



RBC Dexia and KPMG Survey: Asset Managers Embrace The Arrival Of UCITS IV

London, October 26, 2009 –A survey published today by RBC Dexia Investor Services and KPMG shows how some of Europe's largest asset managers plan to capitalise on UCITS IV and identifies how these reforms will contribute to wider changes across the European investment fund landscape. The main findings of the report, entitled "UCITS IV: Which business model for tomorrow?" are as follows:

- The vast majority of UCITS managers are taking a proactive approach to UCITS IV
- The number of Management Companies will decrease
- A new wave of fund mergers lies ahead
- Master/Feeder structures will be key for new markets/client segments
- Immediate cost savings are expected

Peter De Proff, Director General of the European Fund and Asset Management Association (EFAMA), commented on the survey, "The fund industry is currently facing numerous challenges in these turbulent economic times that have impacted assets under management and profitability across the industry. One of the important strategic steps for players in the UCITS industry is to fully explore how to take advantage of UCITS IV."

According to the survey, the introduction of the Management Company Passport (MCP) is one of the most landscape altering changes permitted under the new directive. The results highlight how managers will reduce the number of Management Companies and will need to consider the location of a centralised Management Company carefully, taking into account concerns surrounding tax regime (49%), the regulatory framework (44%) and the availability of qualified personnel (33%). Luxembourg (43%) and Dublin (18%) will be likely winners but also the location of the group headquarters (23%) is an important consideration.

The study also revealed that 49% of respondents plan to restructure their fund ranges, with sub-optimal fund size and high costs to investors being key drivers. While UCITS IV will facilitate cross border fund mergers the market may also see a large number of new feeder funds which, as highlighted in the survey, will be used for targeted fund distribution and enable managers to enter new markets and segments. Again Luxembourg (81%) is the favoured location for consolidating assets in master/feeder fund structures.

By far the most important advantage to UCITS IV for those asset managers polled is cost savings (43%). Easier access to markets (24%) and increased competitiveness (21%) were also highlighted as positive outcomes of the new framework. Only 2% of respondents said that UCITS IV brings no advantages, however 45% acknowledged the absence of a tax framework is a key issue.

The survey polled 52 asset managers with UCITS funds established in their principal location in the European Union (EU) as well as in the cross-border business centres of Luxembourg and Ireland. The 52 asset managers surveyed manage 54 % of the assets (UCITS and non-UCITS) domiciled in the cross-border centres of Luxembourg and Ireland.

Jean-Michel Loehr, Chief Industry & Government Relations at RBC Dexia commented, "As the results of this survey indicate, UCITS IV is set to have a significant impact on the European investment fund industry. It is clear that the market is already readying itself to embrace this latest phase of UCITS and has made significant inroads in identifying the broad range of opportunities UCITS IV creates. As ever, education remains key to ensuring that the market continues to capitalise on regulatory changes."

Vincent Heymans, Partner at KPMG added, "The current economic environment has presented the fund management industry with numerous challenges. It is therefore crucial that, now more than ever, fund managers fully realise the efficiency and consolidation opportunities found within UCITS IV, which allow for cost savings and improved efficiency of operations."

For a copy of the full survey results, please visit www.rbcdexia.com or www.kpmg.lu

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RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. Our unique offshore and onshore solutions, combined with the expertise of our 5,500 professionals in 16 markets, help clients grow their business and sustain enhanced performance through efficiency improvements and robust risk management practices. Equally owned by RBC and Dexia, the company ranks among the world's top 10 global custodians with USD 2.0 trillion in client assets under administration.

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KPMG

KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. We operate in 144 countries and have more than 137,000 professionals working in member firms around the world. With more than 900 employees KPMG in Luxembourg's approach to relationships and service delivery is designed to help clients exploit new opportunities, improve performance and manage risk.

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