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Opalesque Roundtable Series '17

GERMANY

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Editor's Note

Germany opens up to overseas alternative investment managers

Many institutional investors in Europe and elsewhere suffer from a lack of risk-taking capacity. They are constrained because of regulation, which limits their appetite for certain asset classes or strategies. Also banks needed to withdraw from certain fund investments and other asset classes because of the impact on their risk-weighted assets. Even though fixed income returns are inadequate to achieve investors' return targets, they cannot just replace it with higher risk assets, that is, equity exposure.

One way out of this trap was going into alternatives to harvest the illiquidity premium, and that has been a dominating theme for the last couple of years for institutional investors, particularly liability-driven institutions. These investors have by now also come to a much better understanding of alternative investments than before.

While massive amounts of money went into real estate and infrastructure debt, ***a lot less went into hedge funds or hedge fund-type strategies, but this is beginning to change because of liquidity requirements.***

Some regulators are looking very carefully at the liquidity of asset books of investors. Investors still need yield enhancement and also like to have some products which allow them to be a little more tactical. For that you need a certain degree of liquidity, and this supports the continued growth in the Alt UCITS space, where we have been seeing a convergence of the traditional hedge fund world with UCITS (page 8).

Alternative investments have become the de-facto market for active management

This convergence is now continuing with the factor and smart beta investments which are directed at alternative sources of yield or risk premia. The difference between a typical alternative asset manager and a typical mainstream asset manager is becoming more-and-more blurred as well. Some believe that alternative investments are becoming the de-facto market for active management (page 13).

Dispersion is absolutely huge when it comes to performance as well to drawdowns of alternative investments. Investors need to focus on manager selection and make sure to exclude outright beta products, and that the portfolio is a diversified collection of uncorrelated factors (page 12).

The "Hedge is Down": Germany opens up to overseas alternative investment managers

From a German tax and regulatory perspective, 2018 will be a good year for investors seeking to diversify and looking for exposure to different types of risk. So far, foreign fund promoters still have some compliance hurdles such as providing "tax transparency" by German tax advisors. But from the 1st of January 2018, this hurdle will no longer exist and German investors will also be able to invest into say a Cayman funds with more ease (page 16-18).

The 2017 Opalesque Germany Roundtable, sponsored by Eurex and WTS, took place in Frankfurt with:

1. Claudia Röring, Head of Research & Development, Lupus alpha Asset Management
2. Ahmet Peker, Senior Portfolio Manager Asset Allocation/Multi-Strategy, Deka Investment
3. Marcus Storr, Head of Hedge Funds, Feri
4. Vincent Weber, Head of Research, Prime Capital
5. Carsten Straush, President, German Asset Managers Group
6. Steffen Gnutzmann, Partner, WTS
7. Markus-Alexander Flesch, Global Head Sales Equity & Index Derivatives, Eurex

The group also discussed:

- Is crowdedness a risk in factor investing? (page 12)
- Not to be confused nor mixed up: Factors and risk premia (page 13-14)
- How to deal with factor rotation in equity markets (page 14)
- Eurex' new corporate bond index, total return futures and derivatives on factor or smart beta indices (page 9, 23)

- How Gamag is revitalizing the unconstrained investment style (page 9-10)
- Why investors should not get caught in the fixed income bubble and be wary of volatility counter strategies (page 9,10,13)
- Why investor education is paramount and how to do it right (page 7, 8,11)
- How to benefit from investments that have a “Katrina moment”, and why convexity trades should always be combined with fundamentals (page 11)
- French Elections: How asset managers and consultants deal with the “Frexit”-Risk (page 18-21)
- Can small and mid-sized insurance companies cause the next financial crisis (page 21-22)
- The growth of multi asset funds, risk overlay strategies and ESG in Europe. The return of the hedge funds of funds (page 23-24)
- UCITS AUM growth (25% annualized for last six years) driven by local and international demand (page 25) but also a much broader offering (page 7, 18).

Enjoy!

Matthias Knab
Knab@Opalesque.com

Participant Profiles

(LEFT TO RIGHT):

Matthias Knab, Steffen Gnutzmann, Marcus Storr, Vincent Weber, Claudia Röring, Carsten Straush, Markus-Alexander Flesch, Ahmet Peker

Introduction

Steffen Gnutzmann
WTS

My name is Steffen Gnutzmann. I'm a partner with WTS in Germany. WTS is a German advisory company with 650 team members focusing on tax, legal, and consulting services. Our group within WTS services the asset management industry in many different ways. Among our clients are many non-German institutions, including many Cayman Islands hedge funds and many other funds. We are involved in many different ways, from structuring investments to tax compliance, also helping international investors to invest into Germany.

Marcus Storr
FERI Group

My name is Marcus Storr, I'm responsible for the allocation into hedge funds and Absolute Return products for FERI Group in Germany, a 31 billion asset manager of which 3 billion are invested in Alternatives for mainly institutional investors and family offices. The firm is investing across the board, so in different jurisdictions, UCITS and also offshore, in addition to structuring dedicated managed accounts.

FERI has been founded in 1987, so this year we are celebrating the 30th anniversary. FERI has 180 employees with offices in Bad Homburg where we are headquartered, and also in Düsseldorf, Munich, Zurich, Luxembourg and Vienna.

What we see among out clients in Germany, Austria and Switzerland is that the low yield environment forces investors to move into alternatives, particularly institutional investors with liabilities are looking at alternatives investments, and we are happy to advise those clients.

Claudia Röring
Lupus alpha Asset Management

My name is Claudia Röring. I am with Lupus alpha Asset Management, a Frankfurt based asset management boutique with approx. EUR 8.7bn AUM. We are managing money in traditional as well as liquid alternative and smart beta type strategies: small and mid cap equities, volatility based strategies, structured credit. My role is product development and manager research.

Ahmet Peker
Quantitative Fund Management

I am Ahmet Peker, Senior Portfolio Manager at the Quantitative Fund Management division of Deka Investment, where I am managing multi-assets portfolios as well as multi-asset factor investing concepts. I am also responsible for manager selection of liquid alternatives.

I also serve as the Chapter Head for the German Chapter of the CAIA Association.

Markus-Alexander Flesch
Eurex

My name is Markus Flesch. I'm the Global Head of Equity and Equity Index Derivatives within Eurex, which is part of the Deutsche Börse Group. Most of my products are very cyclical like the DAX and the EURO STOXX, but over the last couple of years we tried to open the portfolio for many OTC type of instruments which we are now bringing on-exchange as a result of client demand and regulatory requirements.

Carsten Straush
German Asset Managers AG

My name is Carsten Straush. I incorporated German Asset Managers AG (G.A.M.A.G) in 1998, so we are close to 20 years old now. G.A.M.A.G Group today is a group of entrepreneurial investment companies utilizing exclusively alternative investment strategies. We invented the concept of index-linked notes based on actively managed investment indices with the Vola+Value certificate, the first note based on an option strategy sold to the public since 1998.

We are currently running two basic ideas. In the Black+White portfolio we provide investors with a broadly diversified mix of alternative income hedge strategies (loans and rents based on hard assets; e.g. receiving a fixed return from buying oil and gas in the ground and forward selling the proceeds in the futures markets) and classic hedge fund strategies like long/short, distressed and event driven, which produced a net return after fees of +12,45% in 2016. Our second product is the

Vola and Value strategy, which is a blended mix of different option strategies where we are achieving a continuous income stream as well.

Vincent Weber
Prime Capital

My name is Vincent Weber. I represent the Absolute Return Group at Prime Capital where we manage about EUR 2.5bn in hedge fund investments and systematic strategies. Prime Capital is a Frankfurt-based asset management, focusing on alternative investments across absolute return strategies, private debt, infrastructures and renewables.

While most of our assets are in customised mandates, we manage two commingled funds. Our PCAM Blue Chip fund is an offshore multi-strategy fund of hedge funds which we launched about 10 years ago, and with one of the industry's best track records. More recently, we launched the Gateway Target Beta UCITS Fund, a diversified systematic macro strategy, offering daily liquidity with adherence to the tight regulatory oversight of the UCITS framework.

Matthias Knab Marcus, you mentioned that the low yield environment forces investors to move into alternatives, particularly institutional investors with liabilities. Can you share with us more details about this move? How do those investors go about when adding alternative investments?

Marcus Storr: Over the last three years there is certainly a higher demand for alternative investments from many institutions we talk to. If you go back a number of years, many of the same liability-driven investors were not interested as they still had their 4% or 5% ten-year bond yield, and that was enough. Family offices in Continental Europe had always invested in alternatives and still do, but now there is some **desperation among institutional investors with a liability-driven side.**

We at FERI talk to the majority of institutional investors in German-speaking Europe, and that includes pension funds, churches, doctors' pension funds, state money, endowments, et cetera. And even endowments have a liability side according their constitutional purposes which has to be fulfilled.

The second development is that over the last two or three years, these investors have come to a **much better understanding of alternative investments** than before. They have had the opportunity to meet managers and get first hand education on the different alternative investments, and this – together with the aforementioned necessity to turn to alternative investments because of the negative interest rates - has been a major change in our region over the last three years in particular.

This has also led to many new product launches by foreign manager within the UCITS framework. Asian, Japanese, Chinese, Hong Kong-based managers are launching UCITS funds because they see the demand in Germany/Europe for the two reasons I described. Summing up, we are currently in a pretty dynamic phase in Germany which we haven't seen before. I can hardly remember that the excitement and the development about new alternative products have ever been that dynamic.

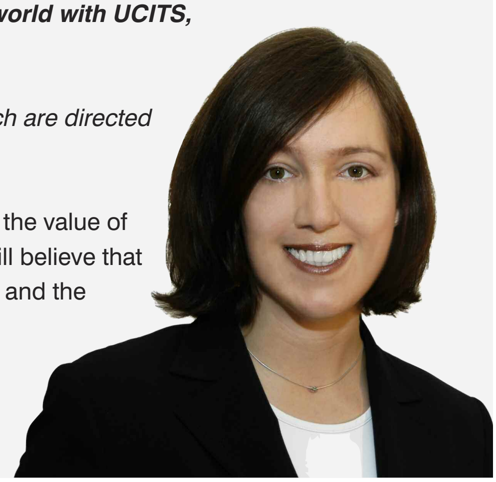
Matthias Knab Which type of products and strategies are particularly successful in attracting assets from these newly converted German investors in alternatives?

Marcus Storr: Vincent just mentioned a few; there are hedge funds of funds and dedicated factor-specific products as well as UCITS funds. We launched our own volatility arbitrage strategy called OptoFlex five years ago, initially as managed accounts for clients. Since December 2012 this strategy has now grown to around 600 million, which is a significant amount for FERI. This gives you an indication that a house like FERI with a long-standing alternative investment expertise (hedge funds, private equity, infrastructure and real estate) is experiencing significant interest and growth from investors.

Also just take a look at the AUM growth. Offshore hedge funds are hitting all time highs in terms of AUM, and the **average growth of UCITS AUM over the last six years was approximately 25% annualized,** so investors are massively allocating to UCITS. This is even more dynamic in Italy and Spain compared to Germany.

Claudia Röring: I agree with Marcus, a main driver for investors to turn to alternative strategies is obviously the need to enhance returns, given the low expected returns on traditional fixed income investments. But we have also seen that **many institutional investors suffer from a lack of risk-taking capacity.** They are constrained because of regulation, which limits their appetite for certain asset classes or strategies. Solvency II is one important regime in this respect, as is the Basle accord. We have seen many banks withdrawing from certain fund investments and other asset classes because of the impact on their risk-weighted assets. So *even though fixed income returns are inadequate to achieve investors' return targets they cannot just replace it with higher risk assets, that is, equity exposure.*

Therefore a big part of the recent push into alternatives was to harvest the illiquidity premium, and that has been a dominating theme for the last couple of years for institutional investors. We have seen massive amounts of money flowing into real estate and infrastructure debt as well. A lot less went into hedge funds or hedge fund-type strategies, and I agree with Marcus that this is beginning to change because of liquidity requirements. Some regulators are looking very carefully at the liquidity of asset books of investors. Investors still need yield enhancement and also like to have some products which allow them to be a little more tactical. *For that you need a certain degree of liquidity, and that supports the continued growth in the Alt UCITS space, where we have been seeing a **convergence of the traditional hedge fund world with UCITS,** actually since we've had UCITS III.*

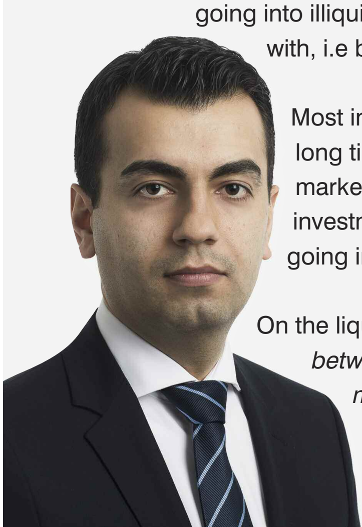


This convergence is now continuing with the factor and smart beta investments which are directed at alternative sources of yield or risk premia.

I think the major task for investors is really to get a comprehensive understanding of the value of these types of strategies. While a lot has been achieved on the educational side, I still believe that there is more work to do in terms of the impact on asset allocation, the specific risks and the results investors can expect from those types of allocations in different market environments. And then, lastly of course the sourcing of quality funds is another big challenge.

Ahmet Peker: If you look at it from a broader perspective, I think we have a very interesting situation in Germany. What was seen as alternatives in certain areas are not really considered alternatives anymore. **Some alternatives are on their best way to become mainstream.**

For example, debt investments is possibly not yet in every portfolio, but I think that it is about to go into the portfolios where it hasn't been so far. This is an important trend. It also demonstrates some of the investor behavior. They are comfortable in going into illiquid investments, if it is a natural extension of an asset classes that they are already very familiar with, i.e bonds.



Most investors know how to invest into bonds. They have been investing in government bonds for a long time and then started to invest into corporates, then into high-yields and maybe emerging markets. So they extended continuously the depth of the fixed income asset class, and debt investments are just the next step for some of them. It appears to them more evolutionary compared to going into maybe more complex liquid alternative strategies.

On the liquid side the convergence between hedge funds and UCITS still continues. *The difference between a typical alternative asset manager and a typical mainstream asset manager is becoming more-and-more blurred.*

I can speak in more detail about multi-asset funds, where the asset universe is increasing through for example liquid alternative strategies, factor investing or high-yield. Additionally it's moving more towards an alternative or absolute return mindset, which enables the offering of new solutions to existing and new clients.

It makes a difference, if a client gets approached by the asset manager that he has known for a very long time with a new strategy, compared to a new manager approaching him with the same strategy. This is also a factor that I think adds to this trend.

Marcus Storr: There is a very good example; Allianz Global Investors (AGI) some three years ago decided to add a new strategic division to its business model, called Liquid Alternatives. This is a highly reputable powerhouse, agreed? Now they run EUR 6 billion in Liquid Alternatives. You can see that a lot of traditional asset management firms are walking down this street, which is absolutely acceptable, and obviously it's a business model, and I agree with Ahmet that the lines between mainstream and alternatives are blurring.

Markus-Alexander Flesch: Also from our side being involved with listed derivatives I can confirm what Ahmet said about the expansion into credit. So even us from the listed side, irrespective of the regulatory push, have been approached by institutional clients go offer products beyond our traditional fixed income portfolio. So in terms of product development, we just developed a **corporate bond index** where we are allowing institutional investors to build up debt exposure through such a vehicle.

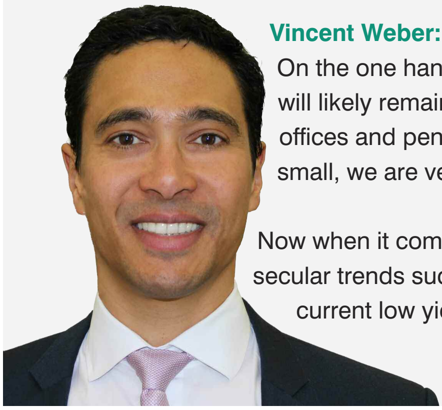
Carsten Straush: Well, at our shop we aim to do things a bit differently, mainly to offer investors a very high probability to get real yield and a lot more than the -0.5% that the ECB offers. We see certain risks in some of the marketing driven approaches used by our competitors. *We are concerned by behavior of investors and some managers as for example bidding up the prices of Bunds to absurd levels and pretending to have made "returns" by participation in what is a central bank initiated bubble.*

If at some point the market prices risk-equivalent yields again, these people will have some serious problems. Right now, savers are forced to give away their capital at 0% interest while suffering a little over 2% inflation. Of course, there are still companies and marketers out there pushing these marked-up products as highly successful, and that reminds me on another highly successful fixed income play of the 1970s, which was giving loans to Latin American states, and all American banks did just that and all of them more or less blew up when the Latin American debt crisis unfolded.

So we see some big risks on the fixed income side and are not following that approach. We're going to the entrepreneurial side where we're looking for the real alphas and the bigger yields. We are in a way still following the investment approach that characterized the hedge fund community when it developed in the 1980s and the 1990s of the last century and up to the financial crisis, looking for a *revitalization of the unconstrained investment style.*

The issue for us is that the typical German institutional investor who has his guaranteed yield approach is not really open to our boutique-style of investing, despite the fact that our 5-year yield is a lot better than what the average UCITS funds universe offers. But I agree with you that there has to be a learning process, and that you also have to hold investments over a longer and broader timeframe.

We are actually seeing that private investors are more and more understanding this. They come and stay with us, sometimes for ten years and more. So we see the typical wealth boutique client behavior on that side, and the people are very happy with their results. We also see more and more family offices who are still looking for their 9% are coming to us, and so we believe at some point the institutional side will have to rethink as well.



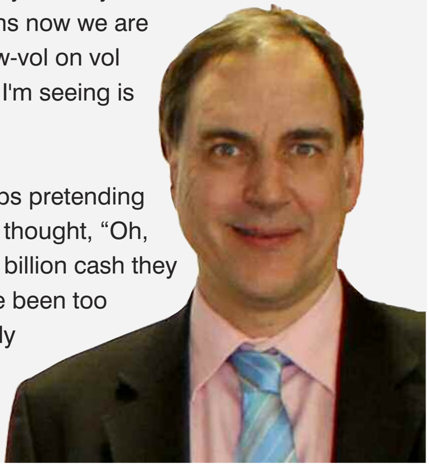
Vincent Weber: When it comes to the **demand for alternatives in Germany,** we see two distinct stories. On the one hand, you have the market for traditional offshore hedge fund investments. This is, was and will likely remain a niche market. It is dominated by experienced investors such as large single family offices and pension funds, which have been committed to that asset class for a decade or more. While small, we are very happy to have a significant footprint in that market.

Now when it comes to liquid alternatives, the story is different. Demand dynamic is very strong, driven by secular trends such as the convergence between traditional and alternative investments as well as the current low yield environment.

Marcus Storr

What has also happened is that service providers in Germany across the board now better understand alternative investments. All in all, we have an alignment where the better understanding and knowledge about Alternatives is met with higher demand in the current low yield environment. This dynamic can of course change when the ECB starts pushing rates up again.

Carsten Strausch: I still want to question if people really know what they are buying - do they actually know where the yield comes from? If you look at the VIX or VXX, you'll see that for over 13-months now we are having one of the most extreme down movements ever, and the most extreme phase of low-vol on vol that we had in a lifetime. I would say that this constellation can't go on forever, I think what I'm seeing is a crazy blow up scenario.



People first blew up the bonds to extreme levels and now they are blowing up the blue chips pretending that they are "safe" investments. With the 10-year Bunds already yielding negative, people thought, "Oh, this isn't working out, so let's go after the Apples of this world because just look at the 100 billion cash they are hoarding offshore!", and now the next thing is playing vol counter strategies. But I have been too long in this business, so I have seen plenty of people buying puts outright short going belly up...

Marcus Storr: Now I totally agree. Investors have to understand where the yield is coming from. And probably if you have talked to Vincent and myself and looked at under the hood of what we do with non-linear regression techniques and complex statistical analysis, it's hopefully a different picture. What you don't want to in alternatives is outright beta. What you just explained is an outright beta trade. So you don't want to invest into a product which provides you with 0.9 beta. In addition to a 2 and 20 fees structure (2% management fee and 20% performance fee)...

What you want to have is a collection of uncorrelated factors. I think there are a lot of good products out there which can provide a real uncorrelated return stream, and many of them come with much lower fees than the normal UCITS fund selling you a 2/20 product. But I absolutely agree with you that investors need to understand what they invest in, this is the task we also face with our own clients.

I am not so sure about the blow up scenario you have been painting, but for sure *when things are blowing up, that's when you see who your client is because if you promised him something which he did not understand, he will be blaming you.* At some point in time things will go wrong, so it is our first responsibility to treat our client's right from day one and make sure they have the right understanding of the allocation.

Markus-Alexander Flesch: I can understand Carsten's concerns about a blow up on the fixed income or the equity side, and I also think that the extremely low volatility in the equity market and to some extent even in fixed income markets makes it very hard to even just advise a client.

I was wondering, Carsten, some of my clients appreciate relative value strategies, are you expanding into those as well, also to avoid what Marcus just said about pure beta plays?

Carsten Straush: The basic idea of one of our main products is, technically, to look after what we call the "Katrina moment". When after hurricane Katrina the dam was broken and New Orleans was flooded, suddenly everybody was looking for flood insurance and the price tripled in flood insurance. And on the insurers', the sell side, basically nobody wanted to sell it anymore.

So now, 12 years later, we know that selling flood insurance was a great trade. That is essentially what we are doing, but for example with single stocks. We are looking when they crash, and when the crash is overdone and when the option premia on the single name is extreme, then we do the counter trade. So we execute these trades on a strategic basis and manage the risk.

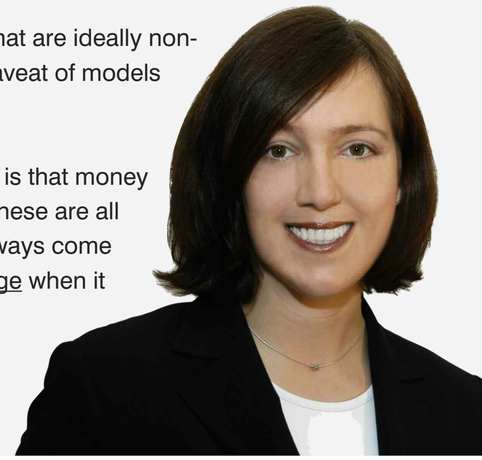
There is obviously the combination of the vola aspect - selling the high vol - and the value aspect by going long the deep undervalued single names. In addition to that you also have to have a process to get the market risk out of that strategy by going long index put options or similar kind of structures so that you are out of the main market exposure then.

The convexity trade is a very critical one. *You should not play convexity just for the reason of convexity.* Rather, you should combine it on fundamental analysis.

You also have to look after the value trap issue. You need to do proper analysis on what you buy, you can't just say because it was going down, it is cheap. It could be cheap for a reason and it could be implode further. Mr. Ackman made that experience when he bailed out of Valeant with a two to three billion loss after buying that name for a 90 price and now it's trading at under 10. That can happen to you.

Claudia Röring: Listening to the discussion, one point that occurs to me is that the requirements of the investors that we serve are possibly quite different. One thing I understand from Carsten is that your clients are mostly wealthy investors who are unconstrained, which most of our clients usually aren't. Different clients can also look for different types of returns.

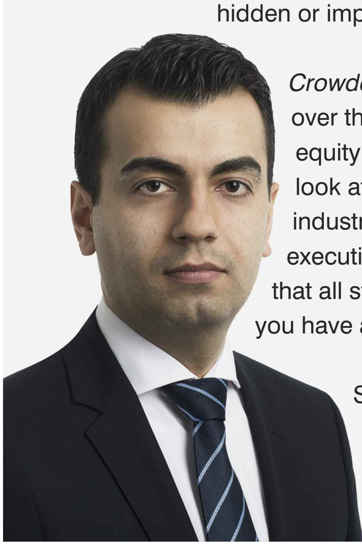
I think most of the demand that we see from our clients is for alternatives products that are ideally non-directional and mostly uncorrelated - as much as you can model that, even with a caveat of models failing.



We publish an **absolute return study** on a semi-annual basis, and what we can see is that money is going into market neutral strategies, relative value, CTAs and into global macro. These are all strategies that investors perceive to be good diversifiers. And then, of course, we always come back to the point of manager selection. We all know that dispersion is absolutely huge when it comes to performance as well to drawdowns of alternative investments. So you definitely need to do your manager work.

Ahmet Peker: I want to touch briefly on the aspect of **crowdedness**, which is discussed in markets regularly. Crowdedness is a risk which has to be included into the risk management.

So, risk has to be viewed from different perspectives, not just through a volatility measure, but also in terms of risks which are hidden or implied into a strategy.



Crowdedness is also mentioned a lot now in regards to factor investing, which became very popular over the last couple of years. A lot of assets have been flowing into factor investing, especially on the equity side. There are big ETFs that collected a lot of money. Inflows were quite high. And yet, if you look at the assets under management which are based on factor investing and compare it to the whole industry, it's still at a very low level. In addition, there are very different ways of implementing and executing factor investing, just like investing into volatility can exhibit different ways. It doesn't mean that all strategies are aligned and they all do it the same way. Nevertheless you want to make sure, that you have a proper risk management in place.

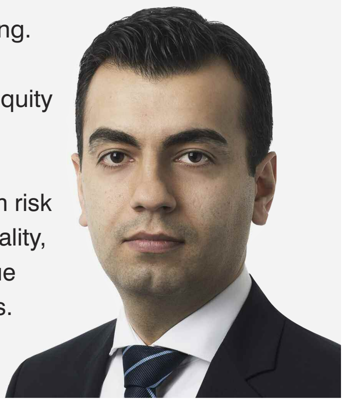
So, I agree that there is the risk of crowdedness, but at the same time I think that savvy investors and asset managers know from experience that they have to take care of those risks.

Carsten Straush

My concern isn't that much the crowdedness but more the fact that people look at their five-year returns and they believe a certain strategy produced those returns, and missing out or don't evaluate the fact that those returns were produced in one of the most extraordinary timeframes regarding volatility, that was my point. I fear that people possibly get a false impression about the risk and reasons of the returns they are experiencing, particularly the bond investors.

Markus-Alexander Flesch

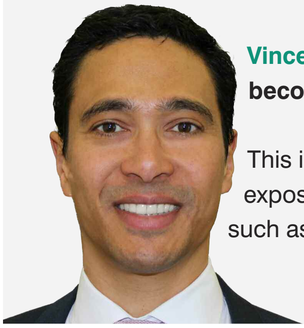
Ahmet mentioned that the outstanding asset under management based on factor investment is comparatively low. Are you referring here to the European or the global market? I've seen that for example in the US factor investing has been a big theme for three years already, and I think there's a huge marketing machine going on...



Ahmet Peker: I was referring to global AUM numbers which are quoted in studies on factor investing.

The numbers differ based on the strategy, but they show that a low single-digit percentage of the equity volume is managed based on factor investing ETFs.

And if you decompose that number, you will see that a lot of that is in dividend seeking or minimum risk strategies. Of course, dividend is a factor, but if you look at other factors like momentum, value, quality, and others, you will see that their portion is relatively low. This to me means that for example a value strategy is not really at a critical size and therefore shouldn't be a concern in terms of crowdedness.



Vincent Weber: An important consequence of going mainstream is that **alternative investments are becoming the de-facto market for active management.**

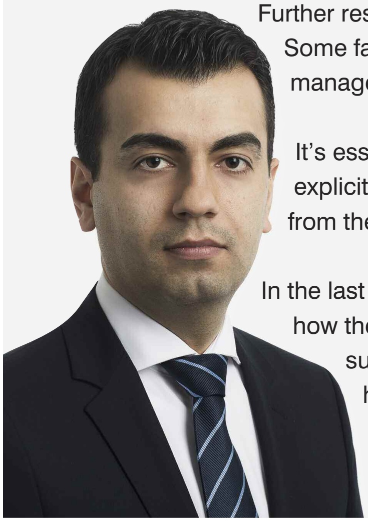
This is very much visible in the case of listed equities, where you can see investors shifting their long only exposure to passive products such as ETFs and essentially outsourcing active management decisions such as stock picking to long short hedge funds and similar liquid alternatives.

Marcus Storr: I wanted to come back on factors and risk premia, because both words and concepts are often **mixed up and confused,** and I just want to briefly clarify the way we read this.

Just a short while ago we mentioned factor momentum, value and dividend. However to us, these are all *not factors* because what you implicitly buy is equity risk premia, because you buy a stock for its dividend, for value, or for momentum respectively. So at the end of the day – and this is of the clients' difficulty to understand in detail what they buy – what we from a statistical point of view talk about is risk premia. Investors take a risk for which they should receive an expected return.

But it's actually the risk premia itself that investors should look at and also the risk management point of view. The other thing is that some investment banking products talk about factors, but sometimes they do not have an expected return. It's very important to clarify that taking risk has to imply a positive expected return.

Ahmet Peker: There are different ways to look at risk premia or to decompose returns into fragments. Academia has traditionally explained individual stock returns by only looking at the overall market. But it became clear that the market alone is not explaining the return of an individual stock. There are other dynamics which drive returns, i.e. the price of a given stocks. Further research has shown that factors like momentum, value, quality, etc. also play an important role. Some factors are established very well in the academic literature and found their way into fund management.



It's essential that investors understand what is behind those factors and what risks they are taking by explicitly investing into them. For example, a momentum portfolio will behave at times very different from the overall market.

In the last quarter of 2016 we saw a **severe factor rotation,** where factors have behaved very differently to how they usually do. The returns of some factors, which according to literature or academia should be superior to the market, were negative against the market, even adjusted for their beta. Investors have to know, that this can happen from time to time and that factor investing, just like any other investment, is not risk free.

Carsten Straush: The trash rally you are referring to can also be interpreted as a correct revaluation of fears. When you go back before the US election, the consensus was that if Clinton goes on, there will be another four or eight years of things just dragging along and no greater change. Now we have a situation where with Trump and the Republican wins, the blockade in the American Congress could technically be resolved, that's number one.

And number two, the risk for some kind of economic downturn has also decelerated. Just from a philosophical point of view I'd say that qualifying lower quality stocks as lower quality or as a non-investment is, from my perspective, a false approach. Every kind of stock can have its times when it will outperform and when you have a situation where the people see a brighter future, and obviously the companies that profit the most are often the least valuable ones.

If a stock that before was seen as being on the brink is suddenly steering a little bit away from the cliff and it's seen as a safer stock with a better outlook, that's the time when those values can really double, triple and quadruple, and that's what we have seen here. People also went into lower quality stocks because the rally in quality stocks may also have been a bit overextended. The blue chips were further pushed up and up, and then people realized that there's something else to buy. So from that perspective, the question to invest or not to invest in a lower quality stock is a more tactical approach.

Ahmet Peker: I think we are talking about different time scales. There are short term dynamics and long term expected returns. On the short run, you may see big differences in the returns of factors and an investor may decide to time factors based on e.g. forecasts. The long-term view would be to expose your portfolio to a specific factor and make sure your fund is comprised of stocks which truly have this factor loading. In this case you are trying to harvest the outperformance of this factor over a longer timeframe.

I am referring more to the long-term expected return for stocks with specific characteristics.

Marcus Storr

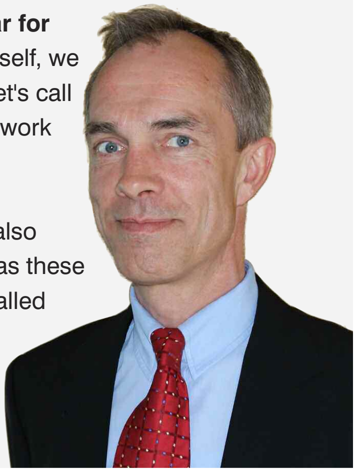
I have a question for Steffen. I was wondering, how many offshore hedge funds have you made German tax transparent over the year 2016, or other way around, for how many hedge funds in total do you provide German tax transparency currently?

Steffen Gnutzmann

I would say we are currently working with approximately 100 foreign hedge funds to provide German tax transparency, and over 2016, we added maybe 20 or 25 funds....

Matthias Knab

Steffen, maybe this is also a good opportunity to update us and our readers on the coming changes to the German taxation of investment funds in 2018, which some say can give international funds a big boost and distribution opportunities here in Germany?



Steffen Gnutzmann: **From a German tax and regulatory perspective, 2018 will be a good year for investors** seeking to diversify and looking for exposure to different types of risk. Mr. Storr and myself, we know quite well that German investors still have some compliance hurdles for investments into - let's call them - exotic funds. UCITS funds of course are easy, but other fund types require currently some work to be done by German tax advisors.

But in the future, from the 1st of January 2018, it will become much less costly for investors, and also with less soft market entry barriers for the funds, to invest globally into all types of funds, as long as these vehicles are risk diversified, collective investment schemes. Most hedge funds will qualify as so-called "2018 Opaque Funds" under the future German tax law, that is the signal-word for this future category of fund types.

Matthias Knab

So German investors will also be able to invest into Cayman funds with more ease?

Steffen Gnutzmann: Yes, absolutely, Matthias. Whereas right now such funds may find it difficult to find a suitable tax advisor to provide tax transparency, delivering quality at a reasonable price, this hurdle will no longer exist in the future.

Marcus already mentioned that many German investors and the service providers of their German (feeder) funds by now have a better understanding of alternative funds and are more willing to invest into them. So, in the future, starting 1 January 2018, there will still be a few tax issues to keep in mind - for example: if your hedge fund generates German dividend income and if your hedge fund should have tax-exempt (German or non-German) investors - but life will be much easier for investors and for hedge funds, compared to the present situation.

From the tax and regulatory side, 2018 will, as we say, bring down the hedge. It will be much easier for German asset managers, for German special funds and for German family offices to go globally into all types of funds. Of course, the fund investors must be professional or semiprofessional investors, otherwise it's difficult to sell to them, but I don't think that's a problem for the addressees of this Roundtable. 2018 will really see the opening up of the German investor market for very many types of funds.

There's one issue to observe. At present, much German money is in German special funds, we call them 2018 Spezialfonds, and these funds, starting 2018, will have a bit of an issue investing globally into all types of funds. So, the route must be changed a bit, because special funds in the future, from 2018, are not permitted to invest into exotic funds. Here, the set-up of a dedicated fund for these types of target fund investments is needed. Further, especially for certain German taxable corporate investors, long equity assets must be separated.

But these matters are in the end manageable. We are discussing with many institutional clients who are preparing for the upcoming 2018 changes, what does the revision mean for them and their concrete holdings in practice. In the end, I would like to support from the tax law and regulatory perspective what I heard today from your economic view: exciting times are ahead of us.

Matthias Knab If I put myself into the shoes of, let's say, a US-based manager, and he is now hearing that from 2018 he does not need to do the "white tax" compliance, but probably he will still have to comply with German and/or European distribution rules. Can you maybe elaborate on that side too?

Steffen Gnutzmann: Most of you are aware of the fact that, following the AIFMD, German private investors cannot be approached by a fund from abroad, unless you have permission for public distribution in Germany, which usually a hedge fund will not get. But **reverse solicitation** is permissible, even if it's a private investor contacting you in your US office. But you must make sure that you can document that the private investor has come to you, and you must not market to him.

But **if your German investors are professional investors or semi-professional investors, as defined by the AIFMD, then such restrictions do not apply and you can market to them.**

So, there will still be a distribution hurdle on the private side, but most standard hedge funds don't want to see to smaller private investors anyway, so practically I don't think that this would be much of a problem.

Matthias Knab Right, but can the US-based manager contact German professional investors and market to them already now or only from 2018?

Steffen Gnutzmann Already now. These rules have been applicable for some time already. Correct, for such investors, it's not a big problem.

Marcus Storr: While for some years there was a certain hesitation and insecurity from US managers regarding marketing into Germany, most recently it seems that the situation has been understood much better and there is much more activity going on.

We are obviously a professional investor, and we get approached directly by US and other international funds. And it also seems that many have now gotten word about the changes in the investment tax regulations in Germany.

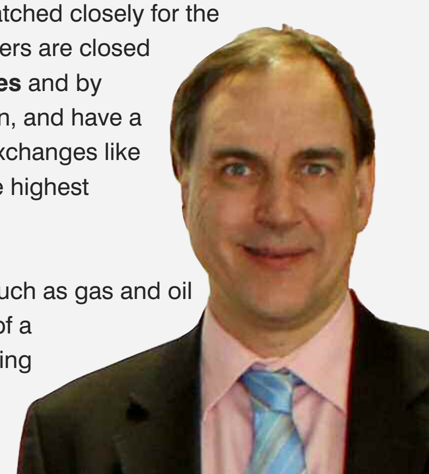
It's funny. but we are getting contacted by funds from really behind the hills somewhere in Asia who are telling us, "Isn't your tax law being changed on the 1st of January 2018? You should be able to invest directly into our funds right now...!"

So it seems that the word has spread around that the tax law is changing. With the AIFMD rule, however, there is still a marketing hurdle. Non EU funds can only be marketed into Europe if they are either registered in an EU member state or if the potential investor has approached the manager and not the manager the investor (reverse solicitation). With AIFMD the European regulator implies that funds launched in Europe are much better and safer than the dangerous Anglo-Saxon funds.

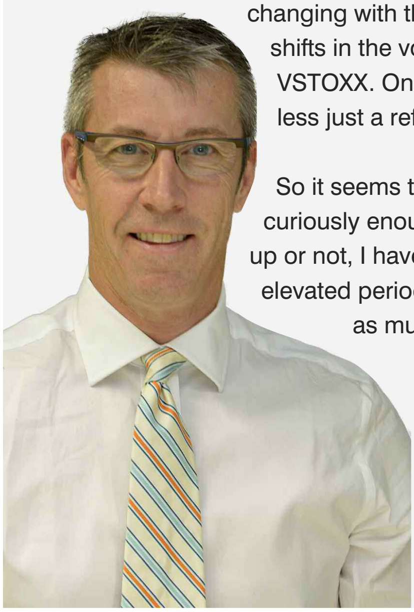
[Laughter]

Matthias Knab When I was walking here to the WTS office, I was passing the office of Deutsche Bundesbank. I wonder what is your view on the Euro and the risks to the Euro zone? With Geert Wilders coming in second in the Dutch elections, there will be no Nexit, but the French elections this spring will certainly pose a potential tail risk. How are you dealing with this risk, are you hedging or betting on it in any way?

Carsten Straush: The Euro crisis has certainly been a theme and something we have watched closely for the last six years, because we didn't want to wake up one morning and find out that the borders are closed again. Technically, we try to address this situation by doing a lot of **asset-based strategies** and by trying to stay away from any kind of credit or liability relationships, to the most that we can, and have a maximum of vertical integration. This means we also try to do our trades on the futures exchanges like Eurex, CME, and so on, so that when we have exposure it is multiparty and effectively the highest quality of exposure that we can have.



We also try to get our hands on via real contracts in our names when we do real assets such as gas and oil fields. If you have a pipeline, then it is your pipeline and you can get that out in the case of a bankruptcy. You will not be blocked by a multiparty construct such as Lehman or something like that, where you don't know if your asset, which is nice on the paper, will be worth something in the case of a bigger crisis.



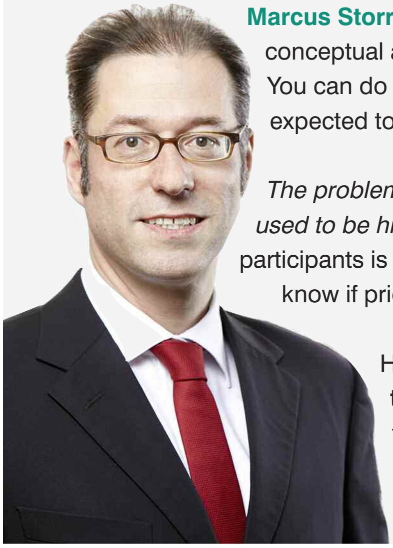
Markus-Alexander Flesch: Also from the exchange side I can state as well that the political and global macro agenda is changing with things like the Dutch election or the French thereafter. We can also observe very dramatic shifts in the volatility strategies and in the equity space as well through our volatility products and the VSTOXX. One interesting aspect here is that the overall activity in the equity market, which is more or less just a reflection of people being concerned, has over the last 10 weeks, decreased dramatically.

So it seems to me that investors are already well-positioned, or theyjust stay out of the market. And curiously enough, even on the forex side, which is most probably the very first reflection if the Euro blows up or not, I have seen very low volatility as well. You are going to see some spikes, but I think there's no elevated period of time where you are definitely going to see increased activity from institutional investors as much as private investors.

Although everybody knows the global agenda, possibly so far positions have been taken, and I think there's no new engagement to be seen for now. It might be that you are going to see some spikes, but as we have seen over the Brexit or in the Italian election last year, this only lasts for two days, and then it collapses.

Carsten Straush: This situation reminds me on October 2008 when nobody knew what would come out of Lehman, and you had three weeks where nothing happened and everybody thought all is more or less okay while Lehman blew up, so what? But then the floodgates opened and every manager who was in the market at that time will remember what happened then.

I am looking at the markets the last two weeks and I keep thinking, *"Are there some possibilities of major political changes? Is there some risk out there?"* Nobody seems to think like that, however. I am looking at the vol on the forex side, which is an 8 to 10 vol on Euro versus Dollar, which is ridiculous given what's happening there. I am looking at out of the money options and I see people selling. I am buying. Let's see what happens, who gets out last? We'll see what comes out of this...



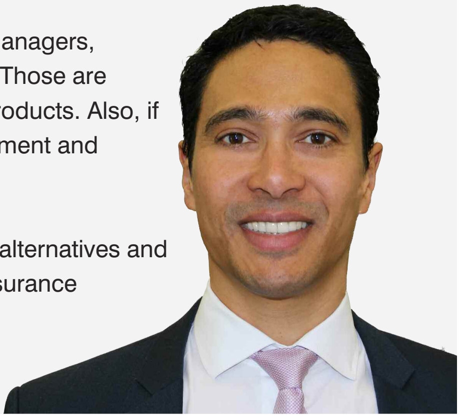
Marcus Storr: My problem is that I don't know what's happening tomorrow in capital markets. From a conceptual and academic point of view, nobody knows what's happening tomorrow in global markets. You can do a lot of fundamental analysis, but at the end of the day you are taking risk for what you get expected to pay.

The problem is that if you take risks in our days and even today, the expected outcome is lower than it used to be historically. Vincent made the case and explained earlier why the average alpha of industry participants is shrinking. So I agree that the return expectation is smaller going ahead, but again, I don't know if prices will fall or increase.

However, when we look at the managers which we invest into, they position themselves with **tail hedges.** And I think the prudent manager has to say, "I don't know. I evaluated risks and that's when I take positions, but I don't know..." That's certainly our starting point. So if you spend certain risk budgets on tail hedging, let it be via FX or certain out of the money options, this is absolutely fine. This is what we see a lot in these days, in particular when it comes to volatility.

Coming back to your initial question about potentially the Euro or even the European Union blowing up, I think we all go back to the roots where people started 60 years ago. And honestly, then I don't really care about financial markets but rather think about where to buy my house to leave Europe. This sounds a bit exaggerated, but if France steps out, then we should think of packing our suitcase.

Vincent Weber: If you look at the risk management framework of today's hedge fund managers, particularly in the UCITS world, standards have tremendously improved over the years. Those are probably as good as it can get, at least in relation to the past and to other investment products. Also, if you look at UCITS, some of the requirements imposed simply reflect good risk management and corporate government practices.



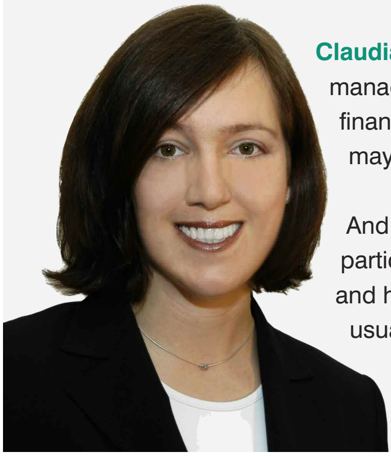
But when it comes to **systemic risk,** I am less concerned about the little world of liquid alternatives and hedge funds, but more about what might happen to some much larger investors like insurance companies, pension funds, SWFs and central banks.

Matthias Knab

What could happen to the investor types you had just mentioned? What type of risks are they exposed to that could have severe negative consequences?

Vincent Weber

I would love to know, but unfortunately I don't. I can only manage a risk I am aware of, so that's what we do. We take care of counterparty risk, focus on centrally cleared derivatives, we keep our cash in high quality treasury bills, etc. But I am not the only one doing that and by design, the next big risk crisis will come from something most of us will have overlooked.

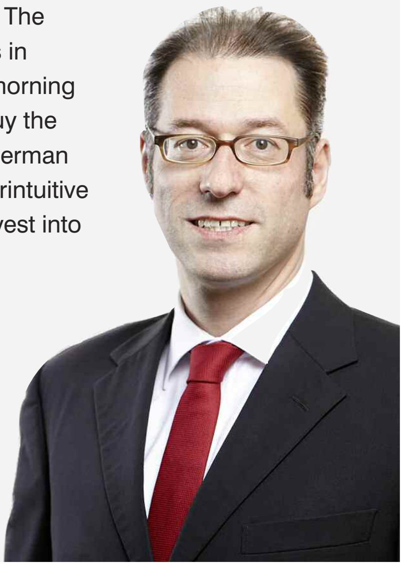


Claudia Röring: Apart from the hedge funds which have made their homework with respect to risk management, I think also the large institutional investors have learned their lessons from the financial crisis. We have seen many institutional investors move to **risk overlays,** how costly that may be, but in the end it can definitely be a protection in a very tough drawdown scenario.

And of course they have diversified their assets as much as they could. Having said that, particularly the insurance companies are still predominantly invested in fixed income instruments and have limited capacity for equity or other risky assets. Looking at pension funds however, they usually have more diversified portfolios with a higher proportion of equities, and they have gone a lot more global than they did in the past.

This is an observation we have made with many of our investors, too. They move to global fixed income in addition to just Euro fixed income, so you see some steps into this direction to mitigate potential risks. We have had the European debt crisis on and off since 2009 really. It may come back full force once any country decides to eventually leave the Eurozone, but I think some precautions have been taken by investors. *Unfortunately regulation has forced many investors into an asset allocation with massive fixed income risk.* We have discussed this aspect before, so this is something to watch.

Marcus Storr: I agree with you and with Carsten as well that fixed income is the biggest risk. The question is, where is it popping up? And again, I don't know, but just thinking about investors in Germany and in particular the insurers, metaphorically speaking these guys wake up in the morning and somebody behind them has put the regulatory corset even tighter. They are forced to buy the non-yielding bonds. Keep in mind that just three weeks ago, the negative five-year yield on German bonds was 82 basis points and investors are still out there buying it. I mean, this is so counterintuitive to what these guys, as they run our parents' money, should do, and they still are forced to invest into negative yielding bonds and destroying capital.



So if this blows up, in whichever way – I don't know that because next crisis will come from a different corner – but I think the **bail out** which we have done before on a global scale for the banks will have to be repeated on an even grander scale, at least in countries like Germany where the insurance sector is massive compared to other sectors. I think this is a serious risk.

Carsten Straush Can you elaborate a little bit more, where and how there could be a blow up risk in insurance?

Marcus Storr: Again, for my personal disclaimer, I don't have a crystal ball, but what I see is a **gap between assets and liabilities,** which at the end of the day is a zero-sum game in the sense that somebody will have to pay the bill, whoever it is. Either we cut the guarantees on insurance contracts or we cut the payout in general. I just read a brief article somewhere that apparently the German Government has already set-up a task force talking to the smaller insurance companies in Germany because they are in danger.

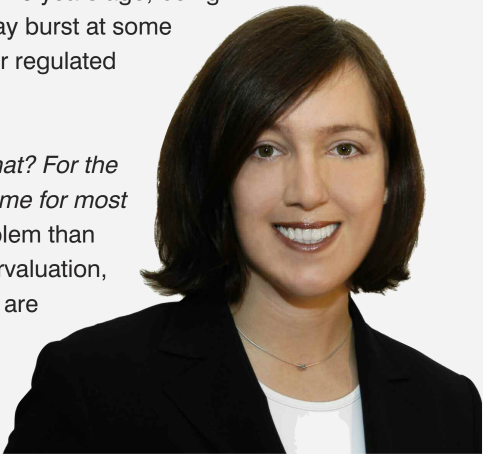
I am not talking about the Allianz's who can refinance themselves on a larger, international scale, but about the small and mid-sized insurance companies somewhere in Germany. So if I am asked, "Where do you see a risk coming from large institutional market participants," I think it's from the insurance world, because at some point their liabilities will be forcing them to do something, that's where I think the danger is.

Why was Lehman such a problem? Because subsequent to the Lehman failure, everybody was forced to do something, unwinding their positions with Lehman's. And as they unwound their position with Lehman, they had to unwind with other banks of their positions. It was a phenomenon where people had to act and move.

If you are a family office in Munich and you see this insurance crisis unfolding, you may as well turn around and take holidays on the Bermudas, because you don't have to do anything. There is no liability mismatch forcing you to act.

Claudia Röring: But wouldn't you say that this is a long-term risk and many of those investors e. g. some pension funds, have at least started to address it by cutting their contractual promises? So I think that's something that has been addressed.

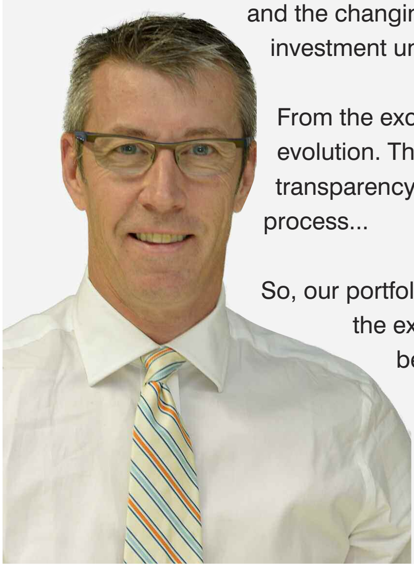
I think a sudden shock would be more of a problem. As we said, none of us will know where exactly that could come from, but my take here is that probably most investors are better positioned than they were say 10 years ago, being aware of some of the risks. I agree that there is probably a big bond bubble which may burst at some point in time. Of course no one knows how exactly this is going to be resolved, but for regulated industries there has always been an effort to kind of control the damage.



The question is, *if we see an increase in rates, how are investors going to deal with that? For the short-term it may be very painful; in the longer term higher rates are more than welcome for most investors.* So in the long run I think rates staying where they are much more of a problem than rates going up, at least at a controlled pace. But I agree that there is a significant overvaluation, and there is a lot of interference from the Central Banks, so we have seen effects that are not justified by economic fundamentals.

Matthias Knab Let's look at opportunities and at new products. Some of you have launched new products, can you tell us more about those?

Markus-Alexander Flesch: Well, at least from our side, I think all of you have been pretty much driven by regulatory pressure and the changing industry we are facing, be it MiFID II or other regulations that relate to your different investment universes.



From the exchange side, I think we definitely experience a kind of little tailwind by this OTC to CCP evolution. That means just bringing OTC type of investments on exchange and delivering more transparency into market. Carsten just mentioned 2008 and the Lehman case, which initiated the overall process...

So, our portfolio will continue to evolve to bring some of the current OTC instruments and derivatives on the exchange where, besides having a central counterparty, which is definitely one of the bigger benefits, the greater mission is also to make that particular instrument and product more accessible to those kind of clients which previously, because of their size, were not able to trade.

One of our latest inventions, which was launched last December, is the very first version for total return swap, which is now a **total return future**. Driven by the Lehman case, we started that with the dividend swap in 2008.

Our total return future, at least over the last three months, is one of the most recent success stories. I would dare to say that in the derivative exchange world this is one of the most successful products overall and we are keen to expand this kind of offering. We just had over 2 billion asset under management in terms of notional value, which is relatively low compared to the well-established, regular EURO STOXX business, but as it is a very new instrument, this represents a huge success.

We shall further expand that most probably into the MSCI World. Something, which you may have noticed as well is that the single country indices are losing traction while the broad investments are driving and expanding our portfolios. Therefore, we believe that we are going to see a huge demand in this kind of broader investments and a big momentum in our MSCI portfolio.

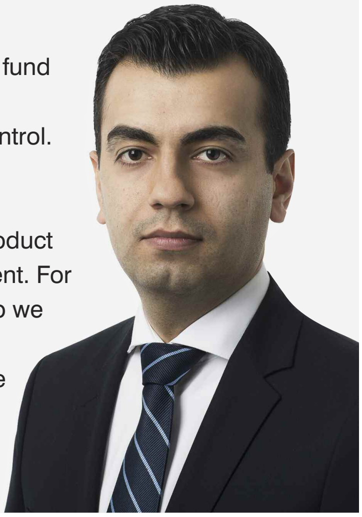
In the meantime, we were able to expand our **MSCI portfolio** to over 72 different futures across the world, and almost 15 different options. Overall, we are witnessing a series of records in terms of open interest in the MSCI but also on the Pan-European side with the STOXX products. There, we have our broad-based indices and more narrow sector indices, including a banking index, which is more or less a reflection of the concerns and anxieties of how the banking world will survive and cope with the challenges.

Finally, we are working on a new invention where we list **derivatives on factor or smart beta indices.** We call them iSTOXX, and we should launch those shortly. I think that will come most probably in a month's time. Expanding our portfolio to include factor indexes enables us to offer opportunities for institutional investors, be it on their overlay management, be it on the exposure or for deliberate hedging purposes, to be engaged through derivatives on the factor or smart beta risk premia.

Ahmet Peker: As we have pointed today, active management will become even more important going forward. As new asset classes and investment strategies become available, investors will prefer tapping into those with specialists.

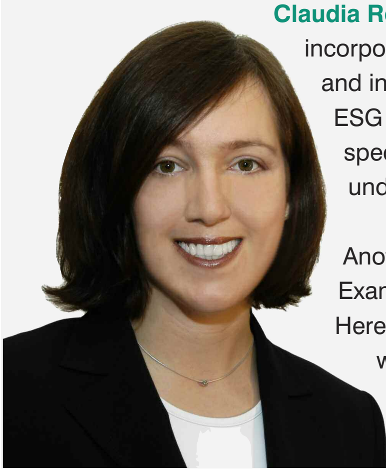
I think **multi-asset funds** are very well positioned for this. These concepts are built to access different asset classes and different return sources, while making use of diversification benefits. Adding new asset classes may be easier in that context, than just investing into them on a standalone basis.

There is also increased interest in factor investing based products. Be it in a long-only equity product (for different regions and with different risk-levels) or in a multi-asset concept (e.g. multi-factor, market-neutral).



At the same time, **risk overlay strategies** are also growing very quickly within in our quantitative fund management offering. Risk management is already embedded in many portfolio concepts, but especially institutional investors increasingly want to make sure that there is a second layer of control. Risk overlays offer this in a very effective way.

Along with that, customization of solutions to client objectives is growing further. Our modular product set-up offers the flexibility to combine investment processes and find the best concept for the client. For example we offer multi-asset funds with an active management of the asset class weights. On top we can incorporate stock selection for the equity part, e.g. with a factor focus and ESG or regulatory filters. Additionally we can put a risk overlay in place to ensure the maximum loss tolerance of the client is respected.



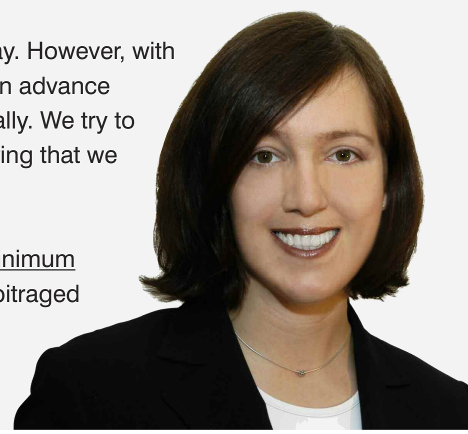
Claudia Röring: I agree that **ESG issues** have become a lot more important for investors, and we have incorporated ESG criteria into our long only equity offering for a long time. We are an active manager, and incorporating ESG in a proactive way has been a deliberate decision. Now we are integrating ESG more and more into our general offering. This has various dimensions: one is dealing with specific client's preferences or requirements; another one is dedicated research, to get a deeper understanding of the individual issuers and lastly it is a matter of our company values in general.

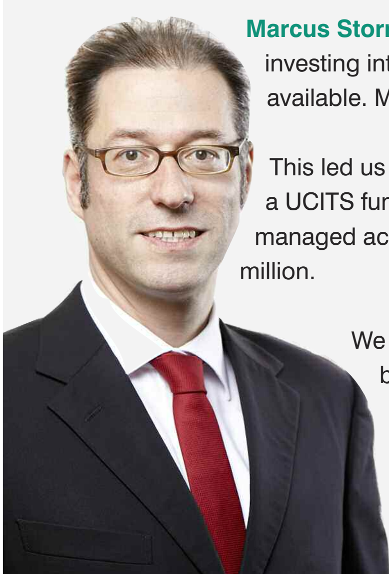
Another topic we pursue is developing investment solutions where we do a lot of customization. Examples are risk-scaled volatility strategies or risk overlays using option replication techniques. Here we are focused on efficient implementation of overlays in a less costly, and very transparent way.

Markus-Alexander Flesch Obviously with derivatives..

Claudia Röring: Correct, derivatives are a classic instrument type used for risk overlay. However, with many risk overlays we have found that one major flaw is that you usually don't know in advance how costly it's going to be once you have a downturn and need to hedge systematically. We try to mitigate this cost aspect with an options-replication based approach which is an offering that we are currently expanding.

In addition we have developed an alternative beta strategy that aims to harvest the minimum volatility risk premium. As we felt this premium is quite overcrowded, and possibly arbitraged away, we use an options-based approach.





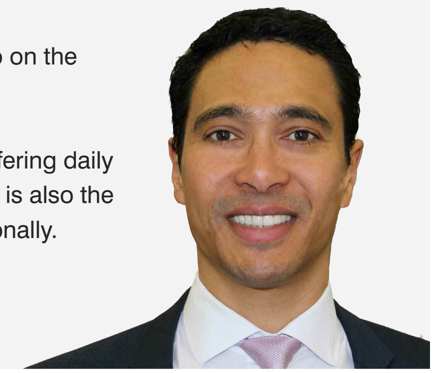
Marcus Storr: FERI is not a product provider, as we usually buy what is available in the market, hence investing into managers, unless we feel uncomfortable because we see that a certain strategy is not available. More importantly if we think that we can set it up cheaper in-house.

This led us to carve out an option-based strategy called OptoFlex – volatility arbitrage – which we put into a UCITS fund four years ago for dedicated clients who wanted to allocate at a smaller size and not via managed accounts where we start with 25 million and above. That fund has now grown to around 600 million.

We select offshore and UCITS hedge fund managers, and in the same way we have been asked by clients to provide a **fund of hedge funds** vehicle which we will most likely launch in April or May 2017. However this fund will only invest in best of breed equity long/short offshore hedge funds for the reason Steffen explained – the German "white" tax transparency will be done, and German institutional investors can go into offshore. Vincent talked about the Prime Capital Blue Chip Fund, which has a 10-year track record. The equity long/short fund of fund vehicle which we will carve out has an almost 12 year existing track record and an annualized performance of 6.3% p.a. after all fees. Even though the hedge funds of funds business collapsed after 2008 and very few funds of funds launched since then, we do see a very strong local demand for it now and that is why we're are providing clients with an investment vehicle.

But still, manager selection remains the core element within FERI's Alternative division, and besides those two dedicated products, the volatility arbitrage OptoFlex and our hedge funds of funds, we pick what other people provide.

Vincent Weber: We are very excited about our UCITS offering complementing what we do on the offshore side.



We delivered a Sharpe ratio around one and significant diversification benefits, all while offering daily liquidity and adherence to a tight regulatory framework. What's not to like about that? This is also the reason why we are seeing a healthy demand for it, not only in Germany, but also internationally.

Marcus Storr: Vincent is absolutely right about the **international demand for European UCITS funds.** I just came back from an Asian trip and you won't believe how the Japanese, Hong Kong or Singapore-based institutional investors, sometimes state money, all the big guys running multi-billions, basically pile money into UCITS structures, because it's considered safe, it's regulated, it's liquid, and they are comfortable with the manager and the structure. So correct, there are significant flows into regulated UCITS funds from not only Europe but also from far away.

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- Reader Type Data Insight
- Reader Cohort Analysis (5 Reports)
- Individual Reader Detail Data
- Exclusive Content (3 Products)
- Lead Generation (3 Products)
- Universe Insight Consulting

Go to www.hvst.com/info/opalesque or contact sales@hvst.com to learn more

What happened in Week 3?

Hedge fund manager A has produced a custom video with Opalesque.TV and it has been online for a few weeks. As with manager A, we sometimes notice that the weekly views of a video can jump several hundred percent from one week to the other.

Weekly video views	Week 1	Week 2	Week 3
of Manager A:	110	101	376

There are a range of different reasons for such a sudden jump in views, for example manager A could have:

– won a prestigious award or was nominated to it
– been included in some industry ranking
– been written up in the press / hedge fund media
– just launched a new fund that gained a lot of attention
– posted a (very) good month or year
– etc.

It is safe to assume that on any given day, someone or many will google any hedge fund manager's name, fund name, or company name. Good for those who have a custom made, targeted video online that investors can access any time, and at their time.

Unexpected long-term effect

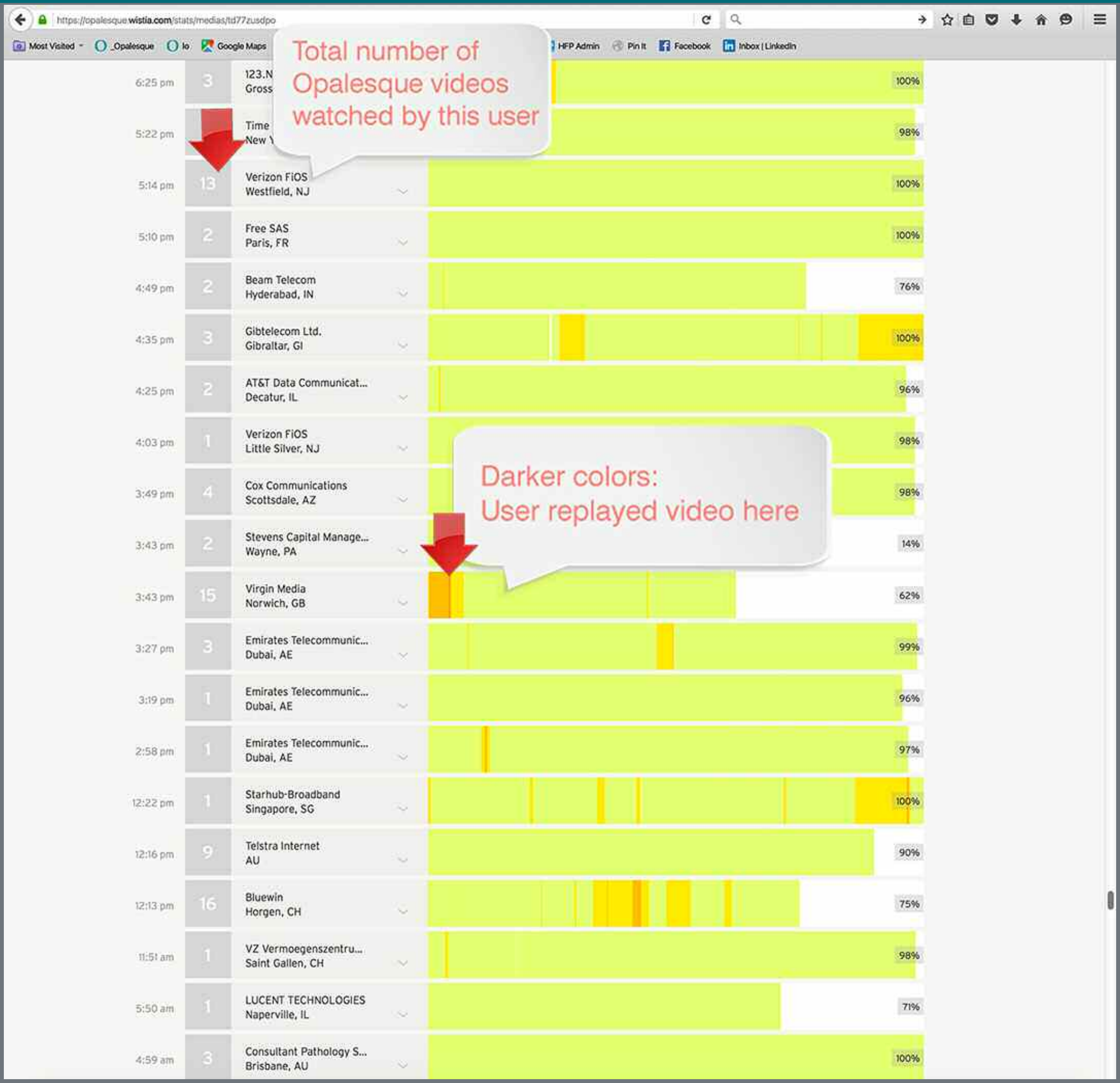
Opalesque has detailed viewer stats on 280+ videos since 2009. What's most interesting is that **video views do not drop significantly over time**, no matter how long the video has been online.

Taking Meetings over Christmas and while you're sleeping

Opalesque.TV videos are designed to simulate a first time meeting with a prospective investor. Many of these allocators will watch a video when they see that there's one available on the manager they are researching (like the viewers of manager A). All 280+ managers who have produced a custom Opalesque.TV video can therefore actually make business (or "have a meeting") while sleeping. Or when it's Christmas.

This video was watched 104 times over the 2016 Christmas holidays:
http://www.opalesque.tv/hedge-fund-videos/patrick-stutz/1

Take a look at the next graphic, especially at the hours (which are Central European), the locations, and the completion (how many viewers watched the video until the end):



We therefore believe there are real **opportunity costs** for managers who do *not* use videos to explain what they do.

Save up to 50% in travel costs by making your first meeting the second one

Have you ever spent time and money to take a trip to present your fund, only to hear, *"Thank you for coming to our office, and please keep sending me your reports ..."?*

What if you had known before that the investor is looking for something else?

By sending their video to prospects **before the meeting,** the manager wins twice. Should the investor be looking for something else, the manager can focus his efforts on those investors who watched the video **and liked** what they saw.

In these cases, managers tell us that the first real meeting becomes more like a 2nd meeting (the 1st one being the video) as the groundwork has been laid and the meeting will be much more successful and achieve much more compared to a regular first meeting. By better **qualifying your leads**, you can basically halve your travel budget and raise more assets quicker.

Compliant

- Opalesque.TV videos are produced to comply with your regulatory requirements
- Allow for true reverse solicitation

You're in control

When you're doing a custom Opalesque.TV video, you have full control about any aspect of your message. This is not a given in any other regular media coverage.

A manager portrait on Opalesque.TV is generally designed to simulate a first time meeting with a prospective investor, meaning that questions like the following will be discussed:

- Please introduce yourself and your firm
- What is special about your strategy?
- How are you different from your competitors?
- What else is important regarding the asset class?
- Opportunities you focus on

Working with a trusted partner

Over 1.2 million people have watched one or more Opalesque.TV videos, which means that the people you may be targeting will already be familiar with Opalesque.TV videos.

Managers like **Julian Robertson, Izzy Englander, Jim Chanos, Jeffrey Ubben, Elena Ambrosiadou, Anthony Scaramucci,** and many others have done Opalesque videos, as well as institutions like **Morgan Stanley, State Street Global Advisors, M&G Investments.**

Broad distribution

You can either produce a private video with us, which will only be hosted on the non-public part of your website, or we can offer you the broadest possible multi-channel distribution on Opalesque.TV and our partners like Reuters and other leading platforms. Contact us to discuss your custom distribution package.

Managers have **quadrupled assets** thanks to our video ($700m to $2.4bn in 1 year) and also received a book contract or **invitation to speak at the World Economic Forum or at TED** through our video:

- View count: Over 1.2 million views (hundreds of thousands of people)
- Thousands of investors will view your presentations
- Longterm effect: views do not drop significantly over time
- Without investing a single additional minute of your time - time required to record a video is approximately 90 minutes.

Costs

For a 10 minute video the all-inclusive package price is US$4000 which includes: travel (Europe and NY tristate), full production at your office, multiple edits (cuts), provision of the final video file, and a global, multi channel distribution package. A 15 minute video is $5000, so $1000 will be billed for each additional 5 minute segment above 10 minutes. The client determines the final length of the video.

Links

Opalesque.TV video which got 104 views over 2016 Christmas:
http://www.opalesque.tv/hedge-fund-videos/patrick-stutz/

Opalesque.TV videos sorted by number of views:
http://www.opalesque.tv/most-viewed-hedge-fund-videos/

Opalesque.TV videos sorted by number of social media shares:
http://www.opalesque.tv/most-shared-hedge-fund-videos/

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