



Thursday 2nd February 2017

# OSHWAL FUND MANAGEMENT SEMINAR

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# UK & Global Markets Overview & Setting-up Fund Management Business

OAUK

Presented by:  
Sloane & Hyde  
PlutusGroup  
Beach Horizon



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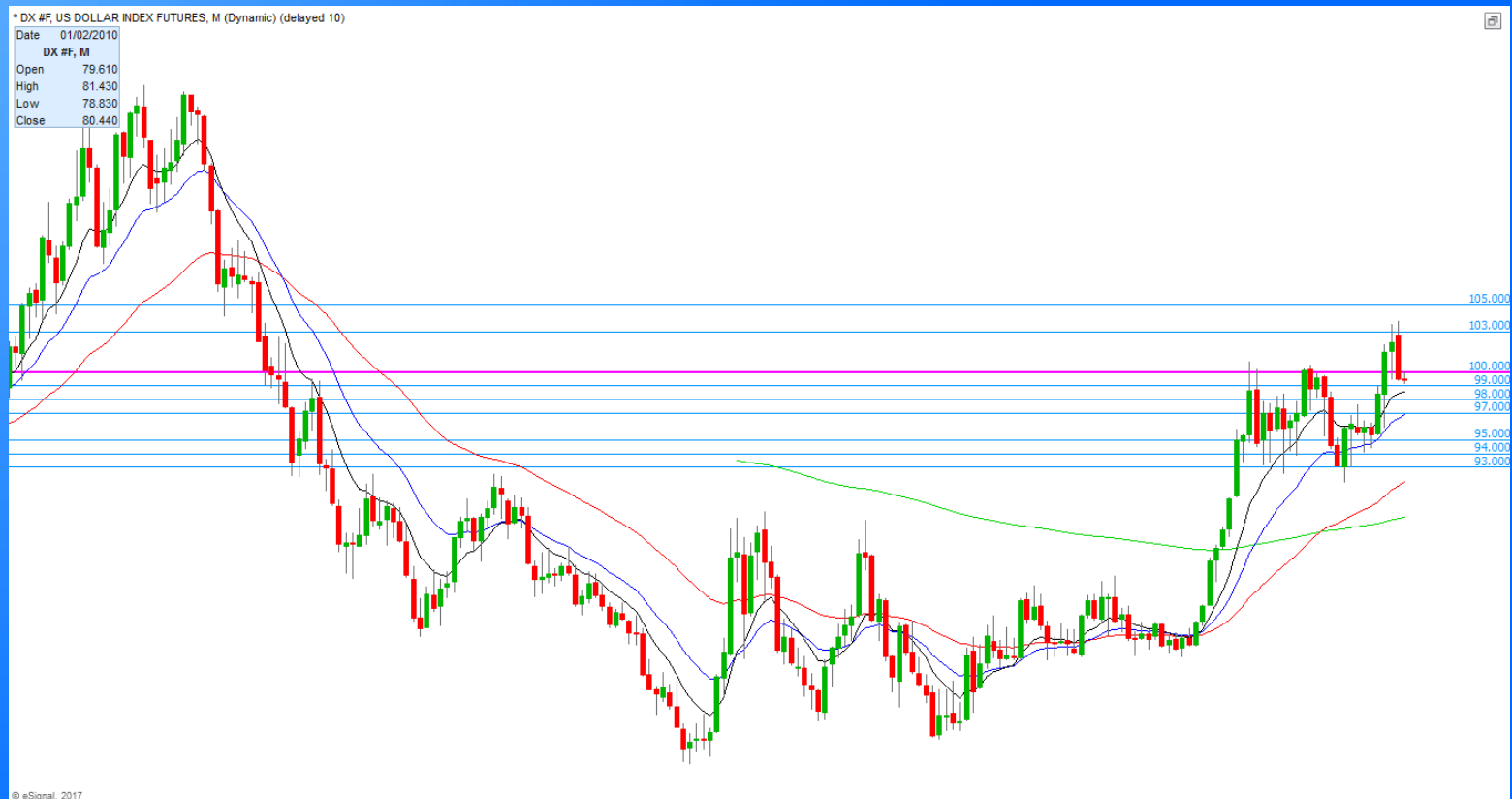
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A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, set against a bright, cloudy sky. The buildings are arranged in a way that they appear to converge towards the top of the frame, creating a sense of height and scale. The lighting is bright, suggesting a clear day with some cloud cover.

# UK & Global Markets Overview & Setting-up Fund Management Business

## Opportunities for growth 2017

- USD Index indicates longer-term bullish trend against all other major currencies- USD is still the biggest currency driver



## Opportunities for growth 2017

- EUR generally inversely correlated, and independently shows some weakness, but not expressly weak.



## Opportunities for growth 2017

- GBP broken key support of 1.300, (Quarterly chart) shows potential to move down to 1.0500 over next 12-18 months.



## Opportunities for growth 2017

- Selected crosses also create opportunities e.g. GBP crosses show general weakness- some trends stronger than others e.g. GBPCHF, GBPJPY, GBPAUD, GBPNZD, GBPCAD, GBPEUR





# Opportunities for growth 2017

- Current bull market on major indices- clean trends only (US markets: S&P, DOW, NASDAQ, Russell 2000)



# Opportunities for growth 2017

- Current bull market on worldwide indices- clean trends only (DAX, FTSE, Nikkei, AEX, others)



# Opportunities for growth 2017

- NO clear (safe) trends on Gold, Silver, Platinum or Palladium commodities currently



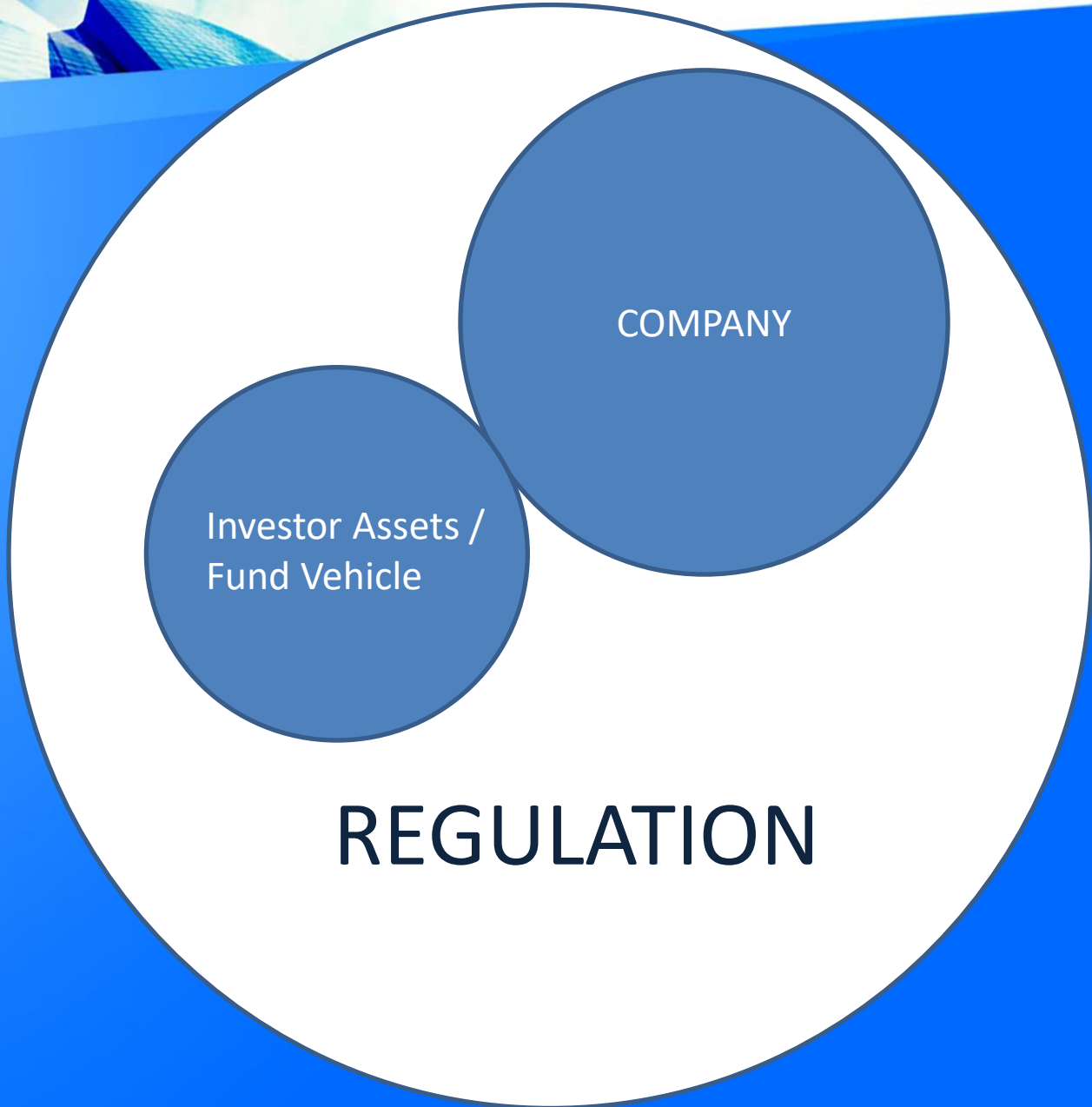


## General summary for 2017

- Stock-pickers Market
- Currency – KING US DOLLAR – Medium/Long Term US\$ Bias
- Fixed Income – Extremely cautious, interest rate sensitivity and Financial Repression has moved valuations to unsustainable levels
- Alternative investments such as Peer to Peer Lending are growing in popularity in the hunt for yield
- Commodity Trading Advisors (CTAs) look likely to experience a resurgence in interest
- PRESERVING CAPITAL IS KEY AND A CHALLENGE



# Setting-up Fund Management Business



COMPANY

Investor Assets /  
Fund Vehicle

REGULATION



## **SETTING UP A NORMAL BUSINESS**

### **Things to consider**

- **Incorporate a Company**
- **Quirky name – stands out, relevant to business....**
- **Infrastructure**
- **PCs, Telephone Lines, Server Jurisdiction, Data Protection**
- **Open a Bank Account**
- **Accounting and Auditing**
- **Funding, Capitalisation**
- **Human Resource**
- **And many many more**

- 
- **SETTING UP A REGULATED BUSINESS**
  - **What's the difference.....?**
  - **Need to be well capitalized**
  - **Directors need to be fit and proper to run a regulated business...integrity, experience, range of qualification and skills**
  - **Non Exec Directors –**
  - **Professional Indemnity and D&O Insurance**
  - **Infrastructure considerations – recorded phone lines, European located data centres, secure networks, backup office relocation & contingency plans, trading lines with brokers & platforms**





# OBTAINING REGULATION

## Things to consider

### Organisation/Company

- Purpose – sponsor a fund, running managed accounts, advisory, discretionary
- FCA Permissions – appropriate licensing and permissions
- Flexibility – Long term plan? Markets change – can you and your company adapt, manoeuvre, pivot
- Costs – various ways to achieve goals.....

# Costs and options

# Applying for own license

## BENEFITS

- Wholly controlled and owned
- Scalability
- Multiples uses
- Keep all your income
- Any value created is yours

## DOWNSIDE

- Limited Trading History
- Takes time 1-3 years depending on the level of permissioning
- Substantial upfront Costs
- Steep Learning Curve
- Mistakes may lead to significant financial repercussions
- Maintenance Costs for compliance and license
- Compliance and Reporting Costs



# Costs and options

## Get regulated as an Authorised Representative

### BENEFITS

- Faster route to market
- Significantly lower setup and ongoing costs
- Lot more support from sponsor
- Good preparation to run a fully owned regulated co.
- Access to sponsors existing infrastructure

### DOWNSIDE

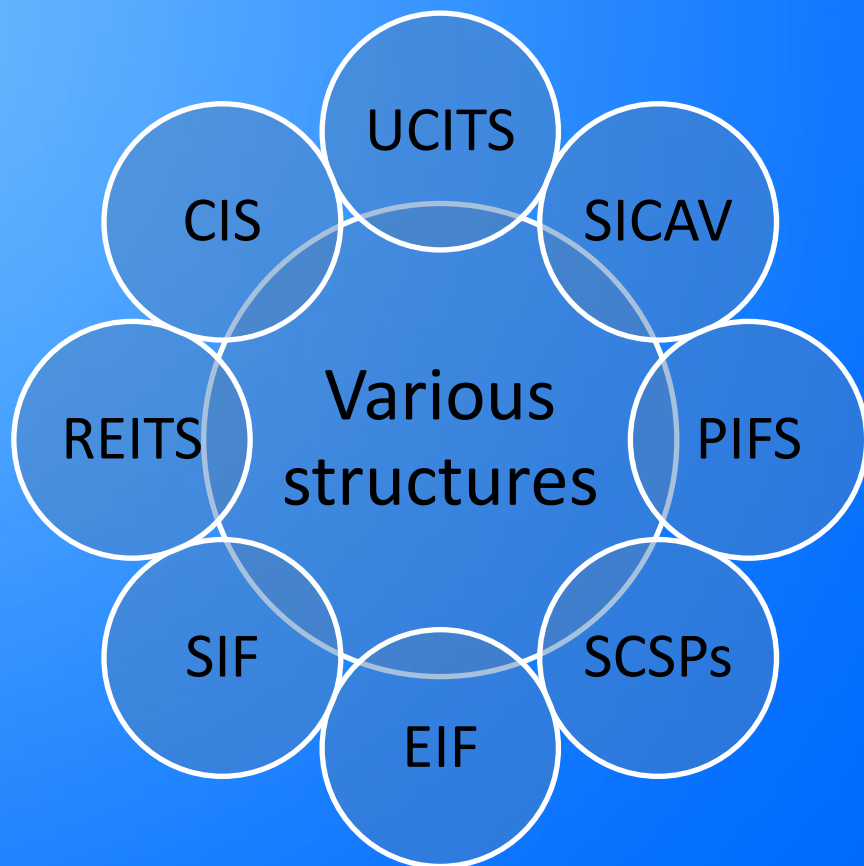
- Likely to pay share of revenue to sponsor
- Not in full control
- Subject to sponsors oversight and interpretation of rules
- Potential barriers to exit



# To maintain a regulated business

- Sound understanding of the FCA rules – aka COBS
- Maintaining Regulatory Capital requirements
- Implementation of internal policies and practices in accordance with FCA
- Continuous Professional Development – (whitepapers, thematic reviews etc...)
- Qualifications – staff & directors need to be qualified

# Investment Vehicle / Structure



## JURISDICTION

- Hong Kong
- Delaware
- Luxembourg
- Ireland
- London

## MARKETING

- Retail
- Professional
- Counterparties



## **Investment Vehicle / Structure**

### **Other points to consider**

- **Custodian Bank**
- **Administrator**
- **Prime Broker – where are the assets held**
- **Assets Under Management (AUM)**
- **Costs**
- **Cross Border Marketing and Permissioning**
- **Management Fees and Performance Fees**

**CAN YOUR STRATEGY STILL PROVIDE THE POTENTIAL FOR  
A REASONABLE RETURN FOR YOU AND THE INVESTORS**

# RISKS and CHALLENGES



# FIRST HAND EXPERIENCE

Dr. Paul Netherwood





# Q&A