



Matheson

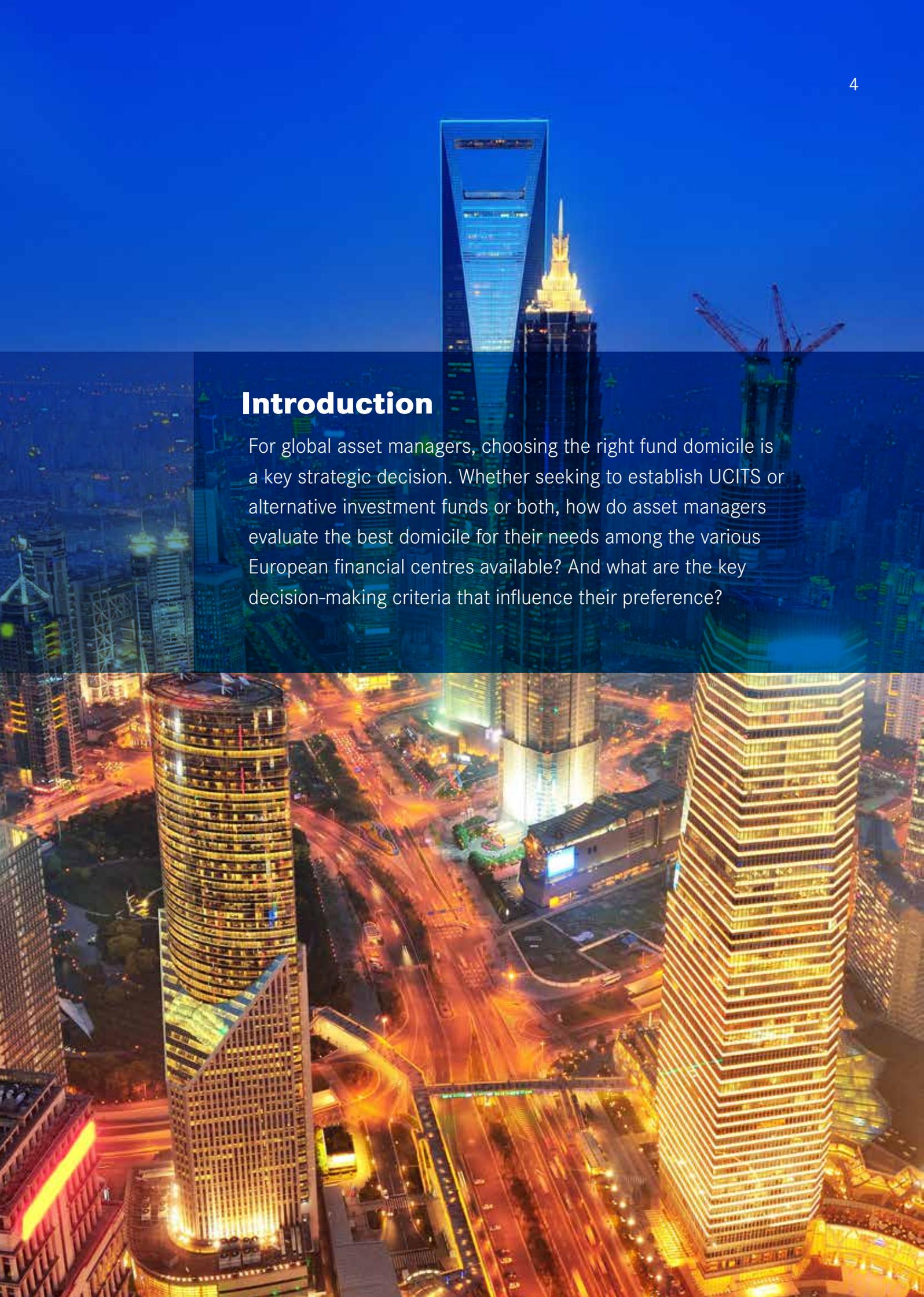
Choosing a European fund domicile: The views of global asset managers

A survey conducted by the **Economist Intelligence Unit** on behalf of Matheson



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An aerial night view of a city skyline, featuring several prominent skyscrapers illuminated with warm yellow and orange lights. The buildings are set against a dark blue night sky. In the background, a tall, slender skyscraper with a distinctive top section is visible. The foreground shows a dense urban area with various buildings and streets, some with light trails from traffic.

Introduction

For global asset managers, choosing the right fund domicile is a key strategic decision. Whether seeking to establish UCITS or alternative investment funds or both, how do asset managers evaluate the best domicile for their needs among the various European financial centres available? And what are the key decision-making criteria that influence their preference?

In this survey of 200 global asset managers, which was conducted independently by the Economist Intelligence Unit on behalf of Matheson, respondents were asked for their views on the leading European investment fund domiciles, and the most important factors which guide a domicile decision. The survey also explored their reaction to the application of the AIFMD, and the scale of expected growth in UCITS and alternative investment funds in the coming years.

Significantly, the 200 managers surveyed by the Economist Intelligence Unit were asked which European domiciles they would now choose if starting afresh with their fund ranges. Asset managers had the opportunity to select which, in their view, are the best performing European fund domiciles in terms of the following criteria:

- regulatory conditions (such as regulatory sophistication, accessibility and responsiveness).
- the applicable legal and tax framework.
- non-regulatory and non-tax business conditions in those domiciles (such as ease of doing business, service culture, local expertise in complex products).

The asset managers surveyed were also asked to assess what are the most influential decision-making factors for them when selecting a European jurisdiction in which to domicile their funds. Specifically, the survey gave managers the opportunity to select and rank what are the most important legal and regulatory factors when choosing a domicile; the most important financial and business factors; and the most important market and distribution factors which influence a decision in selecting one domicile over another.

All survey respondents' asset management firms manage the assets of EEA-domiciled collective investment funds, and all respondents are familiar with their firm's reasons for selecting jurisdictions in which to establish funds.

With respect to views on growth of funds domiciled in Europe, the survey carried out by the Economist Intelligence Unit examined global asset managers' estimates of expected growth levels of assets under management in both UCITS and European alternative investment funds up to 2016. Regarding the AIFMD, survey respondents were asked to identify how they expected their organisation to react to the application of the AIFMD.

This document publishes the survey findings. We at Matheson hope you enjoy reading and examining the survey results, and the trends which those results highlight.

1 About this survey

For the purposes of this survey, the Economist Intelligence Unit engaged with 200 senior asset management executives across the globe, seeking their views on selecting domiciles for investment funds (both UCITS and alternative investment funds) structured under EU laws. The asset management firms of the managers polled were headquartered in North America (38%), Western Europe (35%), Asia-Pacific (13%), Latin America (10%), and the Middle East and Africa (4%).



Of the 200 respondents, 94% of their firms already have investment funds domiciled in the EEA, and the remaining 6% plan to by 2016.

Respondents tended to represent large organisations, with more than half representing firms managing \$1 billion to \$50 billion globally. Some 40% of respondents' firms have assets under management of more than \$1 billion in UCITS, while on the alternative investment side, 67% with EEA-domiciled alternative investment fund ranges have less than \$100 million under management, 17% of those managers' firms have \$100 million to \$1 billion and 16% of those managers' firms have over \$1 billion assets under management in their EEA alternative investment funds.

In terms of their seniority, a third of respondents (34%) are at director/vice president level; 16% are CFOs; 14.5% are portfolio managers; 13% are chief investment officers; and 12% are principals/partners.

Based on respondents' naming of the top three European countries in which most of their funds (measured in terms of assets under management) are domiciled, 49% have funds domiciled in the UK, with Luxembourg as the next most common domicile with 43%, and Ireland third with 41%. France and Germany were fourth and fifth, with 39% and 38% respectively.

The survey compares their views of ten domiciles within the EEA. These domiciles were selected on both qualitative and quantitative grounds, either because of the scale of their investment fund businesses (the quantitative measure) or because they were deemed to be worthy of consideration by investment fund experts (the qualitative measure).

In the data analysis, these countries were ranked based on simple response numbers from the respondents, who were asked to name their three top country choices in each of three categories: regulatory conditions, legal and tax framework, and non-regulatory and non-tax business conditions. The responses were not volume-weighted, for example, by the value of assets under management held by each respondent's firm.

Survey respondents were also asked to express their views on the most important factors, grouped into three categories (legal and regulatory conditions, financial and business factors, and market and distribution factors) when selecting a domicile. The same decision factors were used in asking respondents to assess how Ireland has performed as a fund domicile.

When this survey refers to a European domicile, it means a domicile within the EEA.

Disclaimer: This report is published by Matheson. The survey of 200 asset managers titled "Choosing a European Fund Domicile: The Views of Global Asset Managers", which is the subject of this publication, was carried out independently by the Economist Intelligence Unit on behalf of Matheson during June and July 2013. The Economist Intelligence Unit takes full responsibility for the accuracy of the survey results quoted in this publication.

2 Overview of the survey results

The following findings arise from the survey of 200 global asset managers conducted by the Economist Intelligence Unit.



Which European domiciles would fund managers now choose if starting over?

■ Overall

The three jurisdictions which performed best overall in the survey were Ireland, Germany and Luxembourg. Ireland received the combined overall highest number of preferences across each of the categories surveyed with 71% of global asset managers indicating that, if starting over, they would choose Ireland as one of their top-3 European fund domiciles. Germany and Luxembourg came in joint second place with 45% of managers selecting them as a top-3 domicile. The United Kingdom came in third place, receiving votes from 33% of managers, while the Netherlands came in fourth place, receiving a top-3 preference from 27% of managers. France came in fifth place, with 23% of managers giving it a top-3 preference.

■ Legal and tax framework

As a European fund domicile, 73% of managers ranked Ireland as a top-3 jurisdiction in terms of its legal and tax framework for investment funds. Second in this category was Luxembourg, with 47% of managers giving it a top-3 preference. Germany was third with 43% of managers naming it as a top-3 domicile. The United Kingdom came in fourth place with 33% of managers giving it a top-3 preference, while the Netherlands came in fifth with 25% giving it a top-3 preference.

■ Ease of doing business, service culture, local expertise in complex products

72% of managers ranked Ireland as a top-3 domicile as regards business conditions for domiciling funds. The business conditions considered included non-regulatory and non-tax factors such as ease of doing business, service culture and local expertise in complex products. The domicile which came second in this category was Germany, earning top-3 preferences from 45% of managers. Luxembourg was third with 43% of managers giving it a top-3 preference. The United Kingdom came fourth with 32% of managers surveyed giving it a top-3 preference, while the Netherlands came fifth with 29% of managers giving it a top-3 preference.

■ Regulatory conditions

67% of respondents ranked Ireland as a top-3 domicile as regards regulatory conditions. This included regulatory sophistication, accessibility and responsiveness. Second in this category was Germany which received top-3 preferences from 48% of managers, while Luxembourg was third, receiving preferences from 45% of managers surveyed. The United Kingdom came in fourth place receiving top-3 preferences from 34% of global managers, while the Netherlands came in fifth with 27% of managers' preferences.

Regional focus: US, UK, Asia-Pacific and Latin-American views

US-based asset managers' preferences

The jurisdiction which received the highest number of top-3 preferences from US-based managers was Ireland. If starting over:

- 76% of US managers rank Ireland as a top-3 jurisdiction in terms of the best regulatory conditions for domiciling investment funds in Europe. In second place, Germany received preferences from 52% of US managers while the United Kingdom was third for US managers with 44% of them giving it a top-3 preference. Luxembourg came in fourth place with 43% of managers giving it a top-3 preference, while the Netherlands came in fifth with 30%.
- 75% of US managers rate Ireland as a top-3 jurisdiction in terms of legal and tax framework. In second place for legal and tax framework, 52% of US managers gave Luxembourg a top-3 preference. The United Kingdom placed third for US managers with 44% of them giving it a top-3 preference. Germany came in fourth place, with 37% of managers giving it a top-3 preference. The Netherlands came in fifth place, with 33%.
- 78% of US managers rank Ireland as a top-3 jurisdiction for business conditions, such as ease of doing business, service culture and local expertise. Germany received top-3 preferences from 44% of US managers, putting it in second place. Luxembourg was third for US managers with 43% of them giving it a top-3 preference. The United Kingdom came in fourth place with 38% of managers giving it a top-3 preference, while the Netherlands came fifth with 37%.
- Combining the results overall across all three categories, 76% of US-based managers would now choose Ireland as a top-3 funds domicile if starting over. The next best jurisdiction was Luxembourg, which received top-3 preferences from 46% of US managers. Germany came third for US managers with 44% of them giving it a top-3 preference overall, across the three categories surveyed. The United Kingdom came in fourth place, receiving top-3 preferences from 42% of managers, while the Netherlands came in fifth with 33%.

UK-based asset managers' preferences

The jurisdiction which received the highest number of top-3 preferences from UK-based managers was Ireland. If starting over:

- 79% of UK managers rank Ireland as a top-3 jurisdiction in terms of the best regulatory conditions for domiciling investment funds in Europe. In second place, Germany received top-3 preferences from 53% of UK managers. The United Kingdom itself was third for UK managers with top-3 preferences from 37% of managers. Luxembourg came in fourth place with 32% of UK managers giving it a top-3 preference, while Sweden came fifth with 26% of preferences.
- 84% of UK managers rank Ireland as a top-3 jurisdiction in terms of the best legal and tax framework for domiciling investment funds in Europe. In second place, Germany received top-3 preferences from 42% of UK managers. France and the Netherlands were jointly in third place for UK managers, each receiving top-3 preferences from 32% of managers. Luxembourg and the United Kingdom came jointly in fourth place, with top-3 preferences from 26% of managers, while Spain came in fifth place with 21%.
- 58% of UK managers rank Ireland as a top-3 jurisdiction for business conditions, such as ease of doing business, service culture and local expertise. In second place, 47% of UK managers voted the Netherlands a top-3 domicile. Germany and the United Kingdom were jointly in third place for UK managers each receiving top-3 preferences from 42% of managers. France and Spain came jointly in fourth place, with 26% of managers giving each top-3 preference, while Luxembourg and Sweden came in joint fifth place, with 21% each.
- Combining the results overall across all three categories, 74% of UK-based managers would now choose Ireland as a top-3 funds domicile if starting over. The next best jurisdiction for UK managers was Germany, which garnered top-3 preferences from 46% of UK managers. The United Kingdom was third for UK managers with top-3 preferences from 35% of managers overall, across the three categories surveyed. The Netherlands came in fourth place with 33% of managers giving it a top-3 preference, while Luxembourg and France came joint fifth, with 26% each.

Asia-Pacific asset managers' preferences

The jurisdiction which received the highest number of top-3 preferences from Asia-Pacific-based managers was Ireland. If starting over:

- 62% of Asia-Pacific managers rank Ireland as a top-3 jurisdiction in terms of offering the best regulatory conditions for domiciling investment funds in Europe. Luxembourg and the United Kingdom came jointly in second place, each receiving top-3 preferences from 46% of Asia-Pacific managers. Germany came in third place, with 42% of Asia-Pacific managers giving it a top-3 preference. France and the Netherlands came jointly in fourth place with top-3 preferences from 31% of managers, while Sweden came fifth with 27%.
- 77% of Asia-Pacific managers rank Ireland as a top-3 jurisdiction in terms of having the best legal and tax framework for domiciling investment funds in Europe. 54% of Asia-Pacific managers gave Germany a top-3 preference, putting it in second place. Luxembourg was in third place for Asia-Pacific managers, receiving top-3 preferences from 39% of managers. With top-3 preferences from 35% of managers each, France and the United Kingdom came jointly in fourth place, while Sweden placed fifth with 31%.
- 69% of Asia-Pacific managers rank Ireland as a top-3 jurisdiction for business conditions, such as ease of doing business, service culture and local expertise. In second place, the United Kingdom received preferences from 46% of Asia-Pacific managers. Germany came third with 42% of Asia-Pacific managers giving it a top-3 preference. Luxembourg came fourth with top-3 preferences from 39% of managers, while France came fifth with 35%.
- Combining the results overall across all three categories, 69% of Asia-Pacific managers would now choose Ireland as a top-3 funds domicile if starting over. The next best jurisdiction for Asia-Pacific managers was Germany, which received top-3 preferences from 46% of managers. The United Kingdom came third for Asia-Pacific managers with top-3 preferences from 42% of managers, averaged across the three categories surveyed. Luxembourg came fourth, receiving top-3 preferences from 41% of managers while France came fifth with 33%.

Latin-American asset managers' preferences

The jurisdiction which received the highest number of top-3 preferences from Latin-American-based managers was Ireland. If starting over:

- 65% of Latin-American managers rank Ireland as a top-3 jurisdiction in terms of the best regulatory conditions for domiciling investment funds in Europe. In second place, Luxembourg received top-3 preferences from 50% of Latin-American managers. The Netherlands was third for Latin-American managers, with 35% of managers giving it a top-3 preference. Germany came fourth, receiving top-3 preferences from 30% of managers, while Sweden came fifth with 25%.
- 70% of Latin-American managers rank Ireland as a top-3 jurisdiction in terms of the best legal and tax framework for domiciling investment funds in Europe. In second place, Luxembourg received top-3 preferences from 55% of Latin-American managers, while Germany and Sweden were jointly in third place, garnering top-3 preferences from 30% of managers each. The Netherlands came in fourth place, receiving top-3 preferences from 25% of managers, while Italy placed fifth, with 15%.
- 75% of Latin-American managers rank Ireland as a top-3 jurisdiction for business conditions, such as ease of doing business, service culture and local expertise. In second place, 50% of Latin-American managers gave Luxembourg a top-3 preference, while Germany placed third for Latin-American managers receiving top-3 preferences from 30% of managers. The Netherlands and Sweden came jointly in fourth place, with 25% of top-3 preferences while France and Italy both received 15%, putting them jointly in fifth place.
- Combining the results overall across all three categories, 70% of Latin-American managers would now choose Ireland as a top-3 funds domicile if starting over. The next best jurisdiction for Latin-American managers was Luxembourg, which received top-3 preferences from 52% of Latin-American managers. Germany was third with top-3 preferences from 30% of Latin-American managers overall across the three categories surveyed. The Netherlands came fourth, receiving top-3 preferences from 28% of managers, while Sweden came fifth with top-3 preferences from 27% of managers.

How do asset managers expect their organisation to respond to the application of the AIFMD?

- When asked what way did they expect their organisation to react to the application of the AIFMD, 62.5% of asset managers surveyed stated that they expected their firm to wait and see how investors respond first.
- 18.5% indicated that they expected their firm to restructure existing alternative investment funds into UCITS-compliant funds where possible.
- 10.5% indicated that they expected their organisation to take the earliest opportunity to avail of the new AIFMD passport.
- 4.5% of managers stated that they expected their firm to re-domicile their offshore alternative investment funds to Europe to avail of the AIFMD passport.
- 3.5% of managers responded that they expected their organisation to distribute offshore alternative investment funds via European private placement regimes for as long as this remains possible for non-EU managers.
- Only one respondent of 200 stated that they expected their firm to cease marketing in Europe and to re-domicile their alternative investment funds out of the EEA.

What are the most important decision-making factors for fund managers when choosing a European fund domicile?

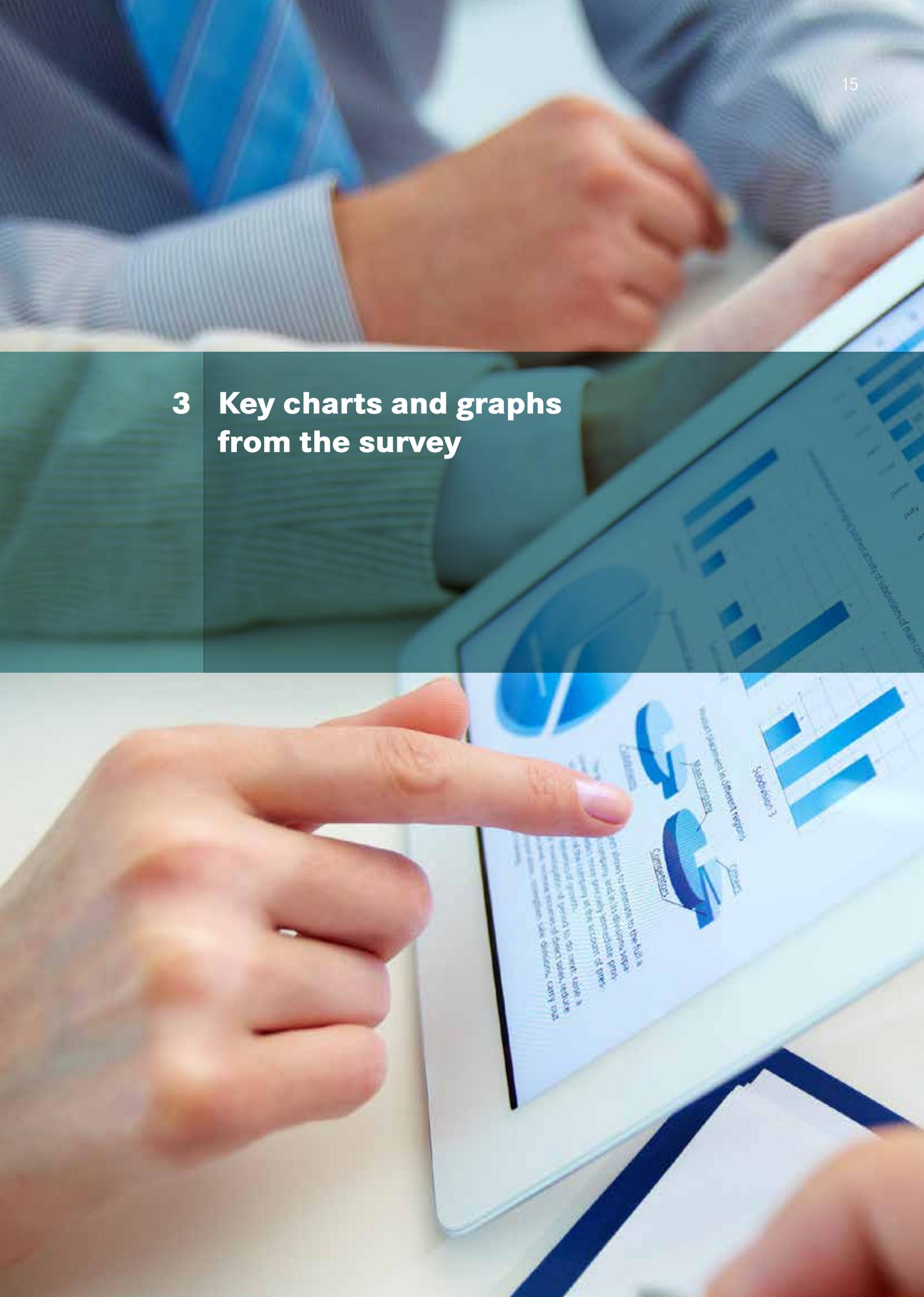
- Amongst legal and regulatory factors, managers ranked the approach to implementing the AIFMD as most important. This was followed by the sophistication of the national regulator and the approach to implementing the UCITS Directive.
- As regards financial and business factors, managers ranked the cost of doing business as of greatest importance, followed by tax treatment of fund vehicles and presence and range of double tax treaties. Having existing fund ranges or business relationships in a jurisdiction was the least important factor.
- In terms of market and distribution factors, managers ranked as most important speed to market, followed by investors' perceptions of a specific jurisdiction and third was reputation and longevity as a funds centre.

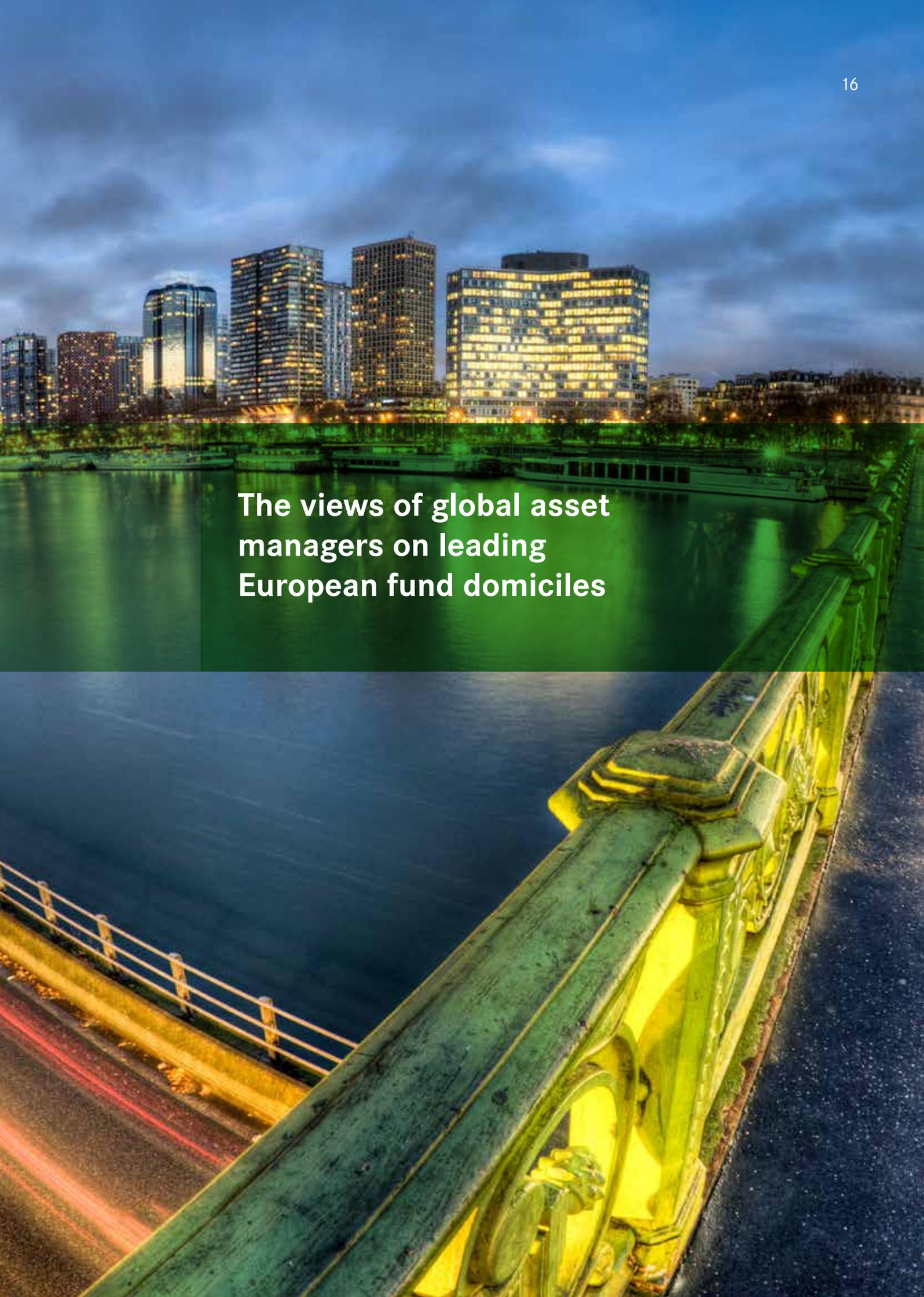
What are asset managers' views on expected growth of funds domiciled in Europe?

- Fund managers say the value of their funds located in Europe will grow significantly over the next three years in terms of both UCITS and alternative investment funds.
- 56% of managers predict that by 2016 their firm will have over \$1 billion in UCITS (by assets under management) – up from 41% in 2013.
- 29% of managers predict that by 2016 their firm will have over \$1 billion in European alternative investment funds (by assets under management) – up from 16% in 2013.



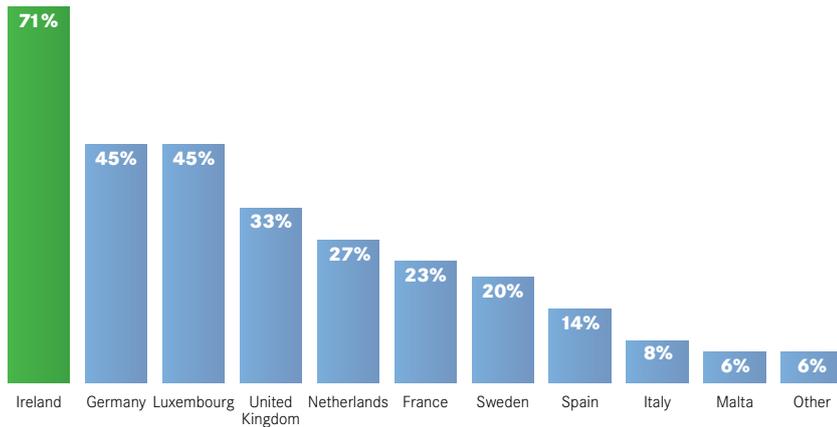
3 Key charts and graphs from the survey





The views of global asset managers on leading European fund domiciles

Which European domiciles would fund managers now choose if starting over?



Best overall

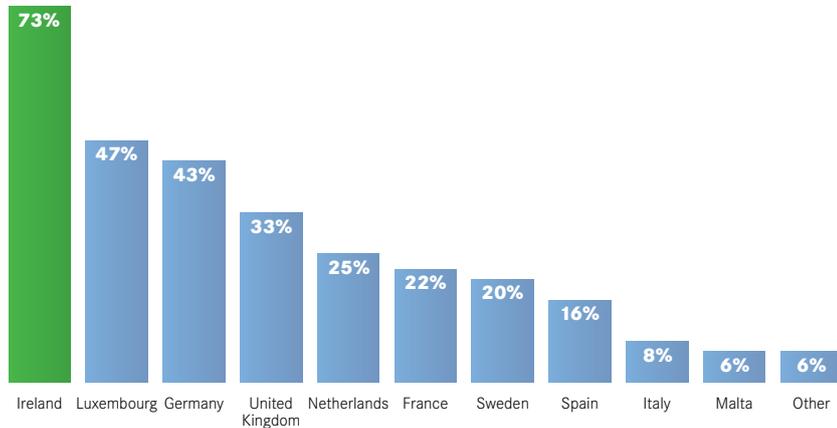
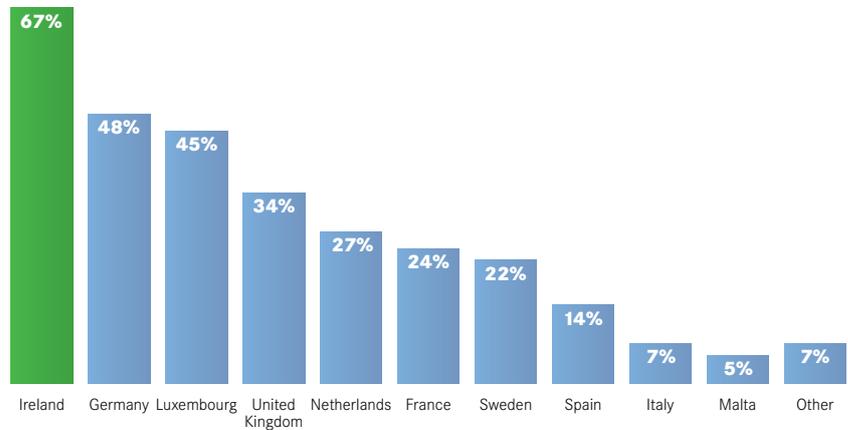
If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions, legal and tax framework and business conditions**? Please select the top three.

Note: Percentages in the composite are averages of responses to questions below.
Source: The Economist Intelligence Unit.

Best regulatory conditions

If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions** (eg, regulatory sophistication, accessibility and responsiveness)? Please select the top three.

Note: Percentages calculated based on total respondents; 100% = 200 respondents.
Source: The Economist Intelligence Unit.



Best legal and tax framework

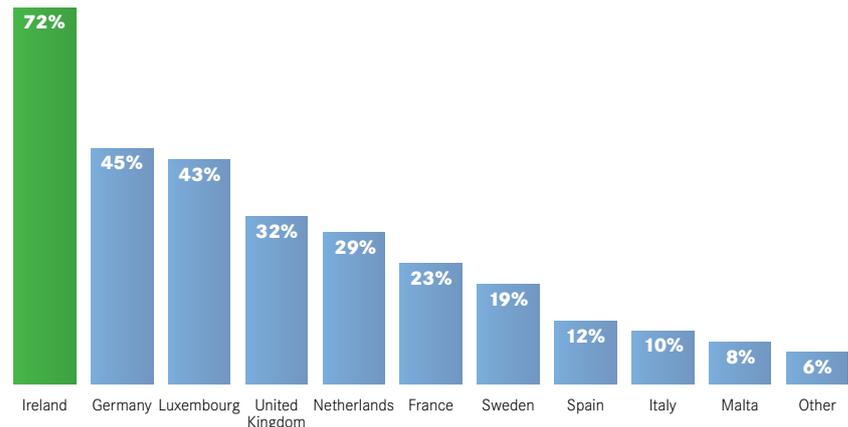
Which of the following European domiciles offers the **best legal and tax framework**? Please select the top three.

Note: Percentages calculated based on total respondents; 100% = 200 respondents.
Source: The Economist Intelligence Unit.

Best business conditions

Which of the following European domiciles offers the **best non-regulatory and non-tax business conditions** (eg, ease of doing business, service culture, local expertise in complex products)? Please select the top three.

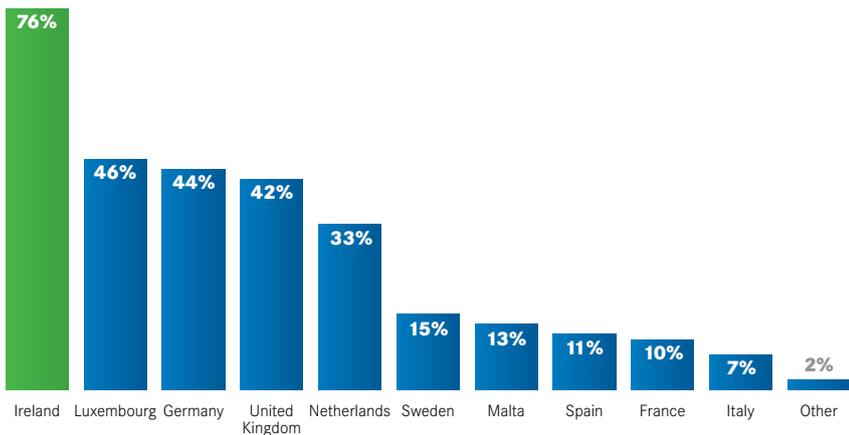
Note: Percentages calculated based on total respondents; 100% = 200 respondents.
Source: The Economist Intelligence Unit.





Regional focus:
The US View

European domicile preferences of US asset managers



Best overall

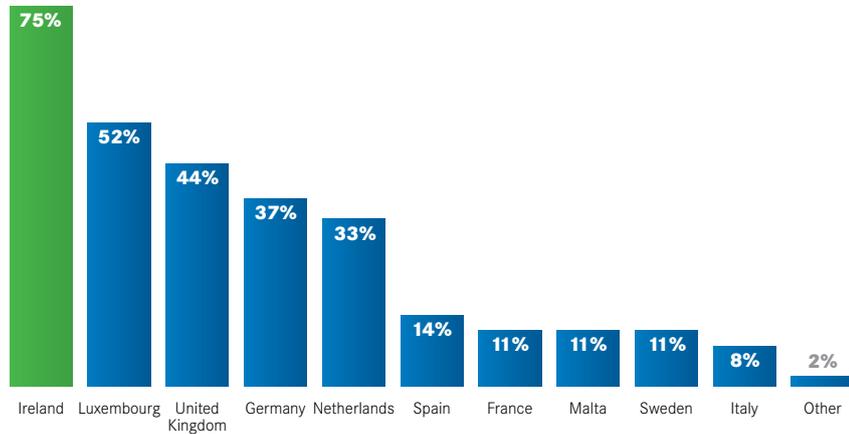
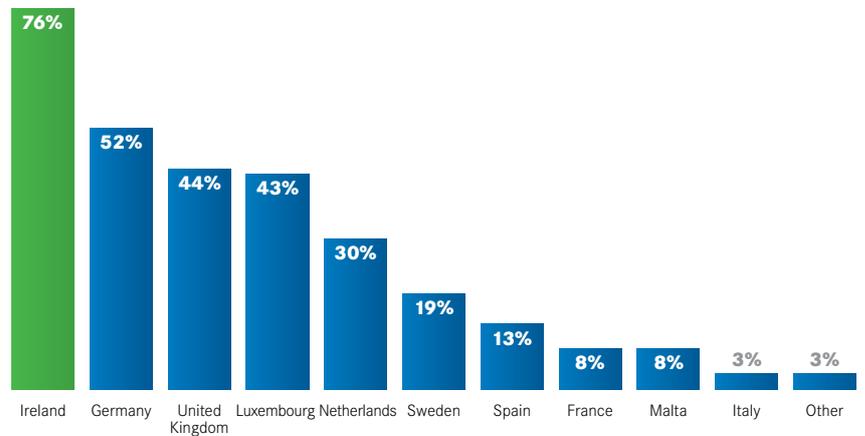
If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions, legal and tax framework and business conditions**? Please select the top three.

Note: Percentages in the composite are averages of responses to questions below.
Source: The Economist Intelligence Unit.

Best regulatory conditions

If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions** (eg, regulatory sophistication, accessibility and responsiveness)? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 63 US-based respondents.
Source: The Economist Intelligence Unit.



Best legal and tax framework

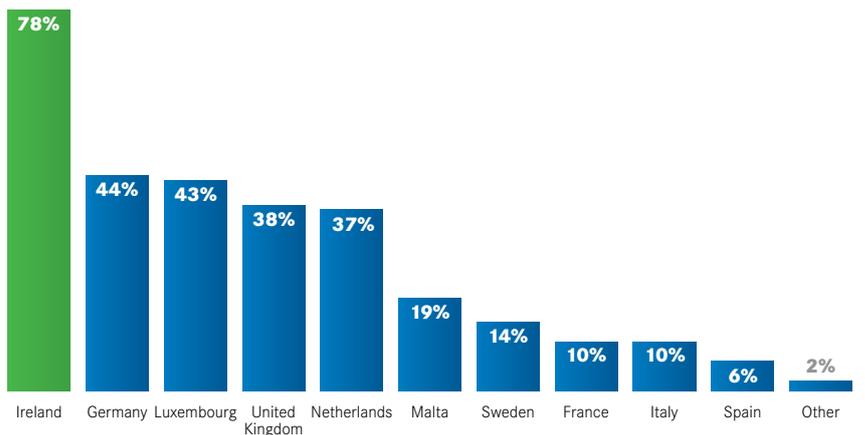
Which of the following European domiciles offers the **best legal and tax framework**? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 63 US-based respondents.
Source: The Economist Intelligence Unit.

Best business conditions

Which of the following European domiciles offers the **best non-regulatory and non-tax business conditions** (eg, ease of doing business, service culture, local expertise in complex products)? Please select the top three.

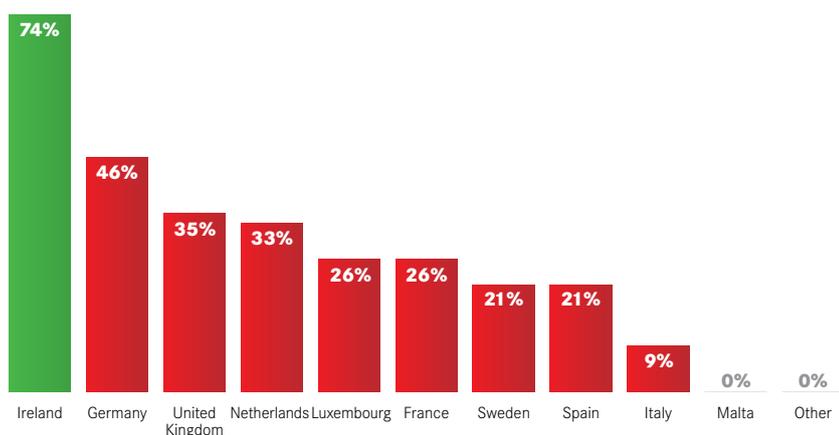
Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 63 US-based respondents.
Source: The Economist Intelligence Unit.



An aerial photograph of the London skyline, featuring several prominent skyscrapers. The Shard is visible on the left, and the Gherkin is on the right. A semi-transparent red horizontal band is overlaid across the middle of the image, containing the title text. The sky is blue with some light clouds.

Regional focus:
The UK View

European domicile preferences of UK asset managers



Best overall

If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions, legal and tax framework and business conditions**? Please select the top three.

Note: Percentages in the composite are averages of responses to questions below.

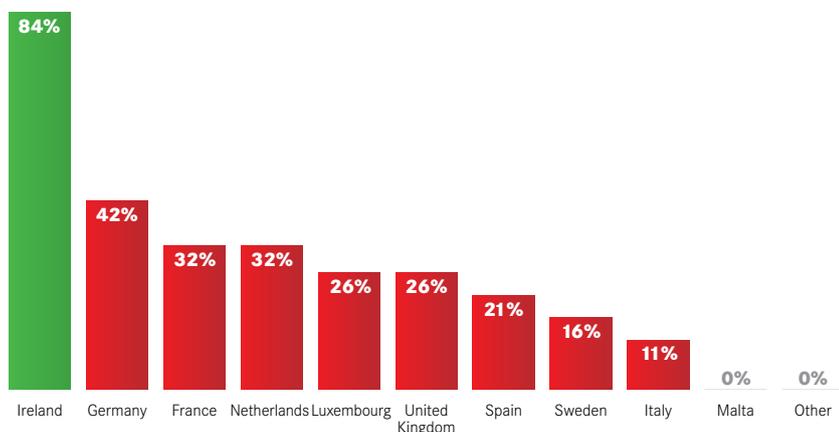
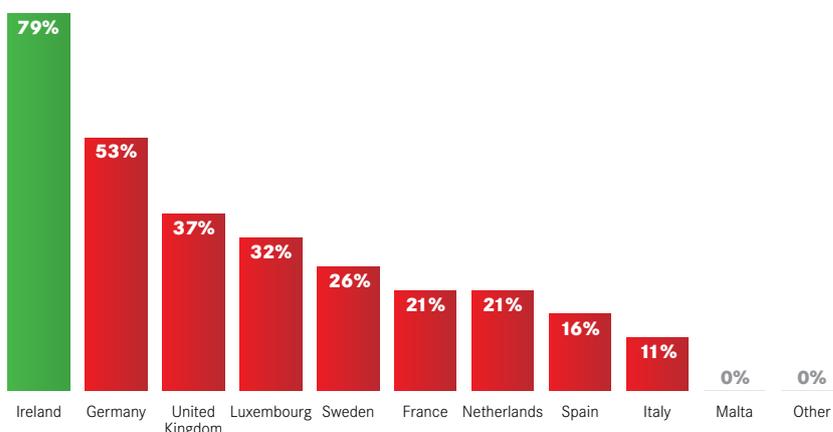
Source: The Economist Intelligence Unit.

Best regulatory conditions

If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions** (eg, regulatory sophistication, accessibility and responsiveness)? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 19 UK-based respondents.

Source: The Economist Intelligence Unit.



Best legal and tax framework

Which of the following European domiciles offers the **best legal and tax framework**? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 19 UK-based respondents.

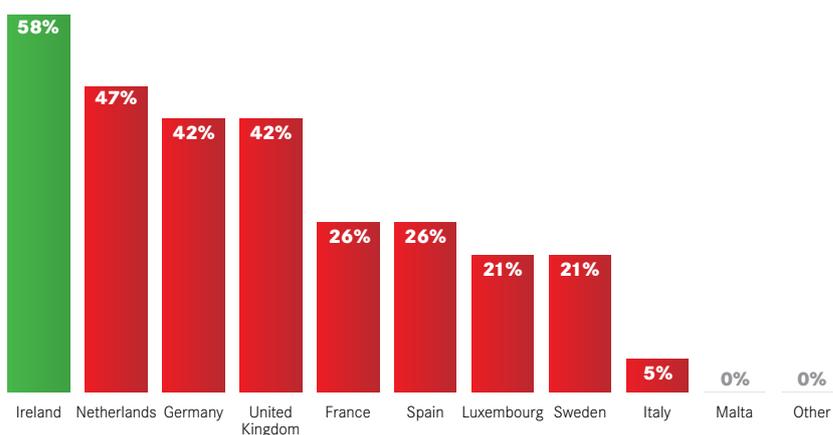
Source: The Economist Intelligence Unit.

Best business conditions

Which of the following European domiciles offers the **best non-regulatory and non-tax business conditions** (eg, ease of doing business, service culture, local expertise in complex products)? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 19 UK-based respondents.

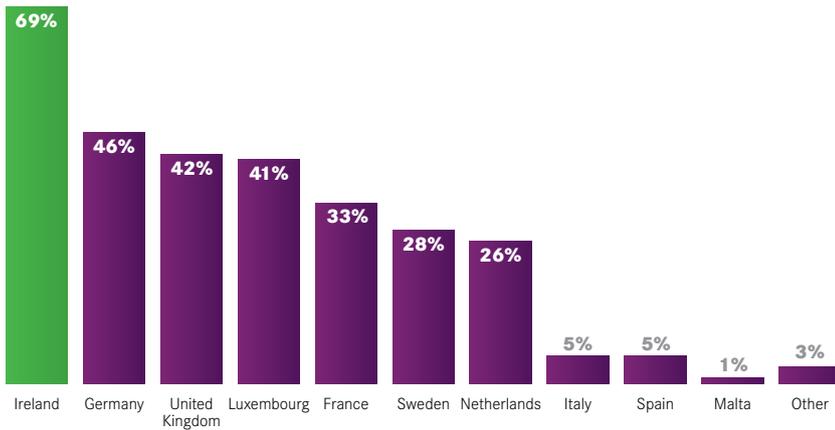
Source: The Economist Intelligence Unit.





Regional focus:
The Asia-Pacific View

European domicile preferences of Asia-Pacific asset managers



Best overall

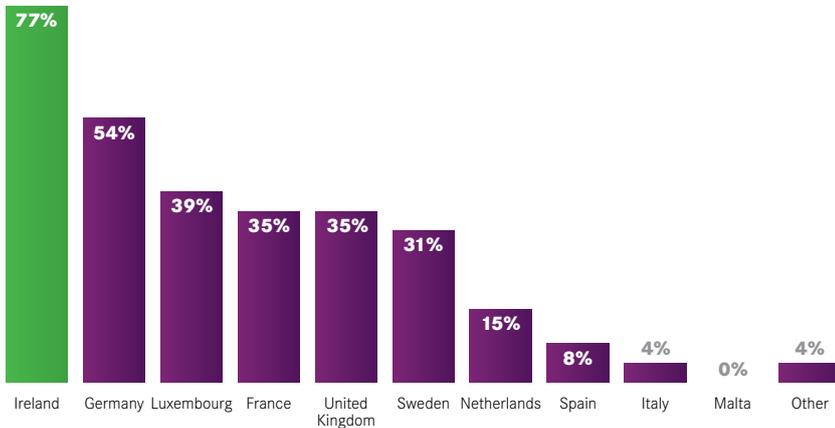
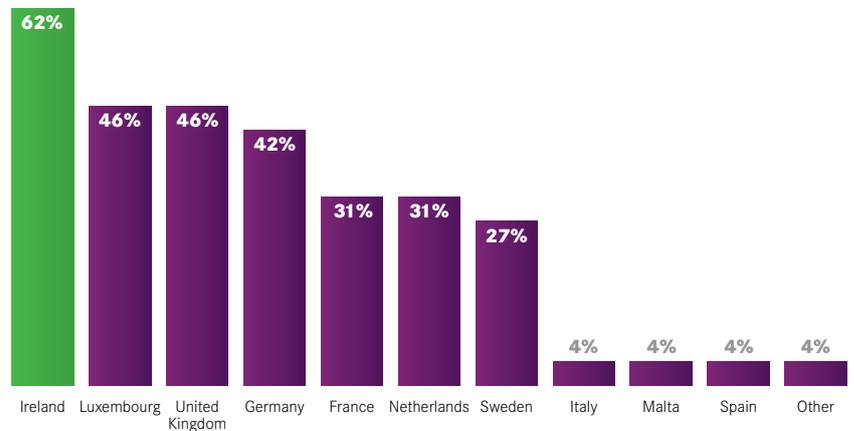
If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions, legal and tax framework and business conditions**? Please select the top three.

Note: Percentages in the composite are averages of responses to questions below.
Source: The Economist Intelligence Unit.

Best regulatory conditions

If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions** (eg, regulatory sophistication, accessibility and responsiveness)? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 26 Asia-Pacific-based respondents.
Source: The Economist Intelligence Unit.



Best legal and tax framework

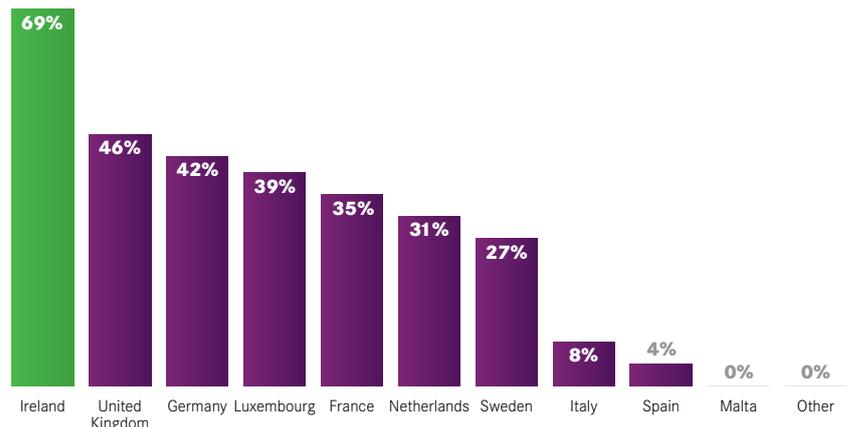
Which of the following European domiciles offers the **best legal and tax framework**? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 26 Asia-Pacific-based respondents.
Source: The Economist Intelligence Unit.

Best business conditions

Which of the following European domiciles offers the **best non-regulatory and non-tax business conditions** (eg, ease of doing business, service culture, local expertise in complex products)? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 26 Asia-Pacific-based respondents.
Source: The Economist Intelligence Unit.

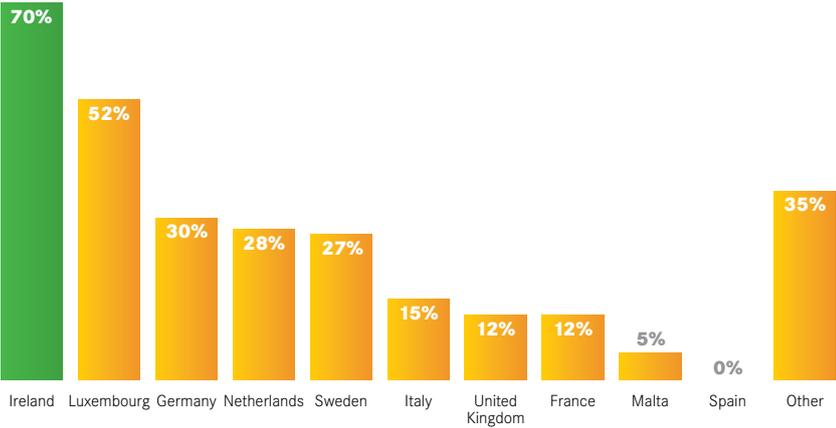




Regional focus:
The Latin-American View



European domicile preferences of Latin-American asset managers



Best overall

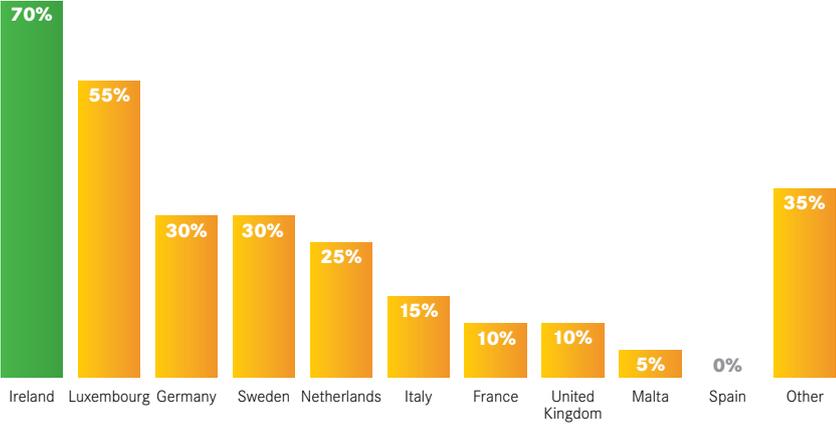
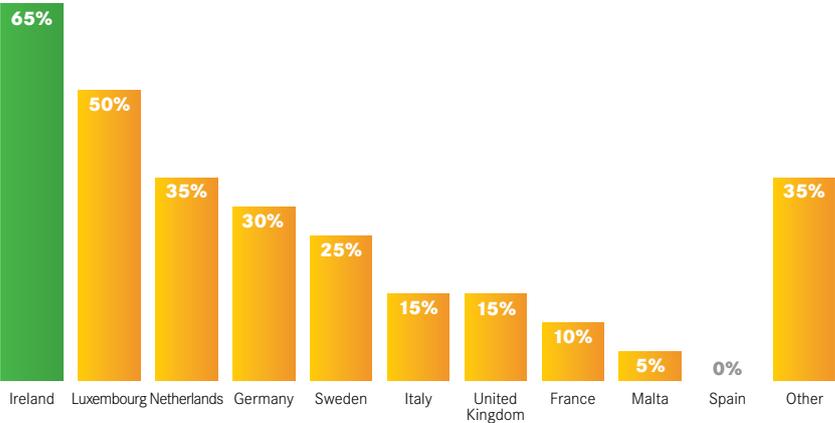
If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions, legal and tax framework and business conditions**? Please select the top three.

Note: Percentages in the composite are averages of responses to questions below.
Source: The Economist Intelligence Unit.

Best regulatory conditions

If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the **best regulatory conditions** (eg, regulatory sophistication, accessibility and responsiveness)? Please select the top three.

Note: Percentages in the charts for individual questions re based on number of respondents in region; 100% = 20 Latin-American-based respondents.
Source: The Economist Intelligence Unit.



Best legal and tax framework

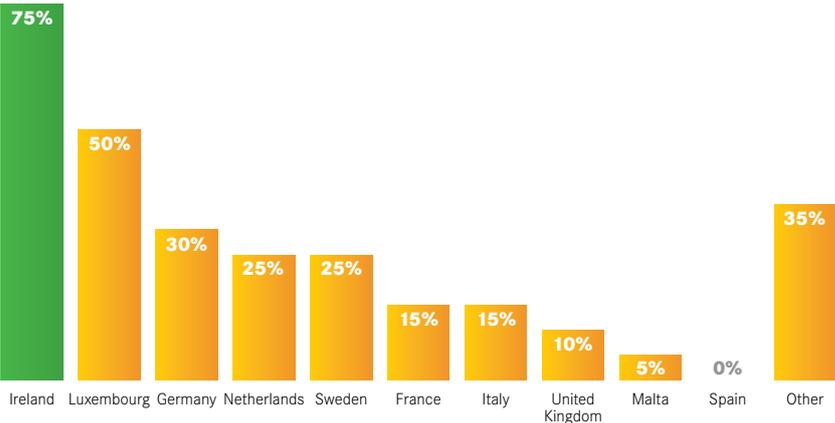
Which of the following European domiciles offers the **best legal and tax framework**? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 20 Latin-American-based respondents.
Source: The Economist Intelligence Unit.

Best business conditions

Which of the following European domiciles offers the **best non-regulatory and non-tax business conditions** (eg, ease of doing business, service culture, local expertise in complex products)? Please select the top three.

Note: Percentages in the charts for individual questions are based on number of respondents in region; 100% = 20 Latin-American-based respondents.
Source: The Economist Intelligence Unit.

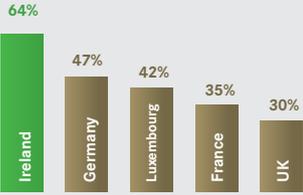


European fund domicile preferences of asset managers by region

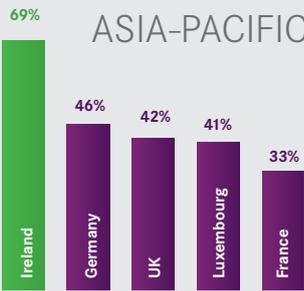


This chart represents a regional breakdown showing the composite result for managers' selection of their top-three European fund domiciles under the categories of best regulatory conditions, best legal and tax framework and best business conditions.

WESTERN EUROPE



ASIA-PACIFIC





The key decision-making factors for asset managers when choosing a European fund domicile

The key decision-making factors for asset managers when choosing a European fund domicile

In this part of the survey, asset managers were asked to rank from one to three the most influential decision-making factors when selecting a European jurisdiction to domicile their funds. The survey gave managers the opportunity to select and rank the most important legal and regulatory factors, financial and business factors and market and distribution factors when choosing a European fund domicile. For the calculation of the total score below, a factor chosen by a respondent as the most important received three points, the second most important received two points, and the third most important received one point.

Which of the following are the most important legal and regulatory factors when choosing a European domicile for your range of funds? Please rank-order the top three.

Ranking	Legal and regulatory factors	Total score	% of number one votes
1	Approach to the AIFMD	214	21.5
2	The sophistication of the national regulator	213	24
3	Approach to the UCITS Directive	192	19
4	The ease of re-domiciling funds	180	11.5
5	Accessibility and responsiveness of the national regulator	134	10
6	The legal system and legal certainty	107	3.5
7	Range of fund vehicles	81	6.5
8	Presence of a stock exchange	75	4

Source: The Economist Intelligence Unit.

Which of the following are the most important financial and business factors when choosing a European domicile for your range of funds? Please rank-order the top three.

Ranking	Financial and business factors	Total score	% of number one votes
1	Cost of doing business	418	52
2	Tax treatment of fund vehicles	235	11
3	Double tax treaties	207	8
4	Professional services cluster	146	11.5
5	Local expertise	102	9.5
6	Having existing fund ranges/business relationships	88	8

Source: The Economist Intelligence Unit.

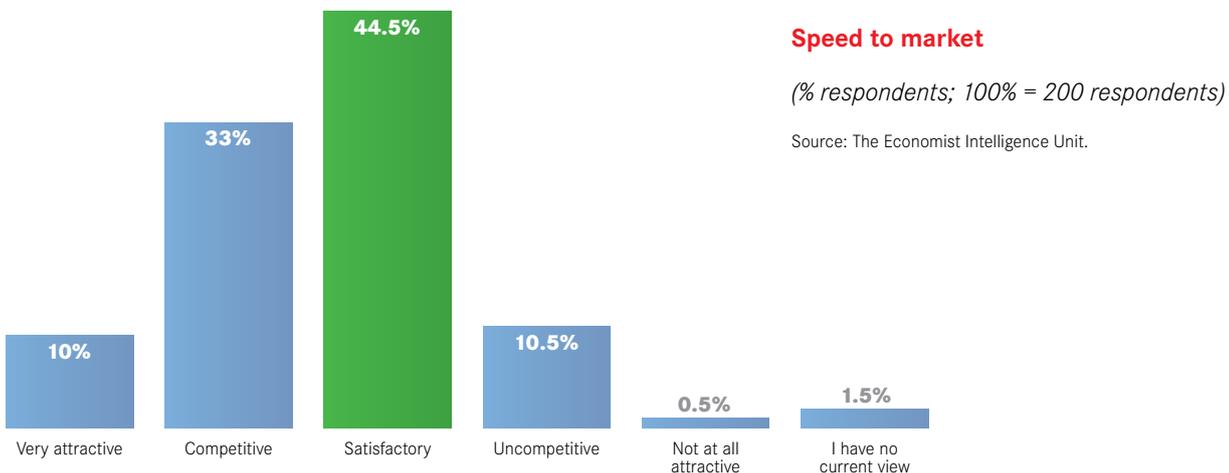
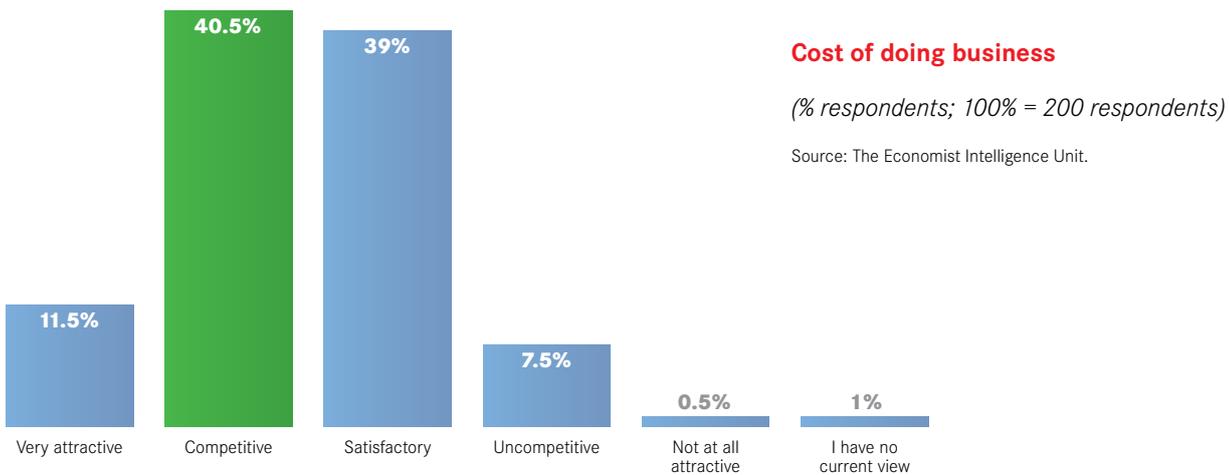
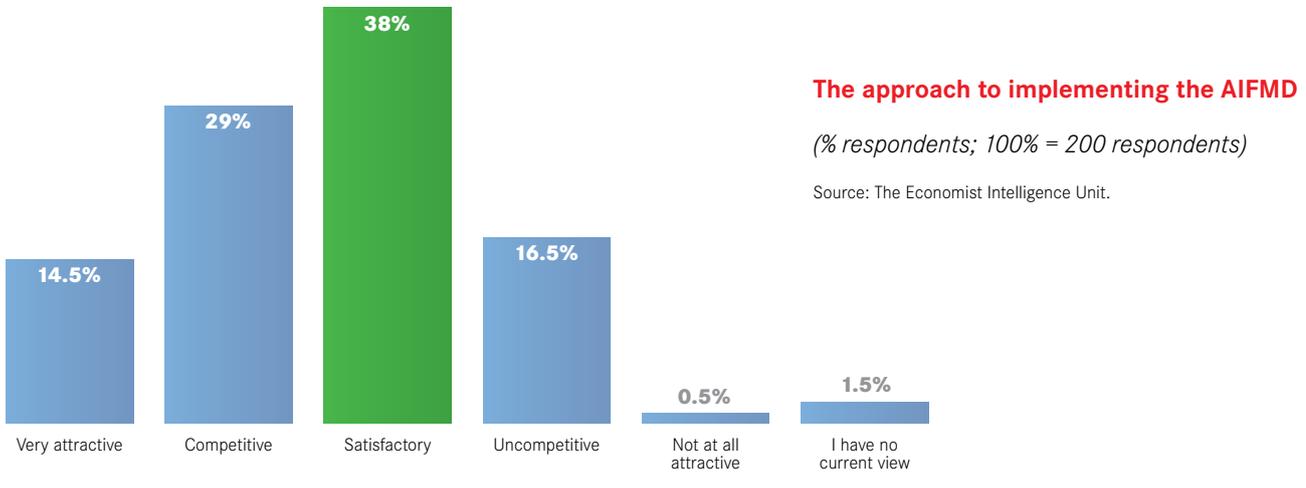
Which of the following are the most important market and distribution factors when choosing a European domicile for your range of funds? Please rank-order the top three.

Ranking	Market and distribution factors	Total score	% of number one votes
1	Speed to market	228	25.5
2	Investors' perceptions	216	20
3	Reputation and longevity as a funds centre	192	11.5
4	Service culture	171	7.5
5	Pro-business Government	149	10.5
6	Access to a large domestic (national) market	139	15.5
7	Status as a global distribution hub	101	9.5

Source: The Economist Intelligence Unit.

How Ireland rates in the top decision-making factors

As an Irish-headquartered law firm, Matheson wanted to evaluate Ireland's performance as a domicile according to the most important decision-making factors for managers when selecting a European fund domicile, as voted in the survey. In this regard, the bar charts below identify managers' appraisals of Ireland in relation to the decision-making factors which were ranked number one in their respective categories of legal and regulatory, financial and business, market and distribution, ie the approach to implementation of the AIFMD, the cost of doing business and speed to market.

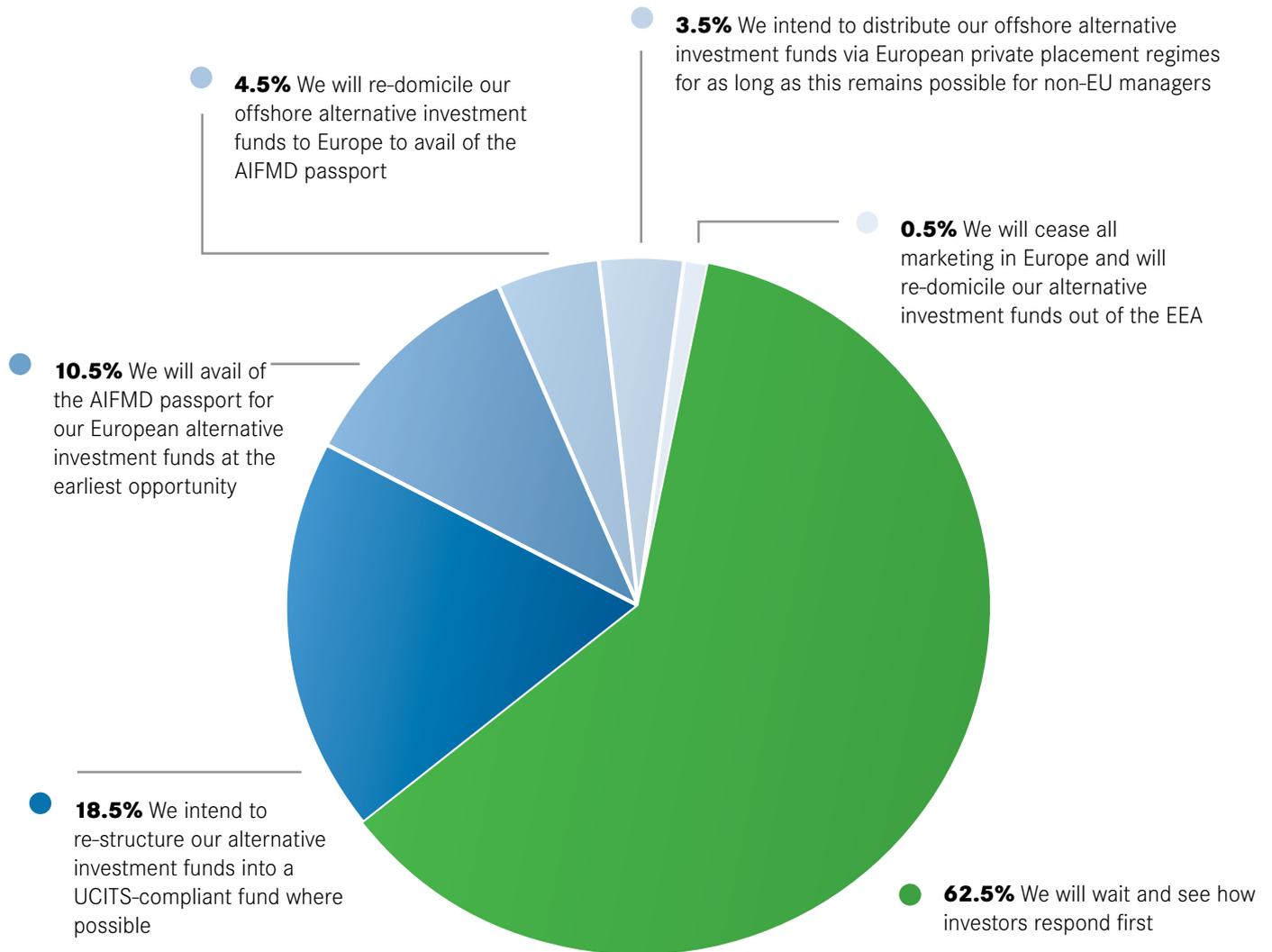


A blurred photograph of several business professionals in a modern office hallway. The image is out of focus, conveying a sense of movement and activity. A prominent green horizontal band is overlaid across the middle of the image, containing the title text.

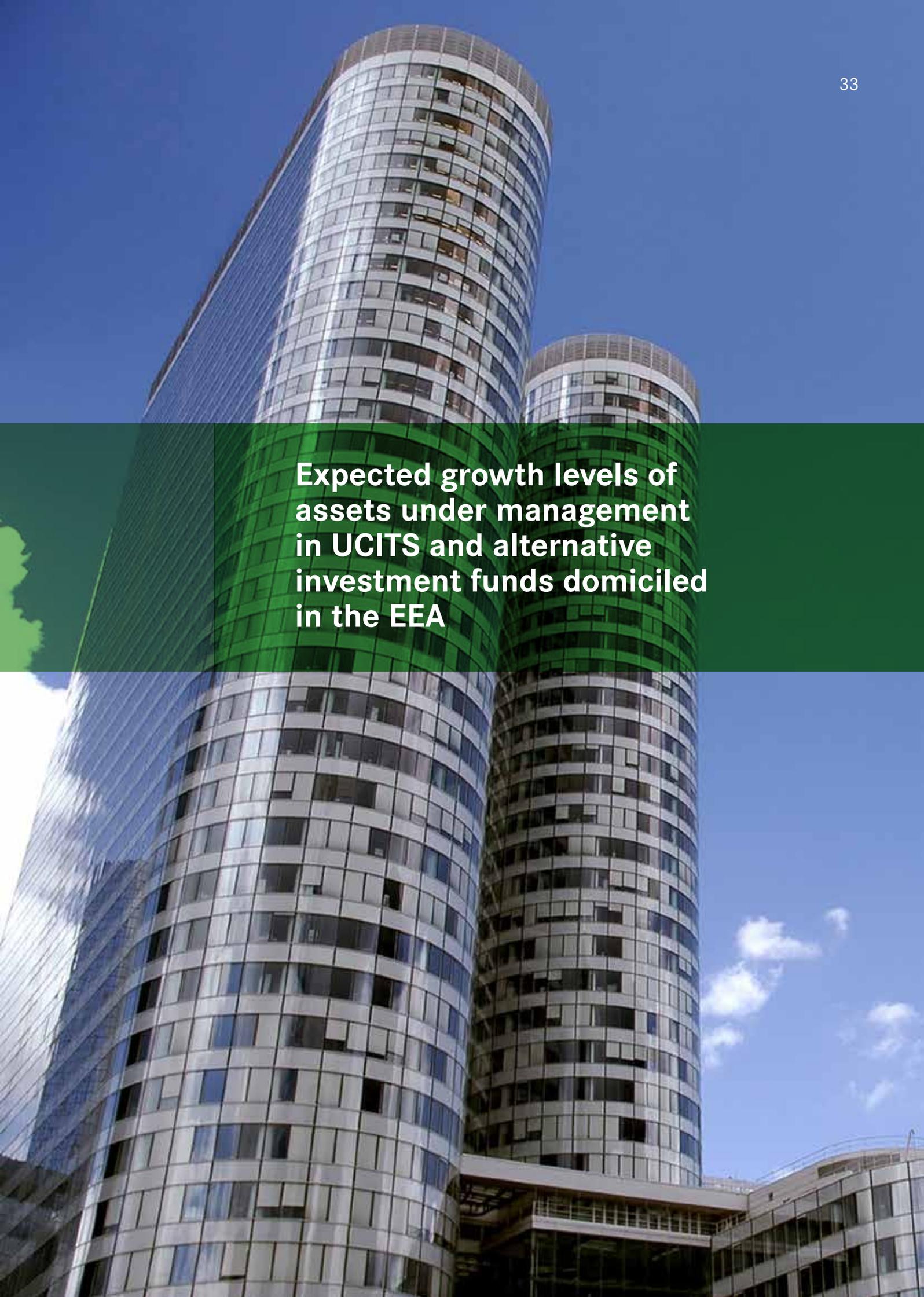
Reaction of asset managers to AIFMD

Reaction of asset managers to the AIFMD

How do you expect your organisation will react to the application of the AIFMD? Please select the answer that most closely fits your organisation.



Source: The Economist Intelligence Unit.

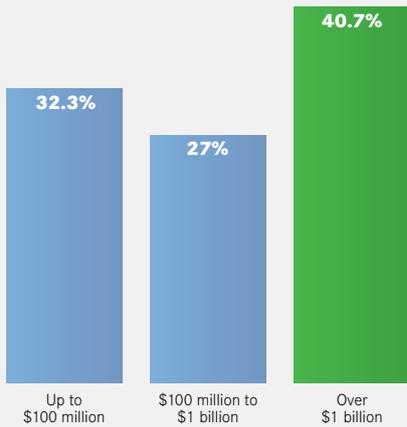


**Expected growth levels of
assets under management
in UCITS and alternative
investment funds domiciled
in the EEA**

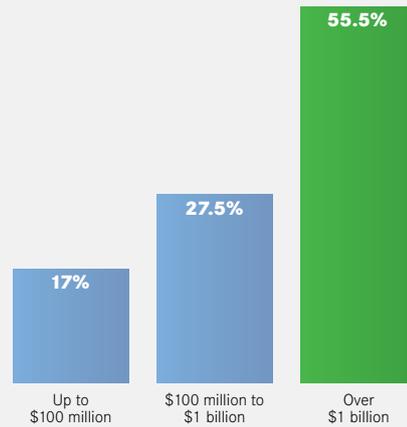
Expected growth levels of assets under management in UCITS and alternative investment funds domiciled in the EEA

Expected growth in assets under management in UCITS, 2013-16

What is the approximate size of your firm's current assets under management in UCITS funds? (% respondents; 100% = 189 respondents)



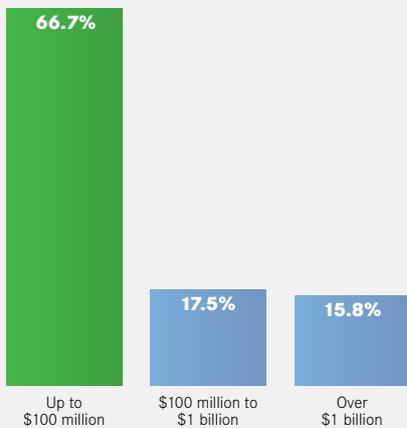
How do you expect the size of your firm's assets under management in UCITS-compliant funds to change over the next three years? (% respondents; 100% = 200 respondents)



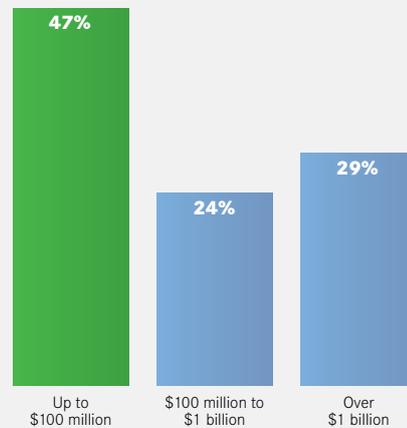
Note: Survey respondents were asked to select the approximate size of their firm's assets under management in UCITS/EEA alternative investment funds, and also were asked how they expect the size of their firm's assets under management in UCITS/EEA alternative investment funds will change over the next three years. Source: The Economist Intelligence Unit.

Expected growth in assets under management in EEA domiciled alternative investment funds, 2013-16

What is the approximate size of your firm's current assets under management in alternative investment funds domiciled in the EEA? (% respondents; 100% = 189 respondents)



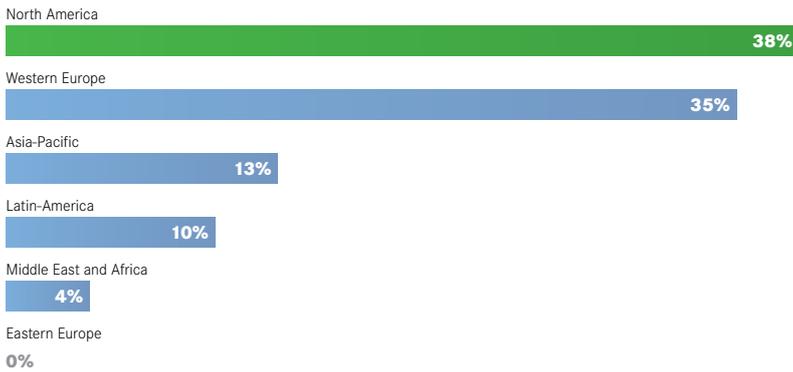
How do you expect the size of your firm's assets under management in alternative investment funds domiciled in the EEA to change over the next three years? (% respondents; 100% = 200 respondents)



Note: Survey respondents were asked to select the approximate size of their firm's assets under management in UCITS/EEA alternative investment funds, and also were asked how they expect the size of their firm's assets under management in UCITS/EEA alternative investment funds will change over the next three years. Source: The Economist Intelligence Unit.

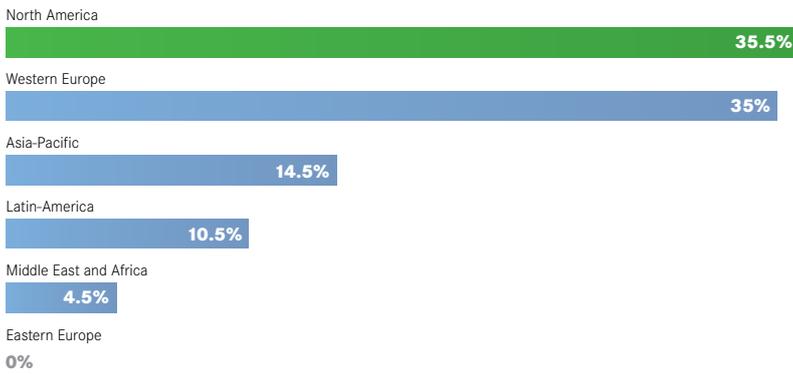
A hand is pointing at a tablet displaying data charts. The tablet is white and shows a colorful chart with blue and purple elements. The background is blurred, showing a person in a blue shirt. A green overlay covers the middle of the image, containing the text '4 Appendix: Full survey results'.

4 Appendix:
Full survey results



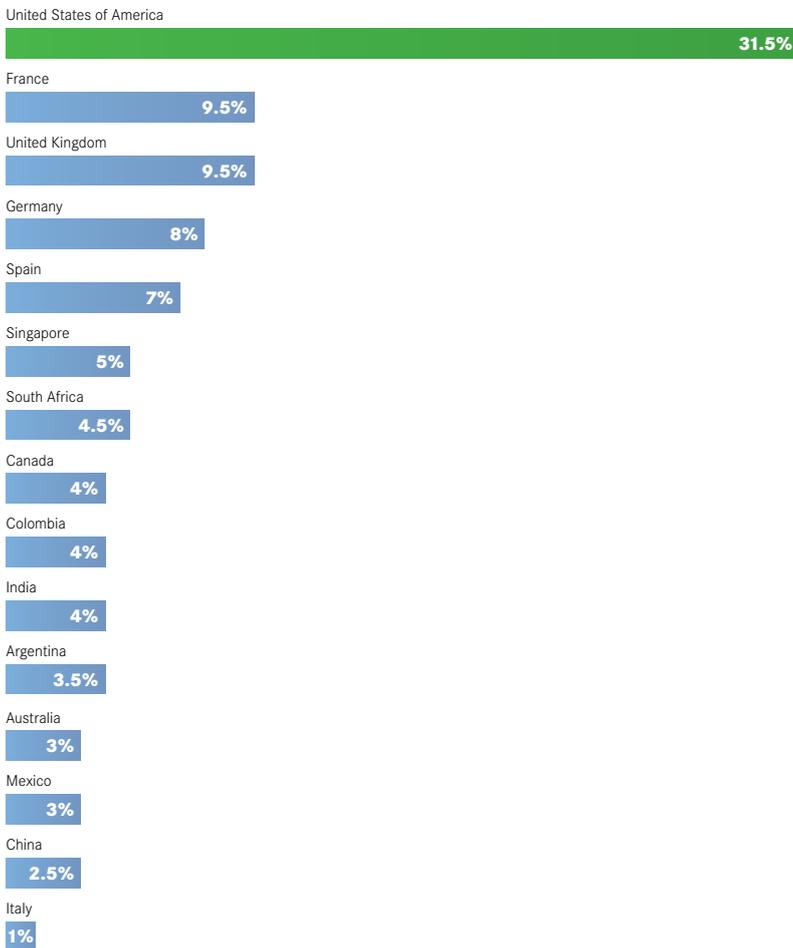
In which region are your company's global headquarters based?

(% respondents; 100% = 200 respondents)



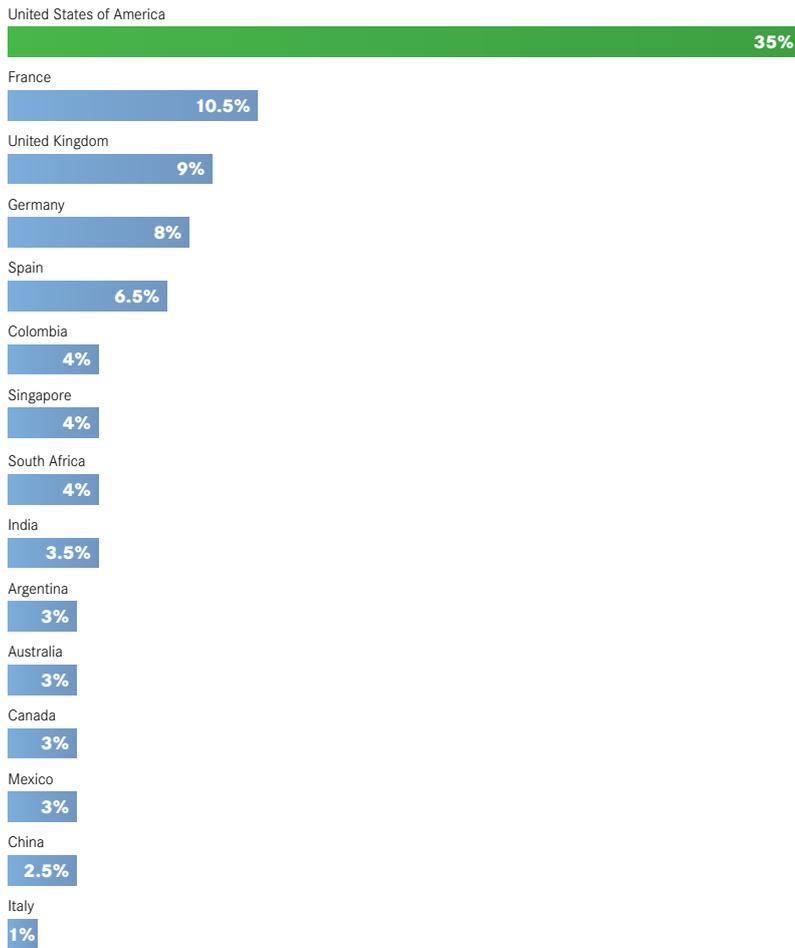
In which region are you personally located?

(% respondents; 100% = 200 respondents)



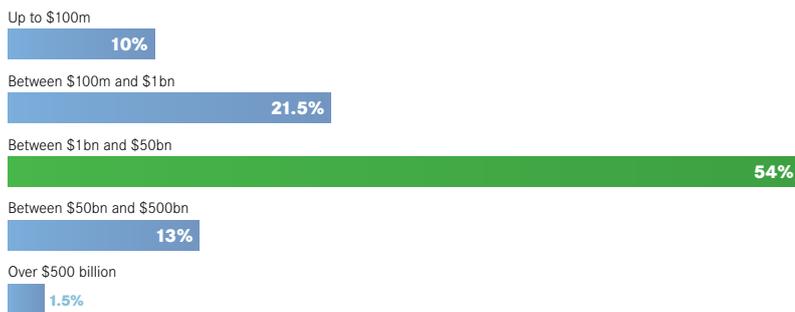
In which country are you personally based?

(% respondents; 100% = 200 respondents)



What is your firm's home country?

(% respondents; 100% = 200 respondents)

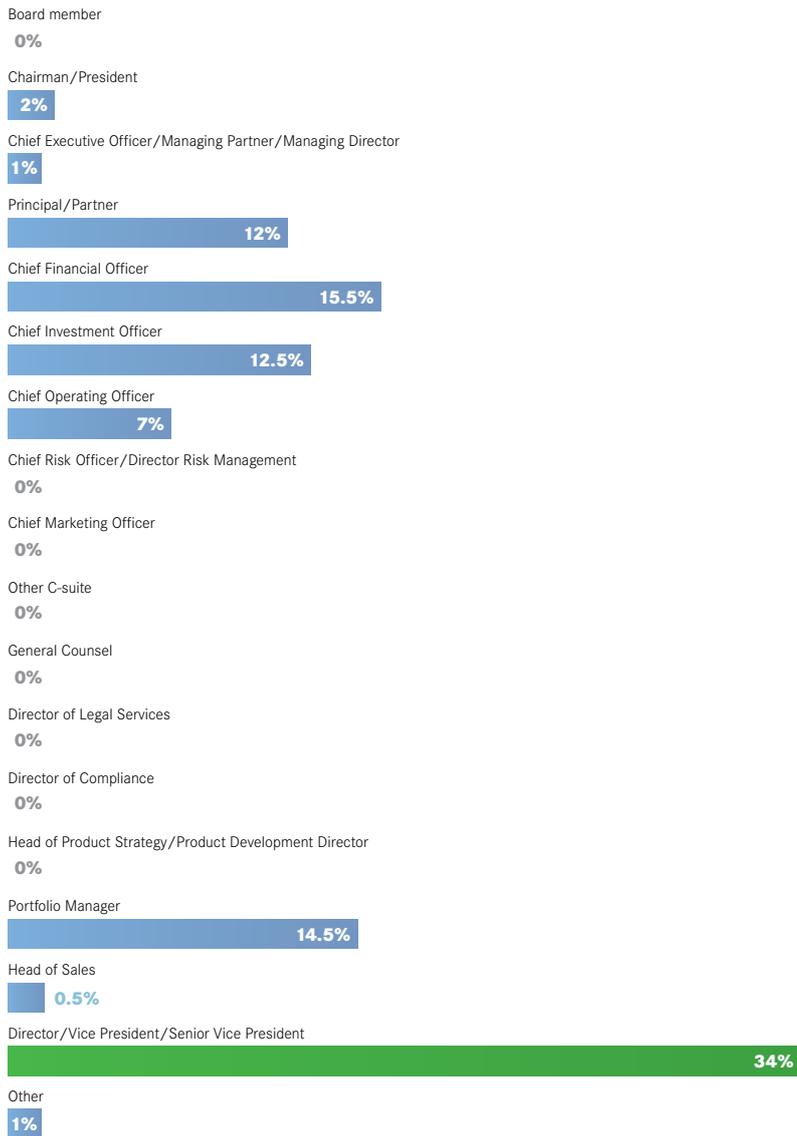


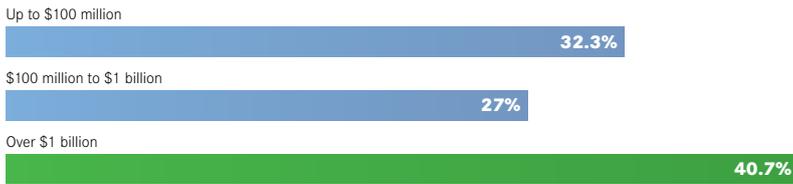
What are your firm's total global assets under management?

(% respondents; 100% = 200 respondents)

What is your job title?

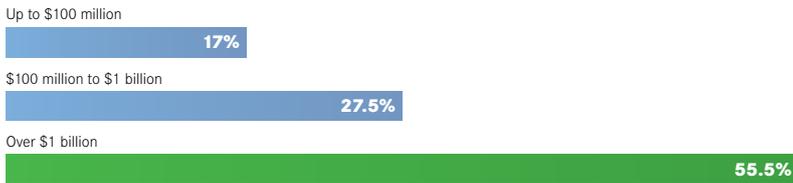
(% respondents; 100% = 200 respondents)





What is the approximate size of your firm's current assets under management in UCITS funds?

(% respondents; 100% = 189 respondents)



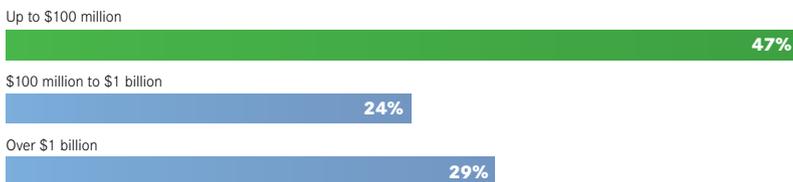
How do you expect the size of your firm's assets under management in UCITS-compliant funds to change over the next three years?

(% respondents; 100% = 200 respondents)



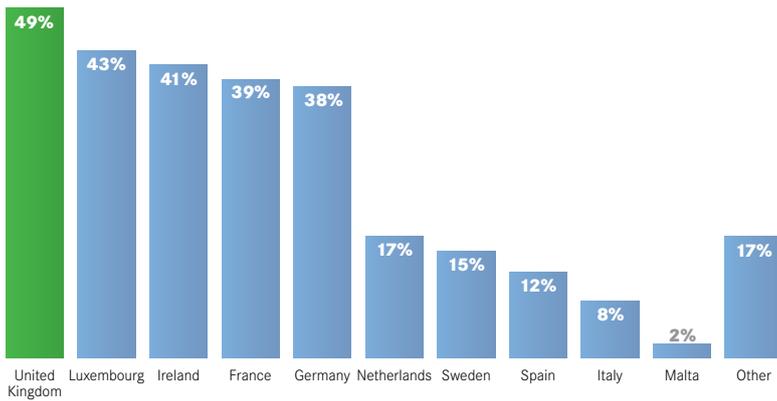
What is the approximate size of your firm's current assets under management in alternative investment funds domiciled in the EEA?

(% respondents; 100% = 189 respondents)



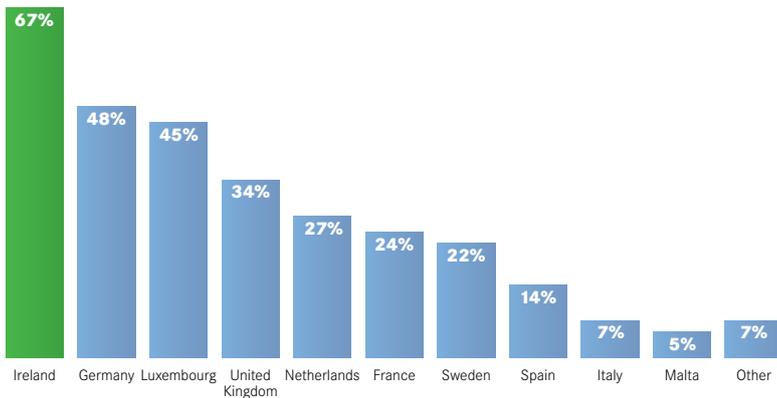
How do you expect the size of your firm's assets under management in alternative investment funds domiciled in the EEA to change over the next three years?

(% respondents; 100% = 200 respondents)



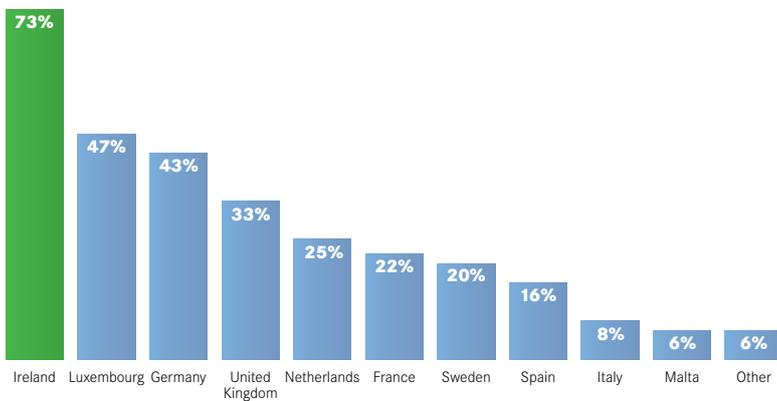
In which of the following countries do you domicile most of your funds (in terms of assets under management)? Please select the top three.

(% respondents; 100% = 200 respondents)



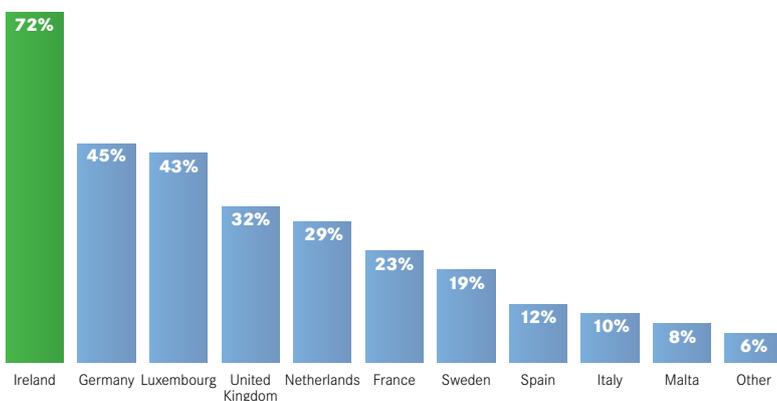
If you were to consider starting afresh with your fund ranges, which of the following European domiciles do you think offers the best regulatory conditions (eg, regulatory sophistication, accessibility and responsiveness)? Please select the top three.

(% respondents; 100% = 200 respondents)



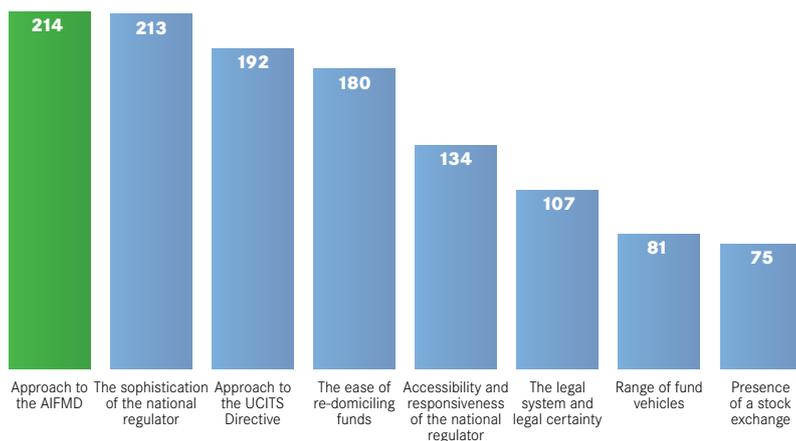
Similarly, which of the following domiciles offers the best legal and tax framework? Please select the top three.

(% respondents; 100% = 200 respondents)



And, which of the following offers the best non-regulatory and non-tax business conditions (eg, ease of doing business, service culture, local expertise in complex products)? Please select the top three.

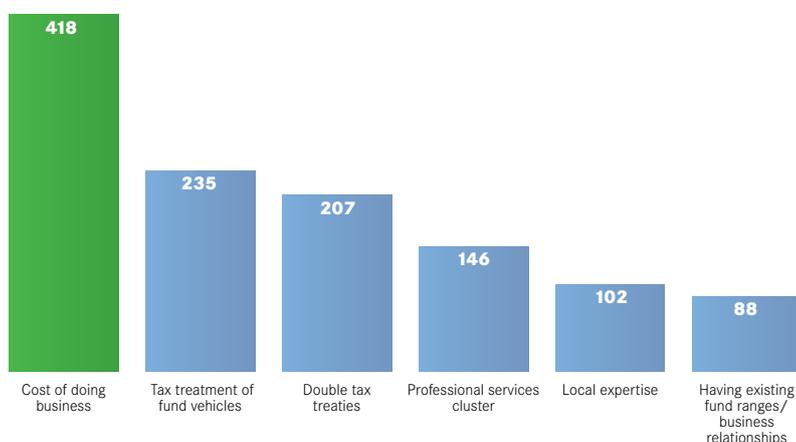
(% respondents; 100% = 200 respondents)



Which of the following are the most important legal and regulatory factors when choosing a European domicile for your range of funds? Please rank-order the top three.

Key decision making factors of asset managers when choosing a European domicile – legal and regulatory factors.

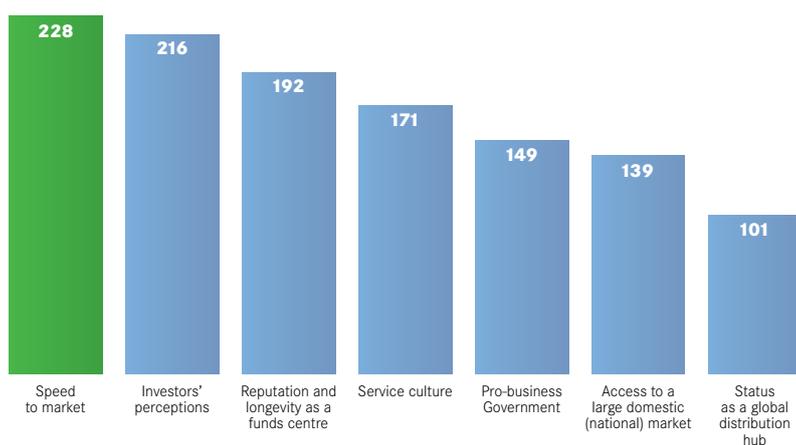
(Total score *)



Which of the following are the most important financial and business factors when choosing a European domicile for your range of funds? Please rank-order the top three.

Key decision making factors of asset managers when choosing a European domicile – financial and business factors.

(Total score *)



Which of the following are the most important market and distribution factors when choosing a European domicile for your range of funds? Please rank-order the top three.

Key decision making factors of asset managers when choosing a European domicile – market and distribution factors.

(Total score *)

* For the calculation of the total score below, a factor chosen by a respondent as the most important received three points, the second most important received two points, and the third most important received one point.

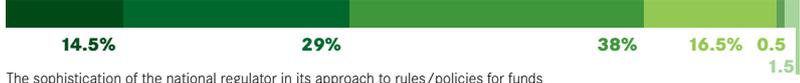
The range of fund vehicles available to meet the needs of investors



The approach to implementing the UCITS Directive



The approach to implementing the AIFMD



The sophistication of the national regulator in its approach to rules/policies for funds



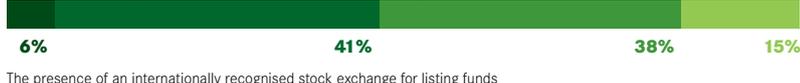
Accessibility and responsiveness of the national regulator



The ease of re-domiciling funds into Ireland



The nature of the legal system (ie, common law) and legal certainty



The presence of an internationally recognised stock exchange for listing funds



On a scale of 1-5, with 1= “very attractive” and 5=“not at all attractive”, how would you rate Ireland as a domicile country across the following regulatory factors?

(% respondents; 100% = 200 respondents)

- 1 Very attractive
- 2 Competitive
- 3 Satisfactory
- 4 Uncompetitive
- 5 Not at all attractive
- I have no current view

Having existing fund ranges/business relationships in a jurisdiction



Local expertise and familiarity with complex products



Professional services cluster (including global custodians and administrators, law firms, audit firms)



Cost of doing business (eg, regulatory fees, service provider fees)



Presence and range of double tax treaties



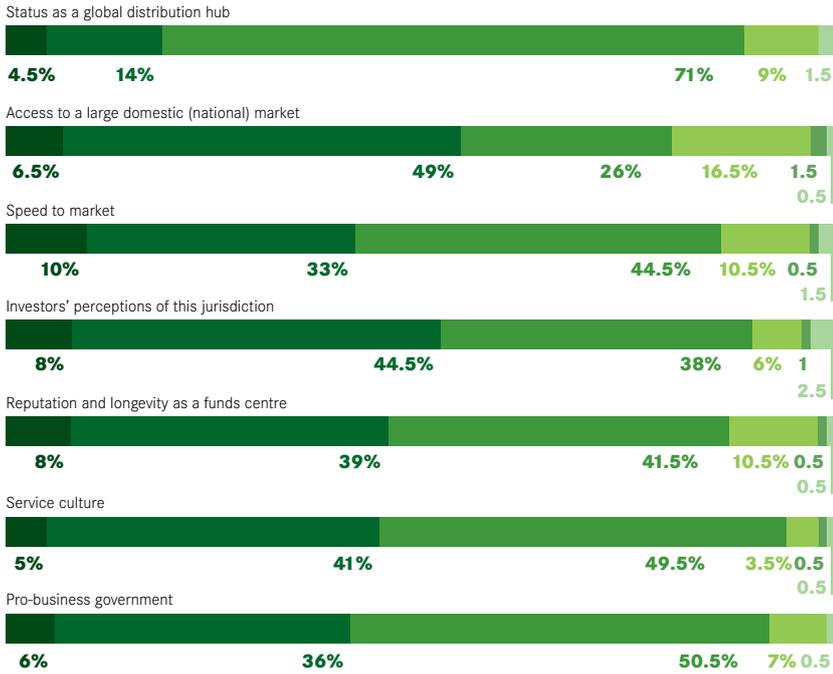
Tax treatment of fund vehicles



On a scale of 1-5, with 1= “very attractive” and 5=“not at all attractive”, how would you rate Ireland as a domicile country across the following financial and business factors?

(% respondents; 100% = 200 respondents)

- 1 Very attractive
- 2 Competitive
- 3 Satisfactory
- 4 Uncompetitive
- 5 Not at all attractive
- I have no current view



On a scale of 1-5, with 1= “very attractive” and 5 =“not at all attractive”, how would you rate Ireland as a domicile country across the following market and distribution factors?

(% respondents; 100% = 200 respondents)

- 1 Very attractive
- 2 Competitive
- 3 Satisfactory
- 4 Uncompetitive
- 5 Not at all attractive
- I have no current view



How do you expect your organisation will react to the application of the Alternative Investment Fund Managers Directive (AIFMD)? Please select the answer that most closely fits to your organisation.

(% respondents; 100% = 200 respondents)



Does your firm manage the assets of Europe-domiciled collective investment funds?

(% respondents; 100% = 200 respondents)



Are you familiar with your firm’s reasons for selecting jurisdictions in which to establish an investment fund?

(% respondents; 100% = 200 respondents)

5. Glossary

AIF/alternative investment fund

An alternative investment fund as defined in the AIFMD

AIFMD

Directive 2011/61/EU on Alternative Investment Fund Managers

UCITS

An undertaking for collective investment in transferable securities as defined in the UCITS Directive

UCITS Directive

Directive 2009/65/EC on Undertakings for Collective Investment in Transferable Securities

EEA

The European Economic Area which comprises the member states of the EU together with Iceland, Liechtenstein, and Norway

EU

The European Union

About Matheson

The primary focus of Matheson is on serving the Irish legal needs of international companies and financial institutions doing business in and through Ireland.



Liam Quirke

MANAGING PARTNER, MATHESON

The firm's clients include over half of the Fortune 100 companies. It also advises over half of the world's 50 largest banks, and 7 of the top 10 global technology brands. The firm is headquartered in Dublin, Ireland and has offices in London, New York and Palo Alto. More than 600 people work across its four offices, including 75 partners and tax principals and over 350 legal and tax professionals.

Matheson's strength in depth is spread across more than 20 distinct practice areas within the firm, including asset management and investment funds, aviation and asset finance, banking and financial services, commercial litigation and dispute resolution, corporate, healthcare, insolvency and corporate restructuring, insurance, intellectual property, international business, structured finance and tax. This broad spread of expertise and legal knowledge allows the firm to provide best-in-class advice to clients on all facets of the law.

Matheson is consistently recognised for its excellence and in 2013 was awarded, for the seventh time, the International Law Office Client Choice Award for Ireland. It is the only Irish law firm commended by the Financial Times for innovation in corporate law, finance law and corporate strategy.





Matheson's Asset Management and Investment Funds Group

Matheson's Asset Management and Investment Funds Group is the number one ranked funds law practice in Ireland, acting for 27% of Irish domiciled investment funds by assets under management as at 30 June 2013. Led by 10 partners, the practice comprises 40 asset management and investment fund lawyers and professionals in total. The group's expertise in UCITS and alternative investment funds is reflected in its tier one ranking by Chambers Europe, the European Legal 500 and the IFLR, and the team is specifically recognised for its abilities with respect to complex mandates.

Matheson has the strongest Irish law firm presence in the US through its Palo Alto and New York offices. The firm's resident

Irish counsel team includes an asset management partner based full-time in its New York office. In London, it has the largest operation of any Irish law firm, including dedicated Irish funds counsel.

With its asset management legal and regulatory advisers working alongside Matheson taxation, structured finance and commercial litigation departments, the firm offers a comprehensive service for clients. It is one of the few law firms in Ireland with a specialist derivatives practice, which enables it to provide combined asset management, tax and derivatives advice of the highest calibre to its clients.

Photographed from left to right in the above photo are Matheson's 10 asset management and investment funds partners, as follows:

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Notes

