QIF market has accelerated in recent years, perhaps reflecting that one of the most attractive elements of the QIF legislative framework is the so-called fast track programme – which since February 2007 has allowed for funds to be authorised within 24 hours.

QIAIF filing is on a self-certification basis. "For investor protection and to safeguard the integrity of the market, the Central Bank requires that filing meets a number of reasonably detailed minimum requirements," says Peter Stapleton, a partner in the investment funds group at Maples & Calder in Dublin.

"The Bank also requires that the QIAIF's directors, service providers and advisers, as well as the constitutional and offering documents and depositary and management agreements, are all in line with minimum standards. So there is some preparatory work that needs to be done before the 24-hour authorisation period. But the typical time frame from start to finish is between four and six weeks, which compares very favourably with other jurisdictions."

This, says Stapleton, dovetails well with the requirements of regulators, administrators and investors alike. "Having worked in a number of jurisdictions, I believe Ireland's QIAIF regime strikes exactly the right balance between efficiency in terms of speed to market and ensuring that products are robustly regulated and authorised only when they have met quite stringent requirements," he says.

THE RESILIENCE OF THE IRISH FUNDS INDUSTRY

QIFs have been a powerful engine of growth for the Irish funds industry. According to industry statistics published by the IFIA, the total number of Irish-domiciled QIFs rose from 541 in 2004 to 1,838 by November 2013.

Over the same period, total assets increased from €44 billion to €235 billion, with the growth having accelerated since 2008, which was the only year in the last 12 when total assets contracted. This decline was reversed with a 22% increase in 2009, since when assets rose by 35% in 2010, 19% in 2011, 12% in 2012 and 16% in 2013 to the end of November.

Industry participants say that one striking feature of this resilience is that Ireland's fund services industry has been outgrowing its closest competitors in recent years.

Maples' Stapleton is well-qualified to compare Ireland with its most immediate competitor, Luxembourg, having worked in both locations. "Historically, Ireland has been regarded as more attractive for alternative investment funds than Luxembourg," he says.

"And while the total of UCITS under management in Luxembourg is about twice the size of the Irish market, this traditional lead is gradually being eroded, and Ireland is now the fastest-growing market for UCITS as well."

Across the broader funds industry, Dublin has carved out some other notable competitive advantages over Luxembourg. Some of these are described by Donnacha O'Connor, partner at Dillon Eustace in Dublin, as important technical nuances.

"If you look at exchange traded funds (ETFs), for example, a big advantage Ireland has over Luxembourg is the access that Irish ETFs have to the Ireland-US double-taxation treaty," he says.

"Another example was the competitive advantage created for Ireland when Luxembourg introduced its investment fund *taxe d'abonnement*, which caused a significant migration of money market funds to Ireland."

IRELAND'S REGIONAL ADVANTAGE

This growth has allowed the Irish funds industry to retain its most important asset, which Dublin-based market participants say is its people. Pat Candon, asset management partner at PwC in Dublin, says that there was no discernible brain drain from the funds industry in Ireland during the downturn.

"A lot of Ireland's top maths and business accounting graduates have been attracted to the industry because of its resilience," he says. "There may have been some freezes on headcount at some firms during the crisis. But none of the fund administrators that I'm aware of made any significant redundancies."

That was good news not just for Dublin, but also for many of Ireland's other larger cities. This is because unlike its competitors in some other jurisdictions, the Irish hedge fund administration industry is not confined within relatively restricted cosmopolitan borders.

State Street, for example, has been in the market since 1996 and now employs more than 2,000 people in Ireland. While many of these are inevitably located in Dublin, State Street also has operations in Drogheda, Naas, Carrickmines and Kilkenny.

"About two-thirds of our Irish hedge fund servicing is now based outside Dublin," says Patrick Hayes, senior managing director and head of European hedge funds at State Street in Dublin.

"The rationale for that was that when the Irish economy was booming in the early 2000s it was hard to ensure that the business was not disrupted by the amount of people who were moving from firm to firm in Dublin."

Hayes says that of the $700 billion of hedge funds serviced by State Street worldwide, about half is administered in Ireland.

Among the other multinational service providers in Ireland, Northern Trust opened its Dublin office in 2000, and in 2006 chose Limerick as the second location for its local fund administration business. Today, it employs 300 people in Limerick, and last year announced plans to increase this to 700 by 2017.

SuMi TRUST Global Asset Services, meanwhile, which is headquartered in Dublin, has established its satellite office in the east-coast university town of Dundalk,

Peter Stapleton, a partner in the investment funds group at Maples & Calder in Dublin

which is located halfway between Dublin and Belfast, and has a population of almost 40,000.

SuMi TRUST Global Asset Services is the product of the acquisition in November 2012 of Daiwa Securities Global Asset Services by Japan's Sumitomo Mitsui Trust & Banking (SMTB).

The wholly-owned Irish subsidiary, SMT Fund Services (Ireland) Limited (formerly Daiwa Europe Fund Managers Ireland Limited), is a long-established fund administrator and UCITS management company which is in the process of being upgraded to an AIFM.

SMTB also controls SMT Trustees (Ireland) Ltd (previously Daiwa Europe Trustees Ireland Limited), which also provides AIFMD depositary services for onshore and offshore funds managed from the EU as well as non-EU funds looking to market into the EU. It in turn owns 100% of GAS Cayman, a Cayman-registered administrator and trustee.

Karl McEneff, CEO of SuMi TRUST Ireland, who established the Daiwa operation in 1990, says that the opening of the Dundalk satellite office in 2006 – which he describes as extra floors – was the natural response to the strong rise in demand for fund administration in Ireland.

"The Dundalk operation has been very successful in attracting talented people who did not want to commute to Dublin but wanted to be part of the flourishing funds administration business," says McEneff. "As a university town, Dundalk offers us a ready-made resource of graduates."

SMT Fund Services now employs 50 people in Dundalk, complementing its 150-strong headcount in Dublin, and plans to expand its satellite office. Peter Callaghan, executive director, COO and CFO of SMT Fund Services, says there is plenty more room for further decentralisation of the broader funds industry in Ireland – which suggests that there are unlikely to be any capacity constraints in terms of its expansion, either at the level of human resources or infrastructure.

At the IFIA, Fox agrees. "I think we still have a huge amount of growth capacity," he says. "If you wound the clock back six or seven years, we were starting to encounter capacity constraints. But at that time Ireland was a very different place. While we've continued to post strong growth in terms of assets and number of funds, Ireland is now an economy where there is a high availability of skilled staff."

The result, says Fox, is that there is no shortage of young, highly motivated people eager to go into the fund administration sector. "Many of those people may not necessarily have direct experience in the funds business, but could have worked in banking, insurance or a related financial service," he explains. "Skills developed in those areas can be transferred relatively easily to the fund administration business. The education system here in Ireland is also geared to producing high-quality graduates."

Patrick Hayes, senior managing director and head of European hedge funds at State Street in Dublin

NO INFLATIONARY PRESSURES – YET...

This means that for the time being Ireland's financial services industry enjoys the best of both worlds. On the one hand, the industry continues to grow, but on the other there are few, if any, signs emerging to suggest that inflationary pressures are building up – either in labour or infrastructure costs.

This is in vivid contrast to the years leading up to the crisis. According to a report published last October by the Nevin Economic Research Institute (NERI), between 2000 and 2008, nominal unit labour costs in Ireland rose by approximately 34%, lifting them above levels in the UK and Germany, with obvious implications for Irish competitiveness.

Between 2008 and 2012, however, unit labour costs in Ireland remained stagnant, according to the same report, while in the rest of Europe they rose by more than 8%.

In the real estate market, meanwhile, a recovery is being driven by a combination of declining unemployment and a sharp contraction in the number of new housing units – fewer than 8,500 in 2012 compared with more than 93,000 at the height of the boom in 2006.

The result is that house prices rose in Ireland by about 5.6% in 2013, by almost 14% in Dublin and by as much as 20% in the most upmarket parts of the capital. Rents also rose last year – by 4% nationwide and by 7.6% in Dublin.

While these indicators are another encouraging signal of Ireland's economic rebirth, property prices remain well below the peaks they reached during the 'Celtic Tiger' boom. In late 2013, according to Central Bank data, the four leading Irish banks still had a combined outstanding balance of owner-occupier mortgages in negative equity of almost €50 billion.

Other indicators also suggest that inflationary pressures are likely to remain subdued for the foreseeable future. The Dublin-based stockbroker, Davy, forecasts that jobs growth of 3% in 2014 will prompt a modest rise in consumer spending of 1.5% for the year, adding that "with household debt still close to 200% of disposable income, the pace of household deleveraging is likely to remain substantial".

While the absence of inflationary pressures will do no harm to the growth prospects of the fund servicing business, Maples' Stapleton says that Dublin's cost advantages relative to Luxembourg should not be over-egged.

"I've been in the industry since 1999 and I think that in that time it has been very rare to lose out to a Luxembourg product offering solely on the basis of cost," he says. "All the anecdotal evidence suggests that the costs of legal, depositary, audit and valuation services are the same or higher in Luxembourg than in Ireland. But I believe Ireland's increasing market share is the product of qualitative rather than quantitative factors."

Dublin-based lawyers say that alongside its deep and well-qualified labour force, Ireland's credentials as a funds administration centre are also supported by its legal system, which is based on common law.

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"The fact that Ireland shares a common law system with many of the major fund domiciles in the Caribbean and the Channel Islands, as well as Asia, is an important factor," says Stapleton at Maples. "The Irish legal system is such that the funds which are formed here look and feel like those that managers are used to in other jurisdictions. That gives administrators in Ireland an edge over their civil law counterparties in Luxembourg."

He adds: "This does not mean that Sicavs or FCPs are unpopular structures. But it does mean that if you're setting up a parallel fund or re-domiciling a product from one of those locations, it is relatively simple to do so, either through an asset swap into a vehicle which looks and feels similar, or by fully migrating the fund with an Irish registration."

In practice, say Irish-based administrators, parallel domiciliations have been more common than re-domiciliations. "Although we have seen many clients creating a lot more regulated European products for European investors, we have seen surprisingly few re-domiciliations of funds to Ireland," says Hayes at State Street.

Others agree. "There is still a big demand among Japanese and Asian funds for Cayman-domiciled vehicles," says Callaghan at SMT Fund Services. "An important part of our business is servicing Cayman funds, which we are able to from here via our Cayman trustee. We have done some fund re-domiciliations, but in truth there has only been a fraction of the activity that some people were expecting as a result of AIFMD."

A GOOD PLACE TO DO BUSINESS

While its human resources and legal system are widely recognised as being two of Ireland's main strengths as a hub for hedge funds, several independent surveys have highlighted others, too.

The 2013 edition of the World Bank Doing Business Index, for example, gives Ireland bragging rights over Luxembourg. In some ways, the World Bank index can be taken with a pinch of salt. It is hard, for example, to believe that it is easier to do business in Tonga than in Luxembourg.

Nevertheless, the fact that Ireland ranks 15th in this index – well above Luxembourg, which ranks 60th – suggests that Dublin has made considerable progress in building a business-friendly environment.

Ireland's credentials as a financial centre have also been strengthened by the improvements that have been made in recent years to its transportation and communications infrastructure.

As Callaghan at SMT Fund Services says, the government has invested extensively in better roads linking Ireland's major cities, and in its bandwidth, both of which have supported increased regional investment.

Although Dublin would benefit from more direct flights to some major European cities, air transportation services are also improving. Last year, for example, the IDA welcomed the announcement by Aer Lingus of a new service linking Dublin with San Francisco, an important source of inward investment into Ireland, with Silicon Valley accounting for about 40% of FDI.

LINKS WITH THE US AND THE UK

One of the most decisive elements in the competitive battle between Ireland and Luxembourg is the cultural and linguistic affinities each jurisdiction has with different geographical regions. "It may sound like a cliché, but being the only English-language speaking member of the Eurozone is a huge advantage for Ireland," says Candon at PwC.

The IFIA's Fox says that between 50% and 60% of managers using Ireland as a domicile or administration hub are from the US or the UK. But as Candon says, it is a mistake to think of Ireland as a jurisdiction that is missing out on opportunities elsewhere.

"Historically, there is no doubt that the majority of funds serviced in Dublin have been from the UK," he says. "But we have also been making significant inroads among German, Swiss and French managers."

Relationships with Asia are also being strengthened. In 2013, for example, the IDA announced that it was opening an office in Beijing, which will add to the presence it already has in Shanghai and Shenzhen, and will focus "primarily on attracting more investment in the financial services sector from China to Ireland".

"We are definitely seeing more Asian funds being domiciled in Ireland," says Stapleton at Maples. "One of the factors that has been driving the growth in our Hong Kong practice is rising demand among Asian investors for alternative fund products domiciled in Ireland."

While regulatory developments in Asia, including in China, are supporting increased business for the Irish funds industry, so too is political and economic change in Japan.

At SuMi TRUST in Dublin, McEneff says that so-called 'Abenomics' is creating new opportunities for the broader fund industry, including hedge funds, and therefore for Ireland. This is because it is encouraging Japanese institutions to focus on the potential of alternative products to enhance returns.

A HELPING HAND FROM THE REGULATOR

Beyond qualities that are generally regarded as soft – such as its language, time zone and culture – the growth of the Irish investment fund industry has been supported by a highly accommodating regulatory regime that has worked hand in glove with the financial services community.

"One of Ireland's biggest strengths is that we have a combined industry approach," says Callaghan at SMT Fund Services. "It is no secret that the government recognises the importance to the economy and to employment of financial services. This is why everything the regulator does is always on the basis of extensive consultation with the industry. Because there is such an excellent working relationship between the supervisory authorities and the industry, there are very few surprises when new regulations are issued."

The government also wins praise for the support and time it dedicates to the local funds industry. "I've been on the conference-organising committee of the IFIA

Karl McEneff, CEO of SuMi TRUST Ireland

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for several years, and it is amazing how obliging the Taoiseach and the Ministry of Finance are whenever we invite them to participate in industry events," says James Conaghan, director of the hedge funds group at PwC in Dublin.

RESPONDING TO CHANGES IN THE HEDGE FUND WORLD

The fund administration industry in Ireland has continuously needed to adapt in response to far-reaching change within the broader global hedge fund market. That has meant responding to the impact of growing institutional participation in alternatives in general and hedge funds in particular.

Hayes says that a survey of alternative fund managers undertaken by State Street and Preqin concluded that this increased institutionalisation is creating a new dynamic in the market. "Institutions are driving a very different agenda, which is demanding improved transparency, higher liquidity, more favourable fee structures and enhanced and more regular reporting," says Hayes.

"Competition for institutional capital is fierce, but with more money flowing into hedge funds, the largest managers are becoming bigger," he adds. "What this means for an organisation like ours in Ireland is that there are plenty of opportunities for growth by delivering bundled solutions and new services, and providing our clients and our clients' investors with tools to manage their business."

At SMT Fund Services, Callaghan says that one by-product of an increasingly demanding and globalised investment management industry, which has very direct implications for a Japanese-owned administrator, is the requirement for more timely reporting.

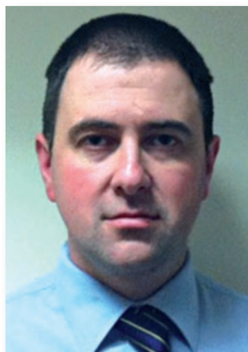
"We put in place a night team last year on an interim basis that was able to report NAVs of US funds in the early morning, Tokyo time," he says. "We're now finalising the process of relocating the team to Asia so that we can continue to deliver US close-of-business NAVs into Asian time zones, which will be a key part of our service offering going forward."

Dovetailing with the growing institutionalisation of the hedge fund universe in recent years has been the increasing regulatory pressures that are being brought to bear across the wider asset management industry.

Dublin-based market participants say that Ireland's fund services industry is more than adequately equipped to respond to the fast-changing regulatory environment. "Clearly, regulatory change is making increased demands on administrators, and over the next two to three years those pressures are going to continue," says Fox at the IFIA.

"Although these pressures are leading to increased costs for the industry, they are also generating new opportunities," Fox says. He points out that Ireland's leading role as a servicer of US funds is adding a fresh layer of regulatory challenges and opportunities.

One example, he says, is the adoption of Rule 204(b)-1 in the US, which since 2012 has required SEC-registered investment advisers managing private funds to report risk-exposure statistics on a consistent basis on Form PF. "Administrators have put in place the necessary systems to collect and store Form PF reporting data for US managers," says Fox.



Peter Callaghan, executive director, COO and CFO of SMT Fund Services

Similar challenges are being presented by the Foreign Account Tax Compliance Act (FATCA), the regulations for which were released by the US Treasury and Internal Revenue Service (IRS) in January 2013.

Critically, say Dublin-based administrators, FATCA was another example of regulatory change that was anticipated by the IFIA and the Revenue. "Even when the FATCA rules were in their infancy, the regulator had a team working on various different scenarios, which was key in helping the industry to prepare for their introduction," says McEneff.

McEneff adds that proactive consultation on FATCA was especially helpful for Irish administrators in light of the importance of their US client base. "It is a big bonus for the US funds we're servicing that everything is in place with regard to FATCA," he says.

READINESS FOR AIFMD

Another good example of Ireland's proactive approach to changing hedge fund regulation has been its response to AIFMD, which has led to the replacement of the QIF model with the QIAIF (Qualifying Investor Alternative Investment Fund) regime.

As the Central Bank of Ireland explains, the new regime is similar to its predecessor, "but with fewer requirements in areas such as share classes, dealing frequencies, counterparty eligibility, issuance of partly paid units, duration of closed funds and disclosure requirements across a broad range of areas".

In other words, it is an immediately recognisable and user-friendly version of the QIF regime, but with added flexibility.

At the IFIA, Fox agrees. "I think following the publication of the first draft of the AIFMD in April 2009, Ireland probably had the shortest distance to cover in order to be fully AIFMD-compliant," he says.

"The QIF was the closest product in the market to the AIFMD-compliant model, in the sense that Irish QIFs have always been required to appoint a prime broker as sub-custodian, for example. Although AIFMD has not been without its challenges, in many respects there is nothing new about AIFMD for Irish QIFs."

The clearest evidence of Ireland's AIFMD readiness, Fox adds, was the authorisation by the Central Bank, on day one of the new regime, of the first full AIFM. On 22 July 2013, this authorisation enabled BlackRock to avail of a pan-European passport to market its Irish alternative investment funds widely.

"The first fully authorised AIFM in Ireland is a large and complex structure of 151 funds and the fact that it was able to start passport-marketing into 15 countries on day one demonstrated how ready Ireland was to meet the challenges of AIFMD," says Fox.

Since the BlackRock ice-breaker, says Candon at PwC, a number of other managers have followed suit.

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"We expect to see quite a few more before this July, although many are adopting a wait-and-see attitude to establishing AIFMs," he says.

Martin Moloney, head of the market policy division at the Central Bank of Ireland, made a similar point in a speech in November. "The fact that there was no 'big bang' in July 2013 is a reflection of the fact that many funds and their managers have approached the AIFMD with an element of caution," he said.

"In Ireland we have completed the authorisation of only four AIFMs and the figures for most other countries are proportionately similar. But we will have approved something approaching 80 AIFMs by July 2014, I suspect. That massive exercise will then open the way for a reconsideration of marketing and management strategies in the second half of 2014."

THE ICAV INITIATIVE

Recognising that there can be no room for complacency in an increasingly competitive global marketplace, Ireland continues to adapt its regulatory regime and product repertoire, preparing the ground – for example – for so-called depositary-lite services.

As another example of this adaptability, take the publication in December 2013 of guidelines on the Irish Collective Asset Management Vehicle (ICAV) by the Irish Minister of Finance.

An update published by Dillon Eustace explains this creates a new corporate vehicle that Irish investment funds which will sit alongside rather than replace the PLC regime. The process of establishing an ICAV will be simpler than for a PLC, it thus adds, because it will be incorporated once it has been authorised by the Central Bank. PLCs, by contrast, have to be incorporated at the Companies Registration Office and subsequently authorised by the Central Bank.

As with FATCA, the ICAV initiative is regarded as especially helpful for administrators servicing US funds. "The ICAV is very relevant for US promoters who need to check the box for US tax purposes," says Robert Hennessy, head of risk services for SMT Trustees. "So it is another example of the industry working very closely with the tax authorities and with the regulator to address a very specific need."

FEW CLOUDS ON THE HORIZON

While Dublin-based administrators say that the industry will continue to monitor regulatory and political influences on development of the global hedge fund market, they see little on the horizon that is likely to present a danger to the continued expansion of the industry in Ireland.

Political uncertainty arising from the UK's future relationship with the EU, for example, will clearly have profound implications for Ireland's economy. But if anti-EU sentiment gathers more traction in the UK, this need not be negative for Ireland's vibrant fund servicing industry.

"There would undoubtedly be risks to the Irish economy because of the significant trading links we have with the UK," says Fox. "It could be negative or it might be positive for Ireland, because industry participants needing to springboard into the EU would be likely to look at Dublin. But one of the immediate challenges would be an increase in uncertainty."

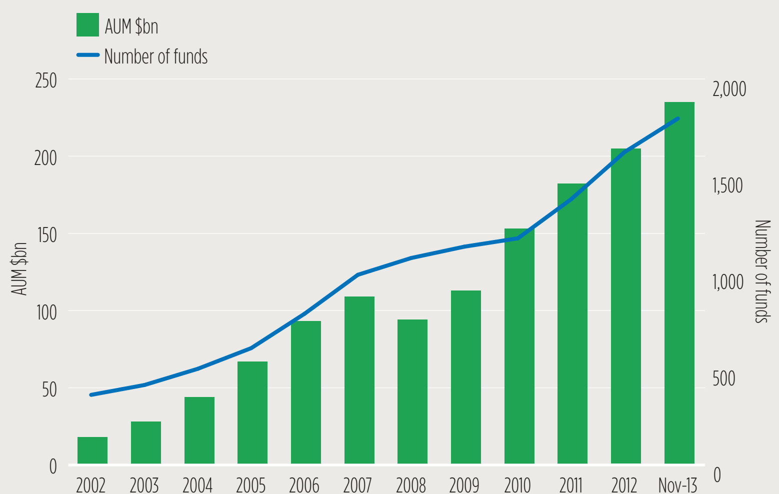
Another potential complication for the global hedge fund industry is the EU's proposed financial transactions tax (FTT). According to a report produced last year by PwC for 27 European lobby groups, including the IFA and the Irish Banking Federation, the FTT would be likely to have a negative impact on GDP growth and savings in Europe. As the report notes, one estimate has suggested that individual investors in UCITS could see the value of their savings reduced by 15% of their total contribution.

Small wonder that Ireland, like Luxembourg, has opted out of the tax, which it will continue to oppose. As Brendan Bruen, director of Financial Services Ireland (FSI), said following the publication of the PwC report: "It is clear that Ireland made the right decision staying out of any FTT. The review shows that FTTs hurt every country that introduces one."

Ireland's unequivocal commitment to its financial services sector leaves Dublin-based practitioners confident about the growth prospects for the funds industry. "I would be confident that over the next five years we'll see the number of people employed in the industry reach 20,000," says Candon at PwC.

"Collective investment schemes continue to attract investors and as that process continues, growth will be underpinned by more product launches and by listed funds getting bigger. With administrators and other service providers expanding their business in response to increased compliance and regulatory requirements, staff numbers across the industry are definitely heading north."

The QIF growth story: number of funds and total assets



Source: Irish Funds Industry Association

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www.sumitrustgas.com

For further information please contact:

IRELAND
Colm Geary
Colm.geary@sumitrustgas.com

LONDON
Alina Kanygina
Alina.kanygina@sumitrustgas.com

HONG KONG
Joost Lobler
Joost.lobler@sumitrustgas.com

TOKYO
Yuji Asano
Yuji.asano@sumitrustgas.com