

Alix Capital launches six new UAIX indices, 2012 sees highest number of alternative UCITS fund closures

By *mkitchen*

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A new report by KPMG has found that **European asset managers are strongly opposed to plans by the European Commission to categorise some UCITS funds as “complex”** reported the *Financial Times* this week.

The report surveyed 23 fund houses accounting for 25 per cent of the EUR6trillion UCITS fund industry; 19 of them oppose the plans to divide UCITS into complex and non-complex products. This threat is arising from Mifid II and could potentially make it harder for managers to sell their products in non-European markets like Asia – where they are strongly favoured – and Latin America.

The point to all of this is that if funds are categorized as complex and non-complex, it could set into motion further sub-divisions and threaten the uniformity of the UCITS brand. **Charles Muller, a partner at KPMG**, was quoted as saying: “If you want to have complex products, call them something different. Please keep Ucits as a unique brand and don’t start to make sub-categories that will just confuse investors.” Muller also said that asset managers were exhausted dealing with the deluge of regulation from the European Commission and that their first wish “is to have a period of respite when nothing changes and they can incorporate the changes that are already under way”.

Principal Global Investors has launched a new Dublin-domiciled UCITS to be managed by its affiliate Edge Asset Management, which manages equity, fixed income and asset allocation strategies reported *The Asset*. The fund – Edge Equity Income Fund – aims to provide income with long-term growth by investing primarily in attractively priced US large-cap companies with the capacity to pay out and grow dividends regardless of the economic climate. **Dan Coleman, head of equities and portfolio manager of the Edge Equity Income Fund**, said that increased volatility in equity markets and low bond yields had intensified the search for alternative income strategies. He said that dividend-paying companies had consistently outperformed non-dividend payers with lower volatility “for over 40 years”.

“The Edge Equity Income Fund aims to identify high quality, attractively valued and well managed companies with the potential to grow their dividend over time to give investors access to a long-term, sustainable income stream and capital growth,” added Coleman. Coleman will co-manage the fund with David Simpson and target stocks of US companies with market capitalization of more than USD7billion using a bottom-up approach and a contrarian style. The benchmark is the Russell 1000 Value Index.

In a slightly worrying development, **80 per cent of all alternative UCITS fund closures to have occurred over the past three years have happened in 2012**, reported *Citywire Global* this week. **Head of investment, Jonathan Miller**, speaking at the Gstaad event in Switzerland, said that of the 68 fund closures tracked, 55 of these occurred in the first seven months of 2012. One potential reason for this could be that some people were opportunistic and launched funds without possessing the requisite skills to succeed.

Of course, another obvious explanation is that the economic vortex that has disrupted global markets over the last 18 months has simply proved too challenging for some managers, who have decided this year that enough is enough. The best performing strategy over the past three years was found to be commodity funds, returning 16.1 per cent on average, whilst the worst performer was managed futures, the average fund having lost 1.9 per cent over the three-year period.

Finally, **Geneva-based Alix Capital announced this week that it had added six new single strategy UAIX indices**, taking its range to 11. The UAIX indices are constructed using a proprietary systematic model with the aim of outperforming the respective UCITS Alternative Index benchmark.

The six new indices are: UAIX Emerging Markets, UAIX Event Driven, UAIX Equity Market Neutral, UAIX FX, UAIX Macro, and UAIX Multi-Strategy. Each of the indices comprises six to 15 UCITS hedge funds selected from the UCITS alternatives hedge fund universe and rebalanced quarterly.

Louis Zanolin, CEO, Alix Capital, commented: “The launch of the new UAIX indices enhances the existing offering of strategy specific replicable indices that aim to outperform the benchmark. We continue to expand our network of third party financial product providers in order to develop investment solutions which meet investor appetite for alternative UCITS products. These indices will allow investors to gain exposure to a variety of alternative strategies through our proven proprietary construction methodology.”

- [Weekly UCITS News \(Friday\)](#)

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