

if irish
funds



Irish Funds Hong Kong Seminar



16 September 2019

Welcome Address

Patrick Wong

HSBC Securities Services

Welcome Address

Kieran Fox

Irish Funds

The Irish funds industry: a snapshot



SOURCE: Central Bank of Ireland, Monterey Insight Ireland Survey 2018 and Irish Funds (Net assets and number of funds valid as of June 2019).

986 Fund Promoters

(532 promoters of Irish Domiciled Funds)



Irish Investment Funds Industry

€4.7

14,132 TOTAL FUNDS

TRILLION TOTAL AUA

DISTRIBUTION TO OVER

7,531 IRISH DOMICILED

€2.7

90 COUNTRIES

6,601 NONDOMICILED

TRILLION DOMICILED AUA



LAWYERS
ACCOUNTANTS
LISTING BROKERS



ADMINISTRATORS
DEPOSITARIES



ASSET
MANAGERS

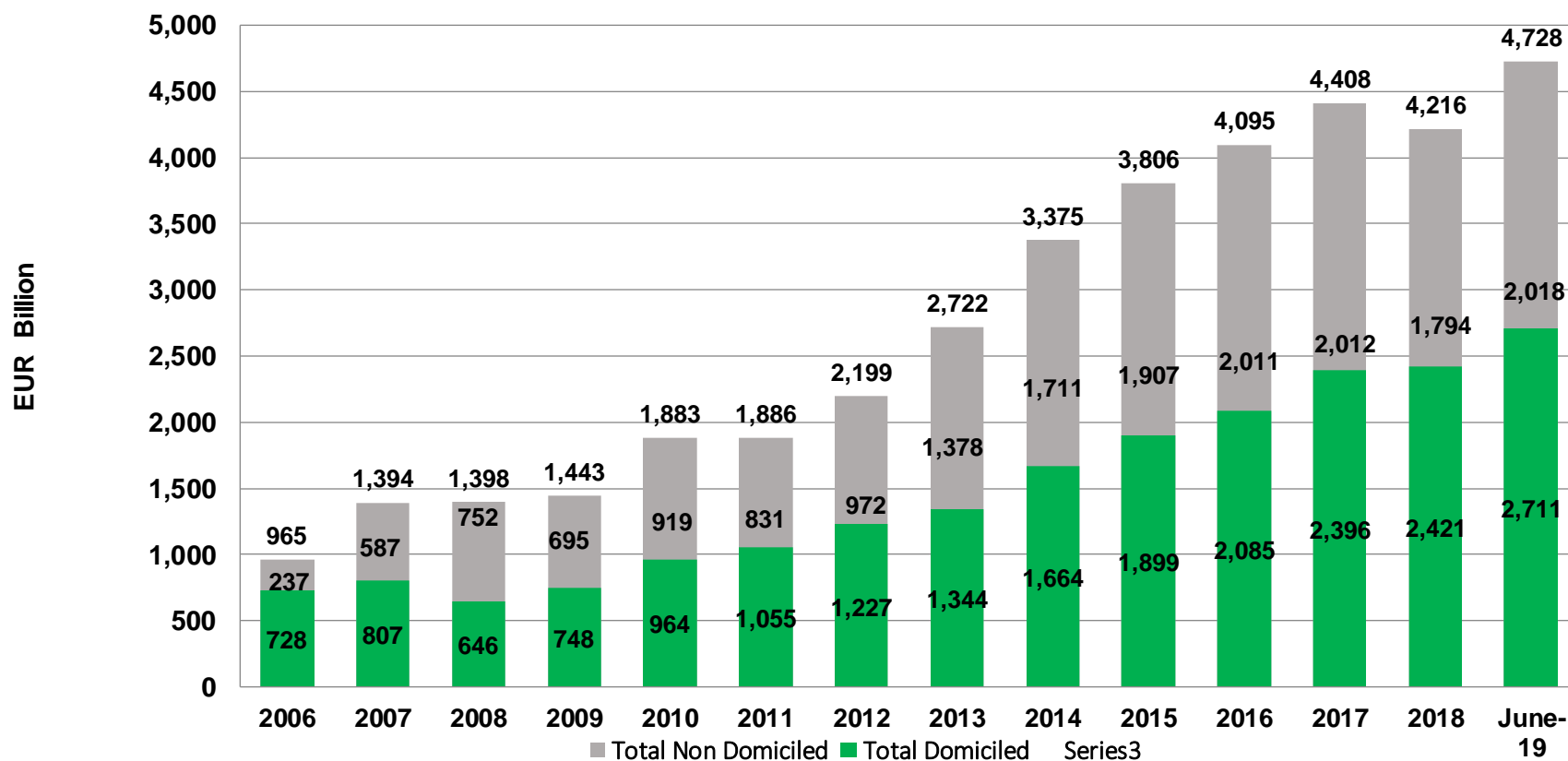


OVER
16,000
EMPLOYED

Total Assets Under Administration – Split between Irish & Non-Irish Funds



Total Domiciled and Non-Domiciled Assets Under Administration

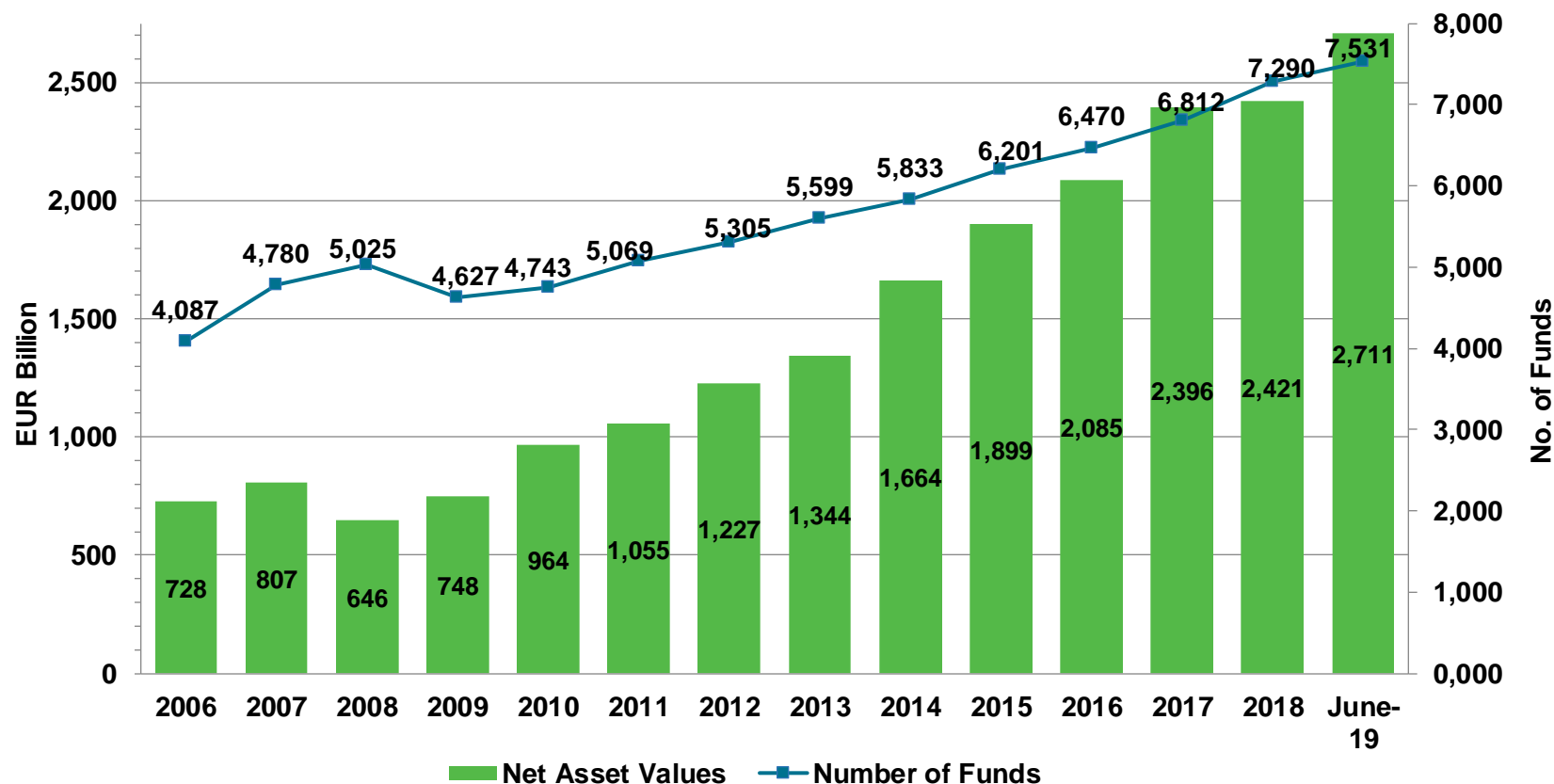


Source: All data sourced from Central Bank of Ireland

Total Domiciled Fund Assets

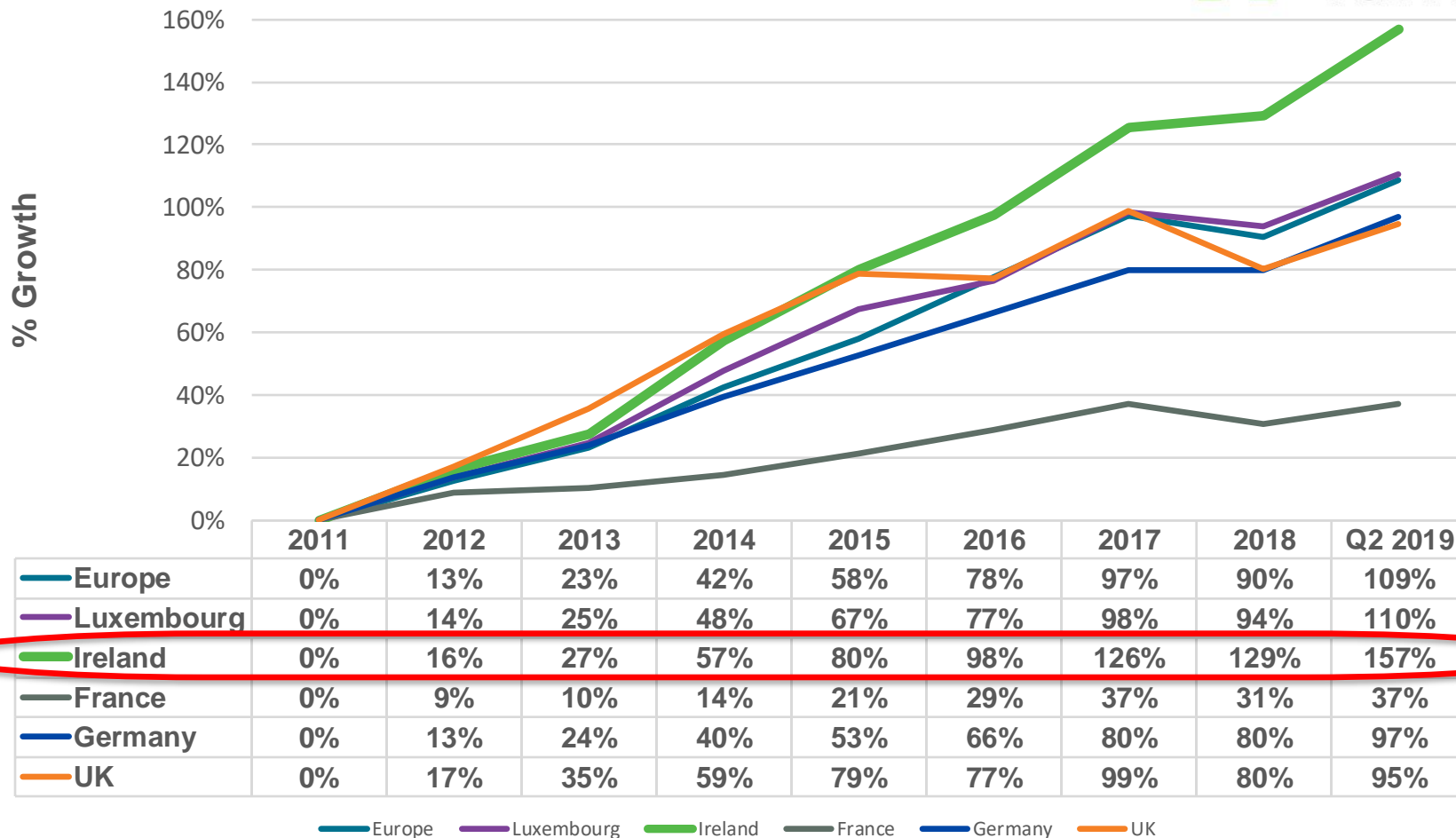


Irish Domiciled Funds Total Net Assets & No. of Funds



Source: All data sourced from Central Bank of Ireland

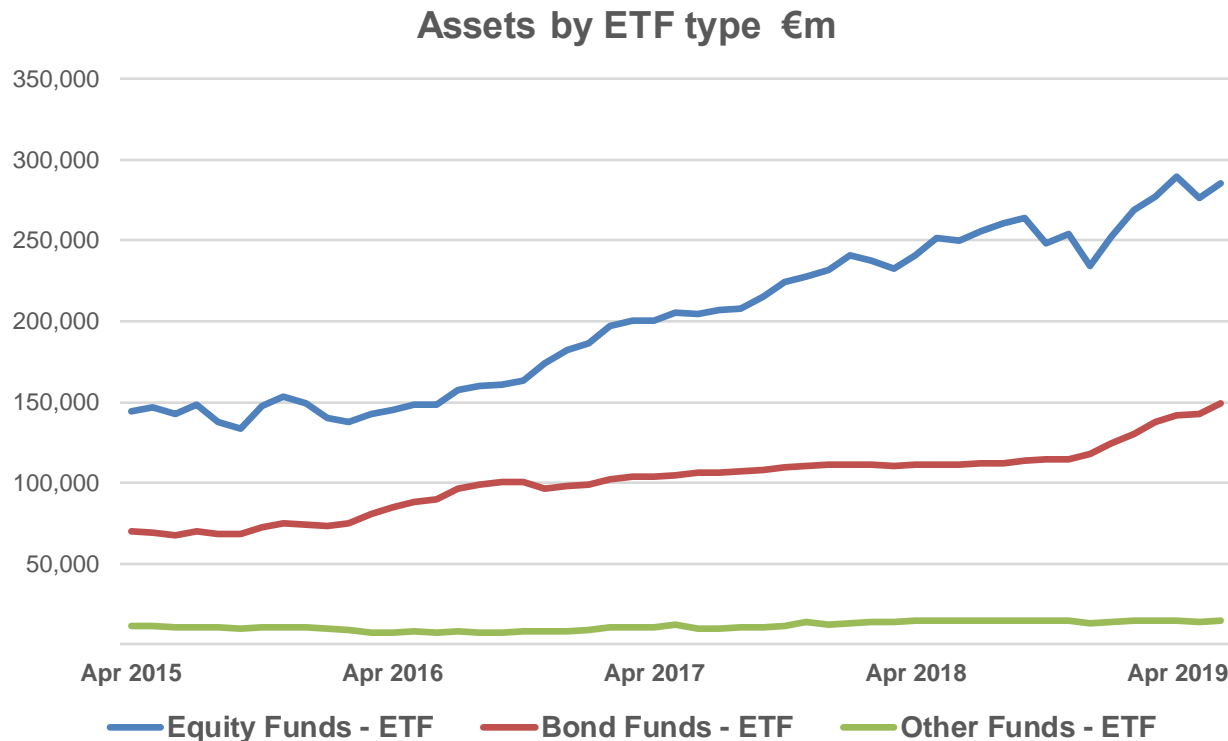
Fastest Growing of Largest European Fund Domiciles



Source: EFAMA Statistics

Growth in domiciled assets from 31.12.2011 to the end of each period expressed as a %.

Irish ETFs growth by Asset Class

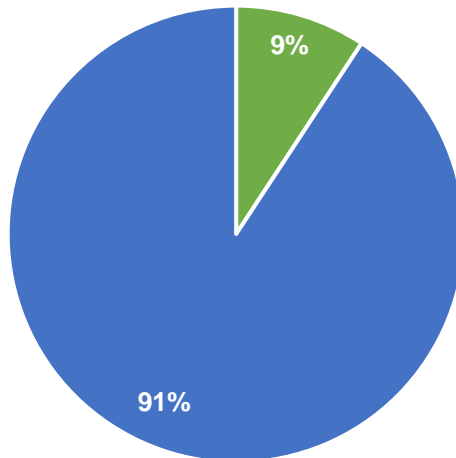


Assets in Irish ETFs
have increased by
92% since 2015

Source: Central Bank of Ireland

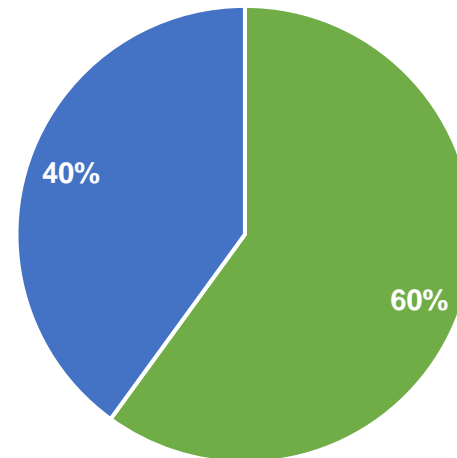
Relative size of Irish ETF market

Global ETF Assets



■ Ireland ■ Rest of World

European ETF Assets



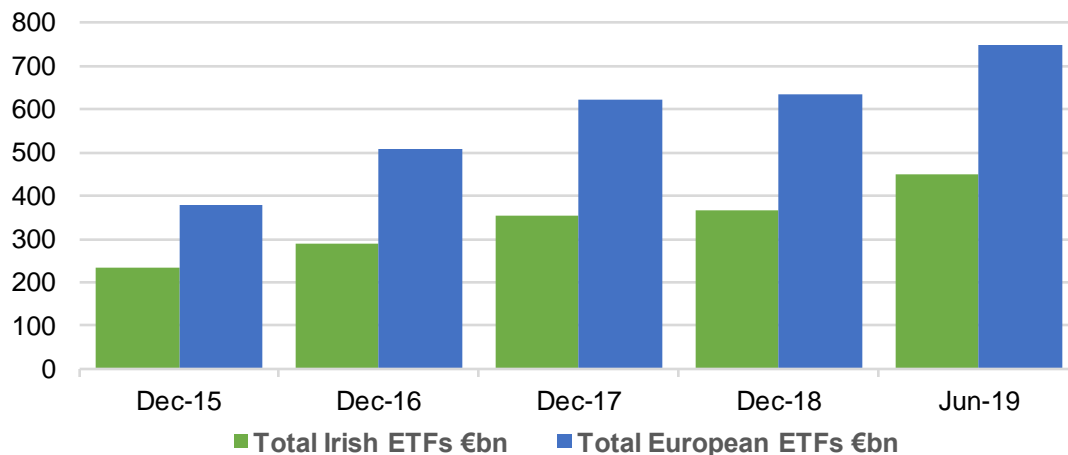
■ Ireland ■ Rest of Europe

- Ireland is the largest ETF location in Europe with 60% of ETF assets domiciled there and
- the second largest ETF centre globally after the US with 9% of ETF assets

Ireland's share of European ETFs

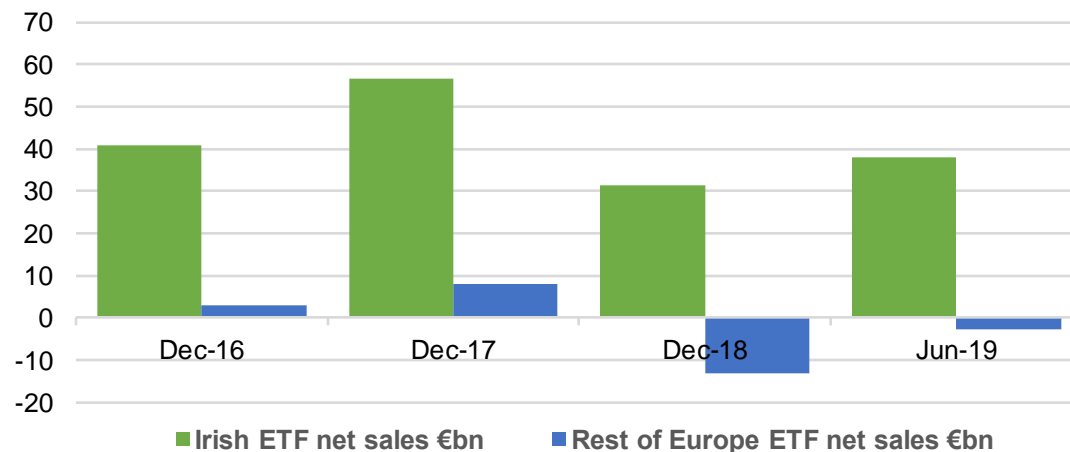


Irish ETFs as % of European ETFs by Assets



- Ireland has consistently been the largest ETF domicile in Europe, with around 60% of European ETF assets

Net Sales into Irish & European ETFs



- And dominates net sales into European ETFs

Source: Central Bank of Ireland, EFAMA

Conclusion



EU Member & Strategically Positioned

+

International Hub for Globally Distributed Investment Funds

+

Unrivalled Experience and Expertise & the Widest Range of Fund Structures



COME TO IRELAND
AND WE'LL CONNECT YOU
TO THE WORLD

The rise of passive investing; trends, strategies and increased fee compression

Moderator:

Sheila Xie, MSCI

Panellists:

David Lai, Premia Partners

Melody He, CSOP Asset Management

Elvin Tharm, Manulife Asset Management

Simon Godfrey, EFG Bank AG (Hong Kong Branch)

European ETF Post-trade The ICSD Model

Mohamed M'Rabti

Euroclear SA/NV

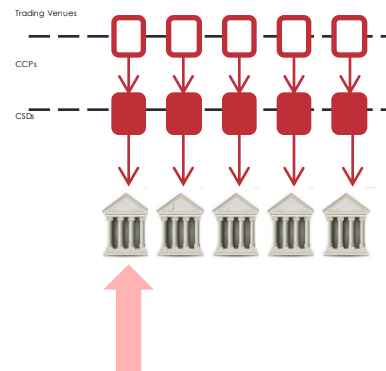


The ETF Journey in Europe

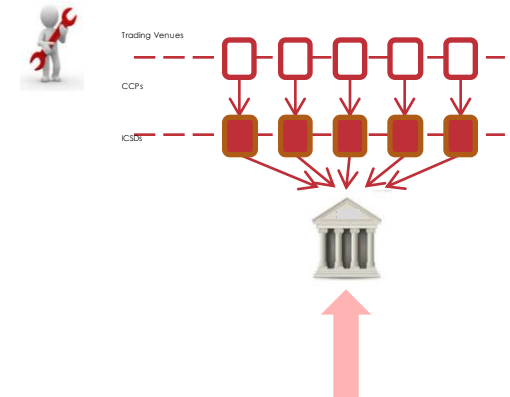
Pain points

- ✓ **'Fungible'** at stock exchanges but not at settlement level.
- ✓ Complex **inventory management**, buy-in exposure
- ✓ Lengthy **conversion/re-registration** issues
- ✓ High **operational risk exposure** due to settlement fails
- ✓ **Limited** lending & borrowing activities
- ✓ **Market claims** friction
- ✓ Etc

From domestic issuance

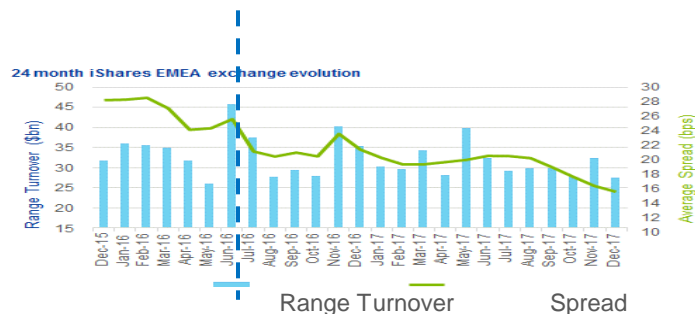


to International issuance



Multiple Macro Economic Benefits

- ✓ Settlement efficiency and spread improvements



Source: BlackRock, Onetick,
Bloomberg 31/12/2017

Advantages of the iETF business model



▪ Industry Initiative

- ✓ Euroclear have been working with ETF issuers, Stock Exchanges, CCPs to simplify and enhance the ETF issuance structure and post-trading by creating the international ETF issuance, i ETF
- ✓ **80%** of Irish ETF issuance outstanding has already migrated to this model
- ✓ Settlement efficiency is above **90%**
- ✓ The last 4 years, the **spread** of i ETF issuers has reduced drastically (by **40%** for some issuers)

• Reduced Transaction Costs and Overheads

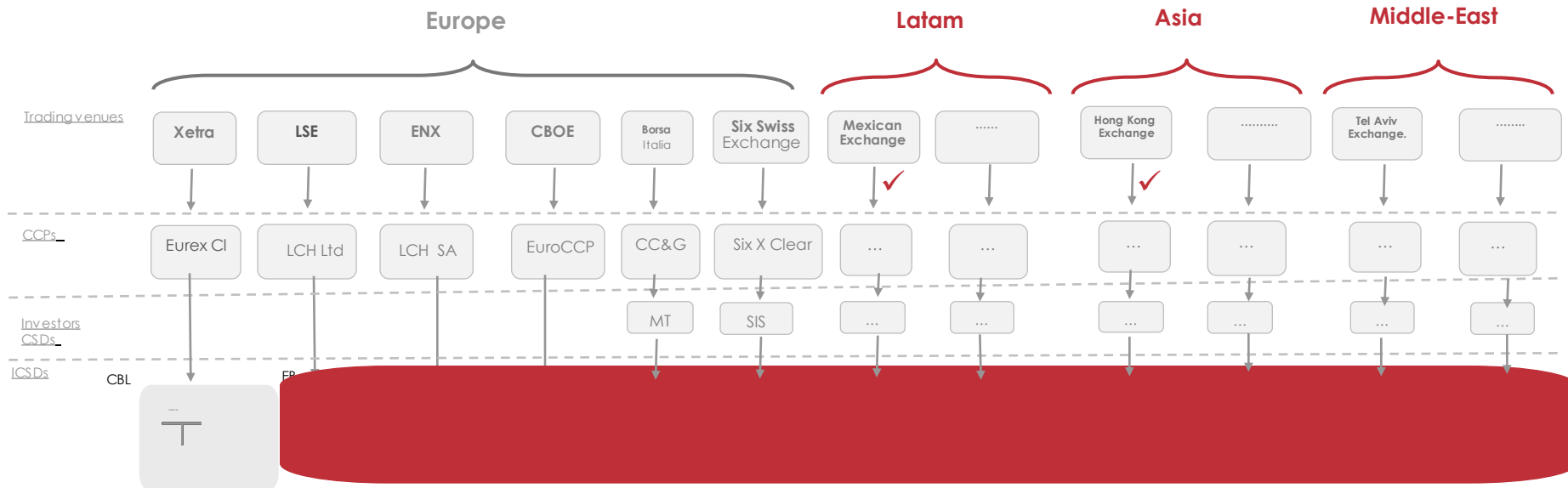
- ✓ Eliminate conversion/re-registration and reduce realignment between CSDs.
- ✓ Reduced inventory buffer required with decreased settlement failure (a reduced risk of buy-in penalties).
- ✓ One ISIN code across EU markets.

• Key Benefits

- ✓ Creation of the basis of an efficient ETF Securities Lending market.
- ✓ ETF's as collateral – new financing possibilities.
- ✓ Global access via EB multi-currency platform and larger settlement
- ✓ Expansion of ETF listings to non-European exchanges via Euroclear Bank links.
- ✓ Improved asset servicing (market claims in base currency, automatic FX on dividend proceeds in line with WM Reuters rate.
- ✓ Daily reconciliation with common depository and registrar (CSDR requirement).

ETF Global Distribution Value Proposition

- **Expansion's Strategy** in a plug & play approach: beyond European exchanges (e.g. **LATAM, APAC,, Middle East...**).
- **Multi-Currency Platform** (53) & **Larger Settlement Window** across Asian, European and US time zones.



Distribution of European ETFs in both Europe and Asia

Moderator:

Michelle Lloyd, Maples and Calder (Hong Kong) LLP

Panellists:

Paul Martin, PwC Ireland

Linda Luk, Vanguard

Simon Brailey, Fidelity International

Closing Comments

Hazel Lai

HSBC

Closing Comments

David Costello

Consul General of Ireland to Hong Kong
and Macau

Drinks Reception

Kindly sponsored by HSBC



Irish Funds Hong Kong Seminar



16 September 2019