ETF Securities launches eight ETFs on Swiss exchange, UK's HM Treasury allows Gibraltar-based UCITS to be sold in UK...

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Concerns have been raised by EFAMA, the European lobby for asset management, that **the latest consultation paper from the European Commission on UCITS could damage the unified label of the fund brand** reported *Citywire Global* this week.

The paper, entitled 'Product Rules, Liquidity Management, Depositary, Money Market Funds, Long-term Investments' – that is, UCITS VI – was released back in July and addresses the eligibility of an asset class as a UCITS fund. The European Commission called for industry feedback. EFAMA says that this could either see the scope of assets included under the UCITS umbrella structure widen or narrow.

Claude Kremer, president of EFAMA, said at a press briefing in London on Tuesday (11 September 2012) they were looking at the eligibility issue with "great thorough analysis", adding: "We think that UCITS are powerful because all funds under the label comply with the same rules and this needs to be maintained." One possible modification could be that 'alternative' asset classes such as private equity and commodities become mainstream assets alongside bonds and equities.

One asset class facing a proposed ban is open property funds by the German government in light of the fact that several such funds have been hit with a wave of redemptions. Such a specific ban on a specific asset class would, said Kremer, have a limited effect in the decision of the eligibility of long-term assets. "The German legislator, rightly or wrongly, is deciding to act in this way because the management of the funds was not handled properly. It is a specific German problem," said Kremer.

Sticking with EFAMA, this week (14 September 2012) it published its latest Investment Fund Industry Fact Sheet based on investment sales and asset data for July 2012. Data shows that July attracted EUR6billion in net inflows into UCITS compared to net outflows of EUR33billion in June. Bond funds did particularly well, with net sales climbing to EUR23billion in July, a big increase from EUR5billion in June.

By comparison, equity funds recorded net outflows of EUR2billion, although this is still an improvement on June when net outflows totalled EUR9billion. Total net assets of UCITS increased in July by 3.1 per cent to EUR6.18trillion. Looking at the second quarter of 2012, net inflows came to EUR7billion: this is a massive drop on Q1 2012 when net inflows were EUR91billion. The disparity, said EFAMA, was mainly attributable to a reduction in net inflows into long-term funds.

Bernard Delbecque, Director of Economics and Research at EFAMA, said that there was little doubt that investors would add new money to long-term UCITS during the third quarter following the rebound recorded in July and the agreement reached by the ECB on a bond buying plan to secure the future of the euro. "The year-end results will largely depend on the national authorities' capacity to strengthen their long-term adjustment reforms and growth prospects, in a way that would set the stage for more favourable economic conditions across Europe and consolidate investor confidence," said Delbecque.

UCITS funds domiciled in Gibraltar can now be sold in the UK after HM Treasury agreed to allow fund "passports" from the offshore jurisdiction. As reported in *FT Adviser*, Gibraltar's Financial Services Commission (FSC) signed up to UCITS IV in October 2011, since when, however, no UCITS funds have chosen to base themselves there. Nevertheless, Joanne Beiso, head of funds and pensions supervision, said the intention was to "open up" Gibraltar to more financial services business: this decision by HM Treasury is a big step forward in achieving that aim.

Marcus Killick, CEO of the FSC, said that the FSC had been negotiating with the UK on this issue for a number of years and that it finally opens up a natural market “which was not previously available to us”. “With recent changes in EU Ucits legislation this represents a major opportunity for the local industry players to develop in this area,” said Killick. However, Ucits rules do not automatically mean funds are covered by the UK regulatory system, wrote *FT Adviser*. A spokesperson for the FSA said that advisers should check with individual fund managers to determine their status with the FSCS and the Financial Ombudsman Service.

As reported in sister publication *ETF Express* this week, **London-based ETF Securities has launched eight thematic ETFs on the SIX Swiss Exchange**. The new range of funds, which focus mainly on the energy sector, began trading on 11 September 2012. Commenting on their launch, **Rima Haddad, head of Switzerland & Middle East at ETF Securities**, said: “We are seeing a lot of interest and demand from Swiss investors in our products and are pleased to now be able to offer a range of investment solutions based on commodities and commodity related equities also on the local exchange.”

The eight new UCITS-compliant funds are as follows:

ETFX DAXglobal Alternative Energy Fund: designed to track the performance of the DAXglobal Alternative Energy Index, which replicates the performance of the 15 largest companies worldwide in the alternative energy segment.

ETFX DAXglobal Coal Mining Fund: designed to track the performance of the DAXglobal Coal Index.

ETFX DAXglobal Gold Mining Fund: designed to track the performance of the DAXglobal Gold Miners Index. The portfolio of the DAXglobal Gold Miners index includes companies that generate at least 50 per cent of their revenue from gold mining.

ETFX DAXglobal Shipping Fund: designed to track the performance of the DAXglobal Shipping Index, which includes companies that generate at least 50 per cent of their revenues from freight transport and shipbuilding industries.

ETFX DJ-UBS All Commodities 3 Month Forward Fund: designed to track the Dow Jones-UBS Commodity Index Total Return 3 Month Forward, a broadly diversified index that allows investors to track commodity futures through a single, simple measure.
ETFX S-Net ITG Global Agri Business Fund: designed to track the performance of the S-Network ITG Agriculture Index, which contains only those companies engaged in “primary” agriculture and excludes companies engaged in packaged food production and distribution.

ETFX WNA Global Nuclear Energy Fund: designed to track the performance of the WNA Nuclear Energy Index. According to S-Network Global Indexes, which publishes the index, it is designed to serve as a fair, impartial and transparent measure of the performance of the global nuclear energy industry. The index includes companies from five major sub-sectors: reactors, construction, fuels, technology and services and nuclear power generation.

ETFX Dow Jones Global Select Dividend Fund: designed to track the performance of the Dow Jones Global Select Dividend Index, which seeks to represent the stock performance of the 100 leading dividend-paying companies worldwide.

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