

Irish Funds

Annual Global

Funds Conference

Innovative Financial Minds – Working for you

RDS – 11 June 2015

THE ETF INDUSTRY – WHY NOW IS THE RIGHT TIME FOR EUROPE

WELCOME:

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Regulatory Affairs Manager,
Irish Funds

PRESENTATION:

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Co-CEO,
Wisdom Tree Europe/Boost

ETF industry growth in US and Europe ‘Why now is the right time for Europe’

FOR PROFESSIONAL CLIENTS AND SOPHISTICATED INVESTORS ONLY

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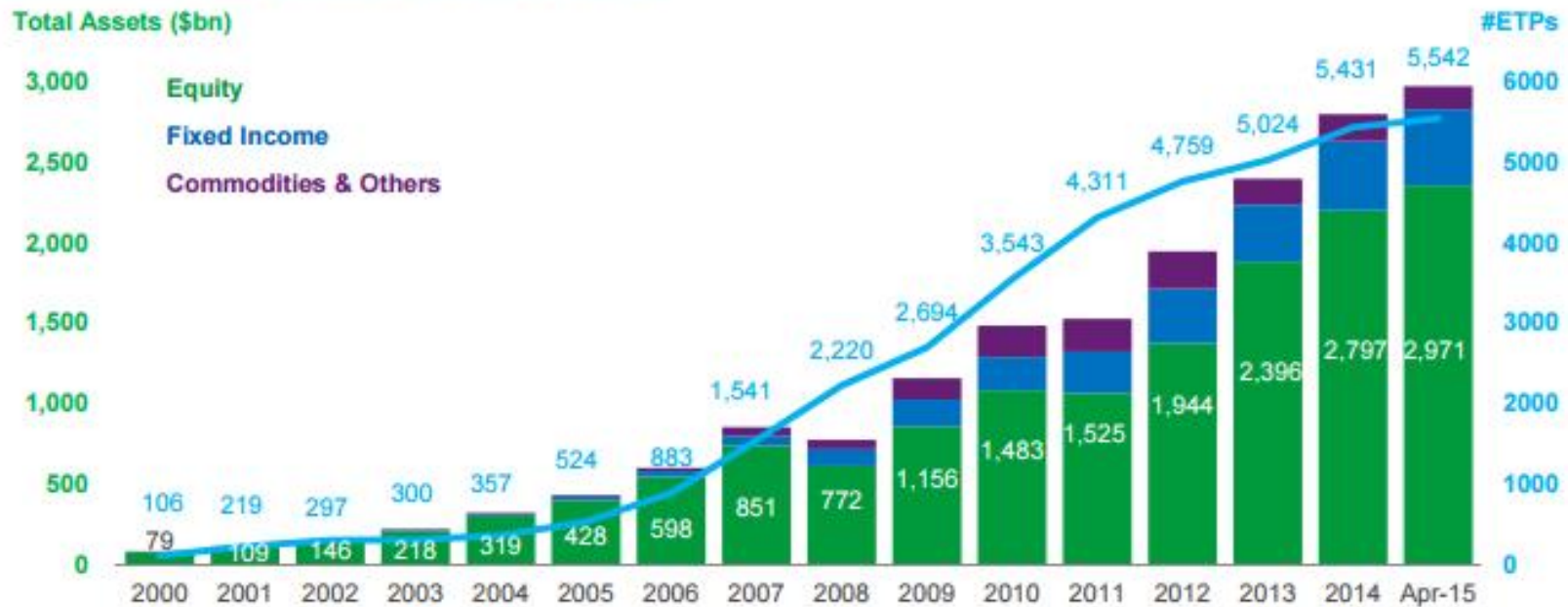
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Global AUM in ETPs and # ETPs

Global ETP Assets & Number of ETPs by Year¹



- AUM of global ETFs have grown 29% p.a. on average since 2000
- Growth driven initially by low-cost alternative to mutual funds, later by product innovation
- Equities comprise \$2.4 trillion of the \$2.9 trillion ETF industry

Source: BlackRock, ETP Landscape, Industry Highlights, April 2015

Top 10 global ETP providers

Global ETP Providers Ranked by Assets (US\$bn)¹

Provider *	April 2015 Assets	% Market Share	April 2015 Net Flows	2015 YTD Net Flows	# ETPs	2015 YTD Change	
						Assets	% Market Share
iShares	1,111.4	37.4	2.2	38.2	744	75.6	0.4
Vanguard	491.4	16.5	7.5	31.3	114	44.8	0.6
State Street	448.6	15.1	(13.4)	(39.2)	232	(32.4)	(2.1)
Invesco Powershares	104.2	3.5	0.6	0.8	199	3.1	(0.1)
Deutsche Asset & Wealth Management (db x-trackers)	78.8	2.7	5.5	16.6	312	20.0	0.5
WisdomTree Investments	60.7	2.0	4.1	17.5	131	21.3	0.6
Lyxor / Soc Gen	55.4	1.9	0.1	5.4	234	6.6	0.1
Nomura Group	53.8	1.8	(0.5)	4.1	64	10.3	0.3
First Trust Portfolios	40.8	1.4	2.0	6.1	114	7.3	0.2
UBS	34.5	1.2	0.5	4.6	356	6.1	0.1
Other Providers	491.6	16.5	(2.1)	18.2	3042	10.8	(0.6)
Grand Total	2,971.2	100.0	6.5	103.7	5542	174.6	0.0

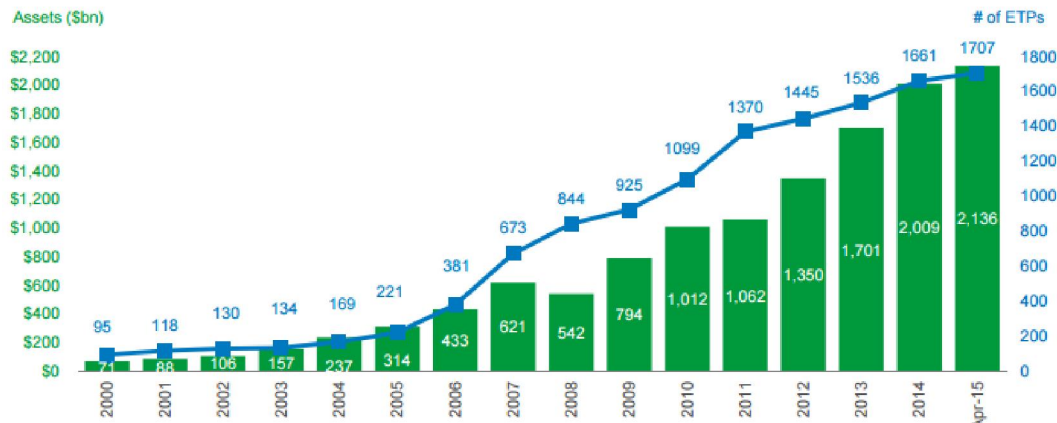
■ WisdomTree is the 6th largest ETF sponsor globally

Source: BlackRock, ETP Landscape, Industry Highlights, April 2015



AUM growth and top 10 providers in US and Europe

US ETP Assets & Number of ETPs by Year¹



US ETP Providers Ranked by Assets (US\$bn)¹

Provider *	April 2015 Assets	% Market Share	April 2015 Net Flows	2015 YTD Net Flows	# ETPs
iShares	819.9	38.4	6.4	29.1	316
Vanguard	470.4	22.0	6.8	29.4	67
State Street	417.5	19.5	(14.4)	(42.6)	148
Invesco Powershares	100.2	4.7	0.6	0.6	161
WisdomTree Investments	60.3	2.8	4.0	17.3	72
First Trust Portfolios	40.5	1.9	1.9	6.1	94
Charles Schwab	32.4	1.5	1.1	4.7	21
Guggenheim	31.4	1.5	0.6	2.3	72
ProShares	25.4	1.2	(0.3)	0.6	139
Van Eck	34.5	1.2	0.5	4.6	59
Other Providers	138.0	5.3	4.9	18.5	558
Grand Total	2,136.0	100.0	11.9	68.1	1,707

Europe ETP Assets & Number of ETPs by Year¹



Europe ETP Providers Ranked by Assets (US\$bn)¹

Provider *	April 2015 Assets	% Market Share	April 2015 Net Flows	2015 YTD Net Flows	# ETPs
iShares	234.2	46.0	(1.5)	13.6	271
Deutsche Asset & Wealth Management (db x-trackers)	59.6	11.7	0.8	4.9	240
Lyxor / Soc Gen	55.2	10.8	0.1	5.5	229
UBS	28.6	5.6	0.4	3.9	312
Amundi	20.8	4.1	0.2	1.1	99
Source Holdings	17.9	3.5	0.2	0.4	81
Vanguard	16.9	3.3	0.5	1.0	13
ETF Securities	14.9	2.9	0.0	0.7	331
State Street	14.2	2.8	0.6	2.7	66
Deka Bank	8.3	1.6	0.4	0.5	43
Other Providers	39.0	7.7	0.6	2.4	603
Grand Total	509.6	100.0	2.3	36.8	2,288

Source: BlackRock, ETP Landscape, Industry Highlights, April 2015



'Why now is the right time for Europe'

■ The ETF wrapper is a better wrapper:

- Old technology – structured products, high fee mutual funds, so called active funds (benchmark huggers?), CFD/spread bets, investment trusts and so on
- ETFs are the most 'democratic' asset management tools. Same terms for small investors v the largest investors
- Low cost, transparent, liquid & very scalable
- Globally successful e.g. S&P500, Gold, US treasury ETFs available on most Exchanges
- Soon the ETF wrapper will provide every form of asset management choice – beta, smart beta to active management. Beta space is won, smart beta ballooning, active space nascent but will accelerate
- US market has led the way & a great case study for Europe

■ US ETF industry had similar AUM as Europe in 2006. Will it take nine years to catch up?

- Europe's ETF market second only to the US
- Europe's ETF market is 3-4% of mutual fund AUM & US ETF market is 13-14%
- Europe's ETF market starting to grow at a faster rate than the US market
- The US ETF ecosystem points the way – model portfolios, fee based wealth management v product retrocessions, lending & borrowing ETFs
- European regulations favour ETFs – RDR, MIFID 2
- Growth of specialist providers versus Bank 'supermarket platforms'. Investment Banks integrated model is finished in ETF issuance
- Synthetic v physical debate stalled the industry for two years post financial crisis. Concerns largely gone and growth has accelerated
- M&A and fund closures will reduce redundant 'me too' products and providers e.g. 40+ Eurostoxx 50 ETFs in Europe
- Rising retail & self directed interest. Italy leads the way with a vibrant retail ETF participation

'Why now is the right time for Europe' - Ireland

- Ireland is the main centre of ETF administration in Europe, but are they advocates for it?
- Ireland's investment management community is probably one of Europe's laggards in using ETFs in its investment and wealth management solutions.
 - Norway XACT OBX - \$175m of AUM
 - Lyxor ETF FTSE ATHEX 20 - \$200m of AUM
 - XACT OMX 30 - \$1.4bn of AUM
 - Ishares MSCI Ireland (US Listed) - \$105m of AUM
 - Irish Stock Exchange listed ISEQ20 is less than \$30m of AUM!!!!
- In an Irish investment context:
 - Ireland has a negative income and CGT tax regimes for UCITS ETFs versus mutual funds and even US ETFs!?
 - Ireland has slipped behind the UK regarding stamp duty on Irish domiciled ETFs. UK HMRC removed stamp from UK domiciled ETFs. Could this be a threat to Ireland's dominance as the leader for European ETF administration?
- Irish investment community and government needs to become ETF advocates and 'not just make and export the car but also learn how to drive it!'

Appendices

WisdomTree at-a-Glance

- **WisdomTree issued its first fund in 2006 and now has approximately \$63 billion in assets under management as of 20 May 2015**
- **World's largest issuer of currency-hedged ETFs**
- **WisdomTree specialises in unique solutions and offers unique ETFs**
- **Pioneer of fundamentally weighted index construction**
 - Many WisdomTree Indices have live track records of more than 8 years
- **81 strategies globally tracked by ETFs (71 U.S. listed; 10 European listed)**
 - U.S. Listed ETFs: 51 Equity, 20 Currency & Fixed Income
 - European Listed ETFs: 10 Equity
 - 10 ETFs with over \$1bn in AUM
- **6th largest Global ETF issuer and has 136 employees**

Source : Assets under management, number of strategies, rank as global ETF issuer all measured as of 10/04/2015. Number of employees is measured as of 31/03/2015.



WisdomTree Europe at-a-Glance

■ WisdomTree Europe was founded in April 2014 after the acquisition of Boost ETP

- \$525 million in assets under management as of 20 May 2015
- 61 strategies tracked by ETPs and ETFs

■ Boost ETP introduced Europe's first platform of 3x short & leveraged ETPs

- Includes equities, commodities, bonds and FX
- Now offer short, leveraged and unleveraged ETPs
- 7 oil ETPs with AUM of \$ 113.5 million, as of 20 May 2015.

■ Launched first “*smart-beta*” dividend-weighted UCITS ETF strategies in October 2014

- 6 ETFs listed in the UK, Italy, Germany and Switzerland
- First European provider of a platform of dividend weighted smart beta ETFs
- Owner of Intellectual Property behind the indices

■ Launched first currency-hedged ETFs in May 2015

- Exposure to Japan (DXJ), Europe (HEDJ) and Germany (DXGP). The indices include an export tilt to companies likely to benefit from a weak home currency

■ Acquired Europe's only Irish equity ETF in April 2015



WisdomTree Europe's 10 UCITS ETFs

Fund Name	LSE Code	ISIN	Listing Currency	Fund Base Currency	TER	Index Name	Dividend Yield	Number of Constituents
WisdomTree Europe Equity Income UCITS ETF	EEI	IE00BQZJBX31	GBx/EUR/CHF	EUR	0.29%	WisdomTree Europe Equity Income Index	5.1%	278
WisdomTree Europe SmallCap Dividend UCITS ETF	DPE	IE00BQZJC527	GBx/EUR/CHF	EUR	0.38%	WisdomTree Europe SmallCap Dividend Index	3.2%	345
WisdomTree US Equity Income UCITS ETF	DHS	IE00BQZJBQ63	GBx/EUR/CHF/USD	USD	0.29%	WisdomTree US Equity Income Index	3.9%	437
WisdomTree US SmallCap Dividend UCITS ETF	DESE	IE00BQZJB194	GBx/EUR/CHF/USD	USD	0.38%	WisdomTree US SmallCap Dividend Index	3.2%	727
WisdomTree Emerging Markets Equity Income UCITS ETF	DEM	IE00BQQ3Q067	GBx/EUR/CHF/USD	USD	0.46%	WisdomTree Emerging Markets Equity Income Index	6.3%	395
WisdomTree Emerging Markets SmallCap Dividend UCITS ETF	DGSE	IE00BQZJBM26	GBx/EUR/CHF/USD	USD	0.54%	WisdomTree Emerging Markets SmallCap Dividend Index	4.3%	717
WisdomTree ISEQ 20® UCITS ETF	ISEQ	IE00BVFB1H83	GBx/EUR	EUR	0.49%	ISEQ 20® Index	2.25%	20
WisdomTree Europe Equity UCITS ETF – USD Hedged	HEDJ	IE00BVXBH163	EUR/USD	USD	0.58%	WisdomTree Europe Hedged Equity Index	2.1%	127
WisdomTree Japan Equity UCITS ETF – USD Hedged	DXJ	IE00BVXC4854	EUR/USD	USD	0.48%	WisdomTree Japan Hedged Equity Index	2.1%	384
WisdomTree Germany Equity UCITS ETF – GBP Hedged	DXGP	IE00BVXBGY20	GBx	GBP	0.35%	WisdomTree Germany GBP-Hedged Equity index	2.4%	75

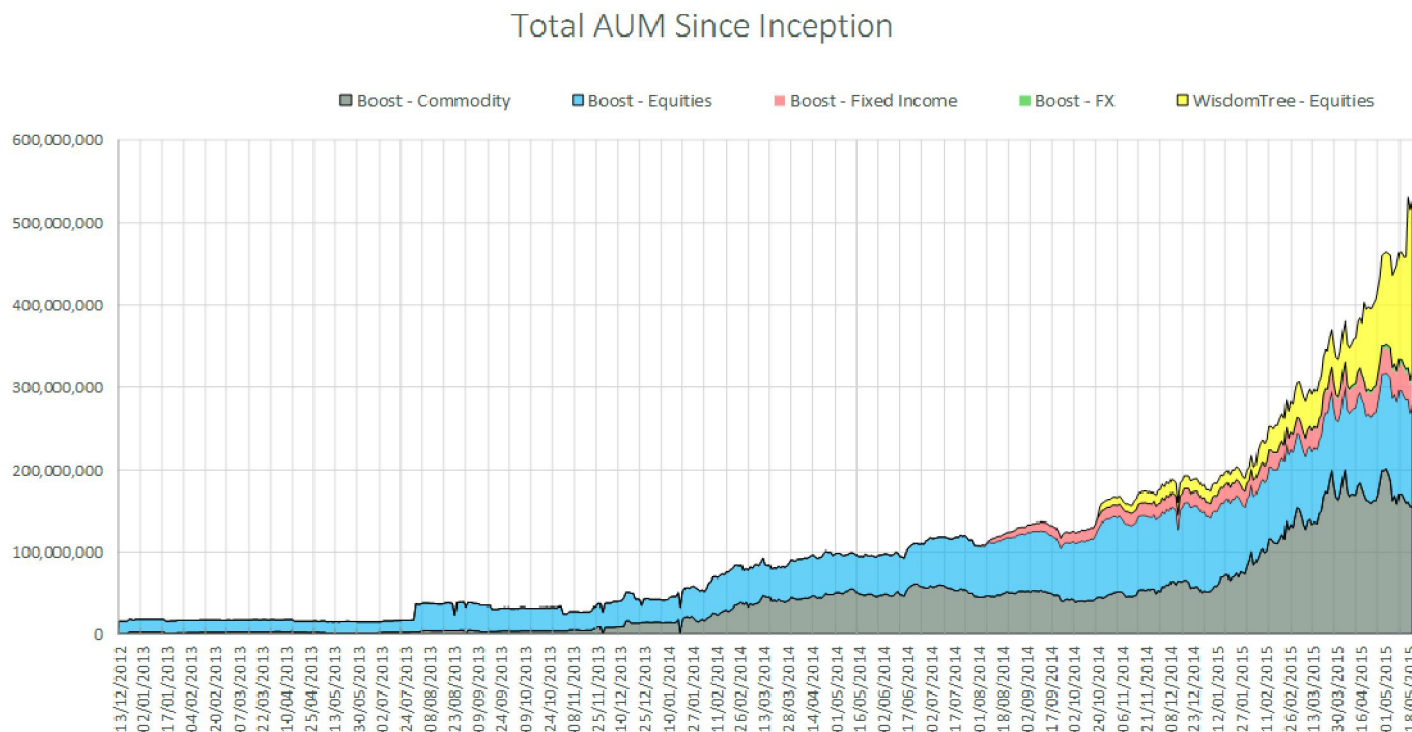
* Dividend Yields as at 31/03/2015, Bloomberg

Boost ETPs

Asset class (sector)	Underlying Index	Unleveraged	Leverage Factors Available
Equities (UK - Large-Cap)	FTSE 100		-1x, -2x, -3x, 2x, 3x
Equities (UK - Mid-Cap)	FTSE 250		-1x, 2x
Equities (USA)	Russell 1000 / NASDAQ 100		-3x, 3x
Equities (Japan)	TOPIX		-1x, 2x
Equities (Germany)	DAX		-3x, 3x
Equities (Europe)	Euro STOXX		-3x, 3x
Equities (Europe Banks)	Euro STOXX Banks		-3x, 3x
Equities (Italy)	FTSE MIB		-3x, 3x
Commodities (Precious Metals)	Gold	✓	-1x, -2x, -3x, 2x, 3x
Commodities (Precious Metals)	Silver		-2x, -3x, 2x, 3x
Commodities (Industrial Metals)	Copper		-3x, 3x
Commodities (Industrial Metals)	Palladium		-1x, 2x
Commodities (Energy)	Natural Gas	✓	-2x, -3x, 2x, 3x
Commodities (Energy)	Crude Oil	✓ (Brent and WTI)	-3x, 3x
Fixed Income (UK)	Long Gilt Rolling Future Index		-3x, 3x
Fixed Income (US)	US Treasury Note 10Y Rolling Future Index		-3x, 3x
Fixed Income (Germany)	Bund Rolling Future Index		-3x, 3x
Fixed Income (Italy)	BTP Rolling Future Index		-3x, 3x
Currencies (USD-EUR)	BNP Paribas USD EUR FX Spot Index		-5x, 5x

WisdomTree Europe – Growing Demand (1)

- 29 months track record in Europe – first Boost ETPs listed in Dec 2012 and first UCITS ETFs listed in Oct 2014
- AUM \$525m, as at 20 May 2015

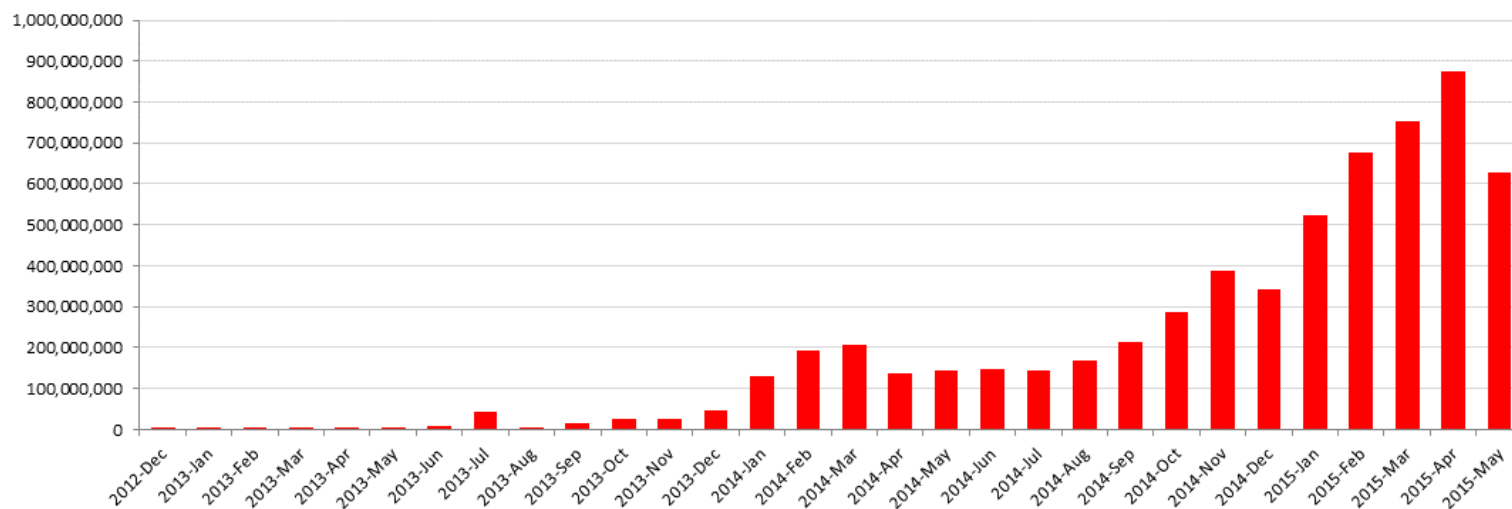


Source: WisdomTree Europe, 20 May 2015.

WisdomTree Europe – Growing Demand (2)

- Trading volumes nearly ~ \$40m per day and growing
- WisdomTree has a pool of more than 12 official APs, and over 20 Aps and Market Makers

Turnovers Since Inception (\$)



* As at 20 May 2015

RECENT AND PLANNED STRUCTURAL INNOVATIONS IN THE EUROPEAN ETF INDUSTRY

Moderator:

Lisa Kealy, ETF EMEA lead, EY

Panellists:

Russell Graham, Director, Head of iShares EMEA Range Management, BlackRock

Tara O'Reilly, Asset Management Partner, William Fry

Gerry Sugrue, Vice President, Irish Stock Exchange

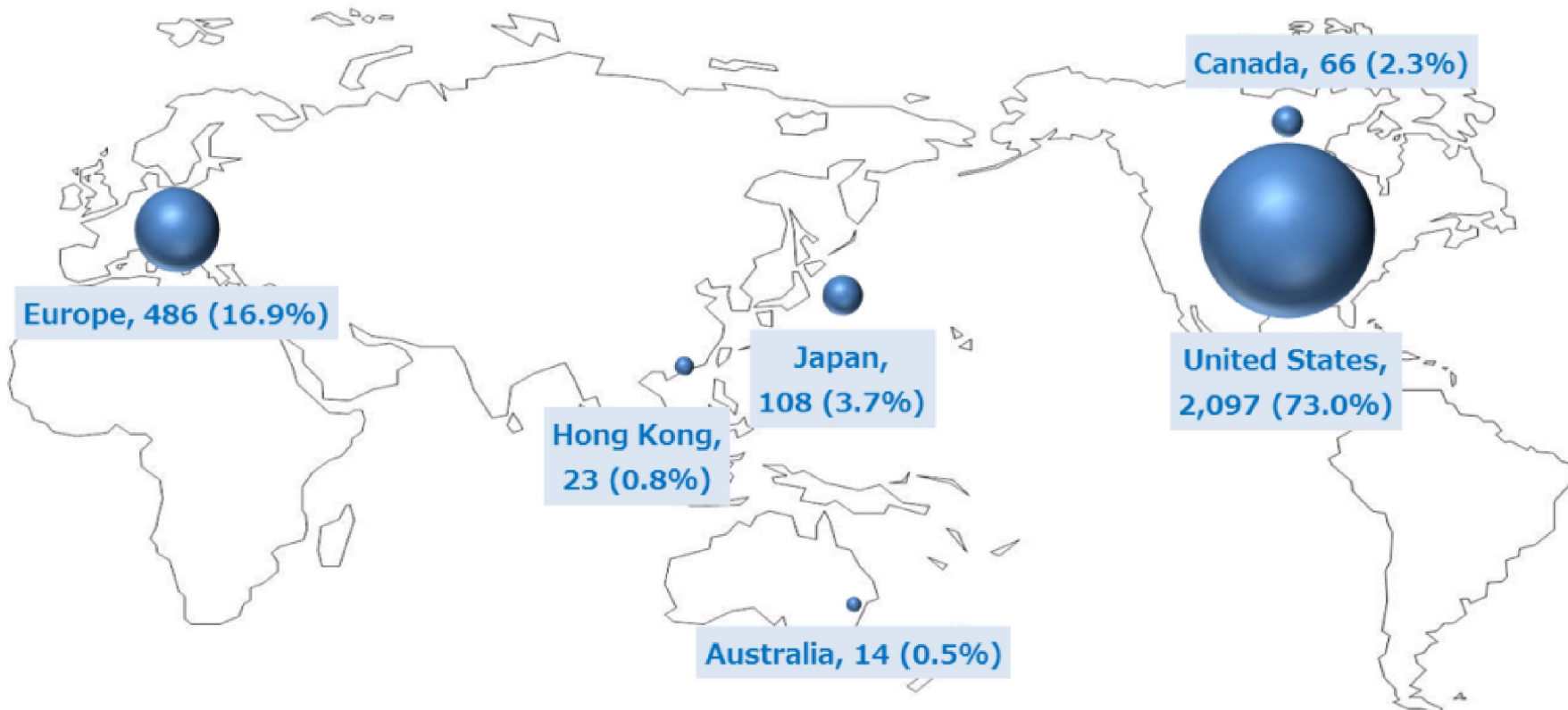
Adrian Mulryan, Asset Management Partner, Arthur Cox

A RECENT NEW ENTRANT'S EXPERIENCE IN THE ETF INDUSTRY

Jean-Philippe Royer

CEO,
Nomura Alternative Investment Management
(Europe) Ltd.

Global ETF market by AUM:

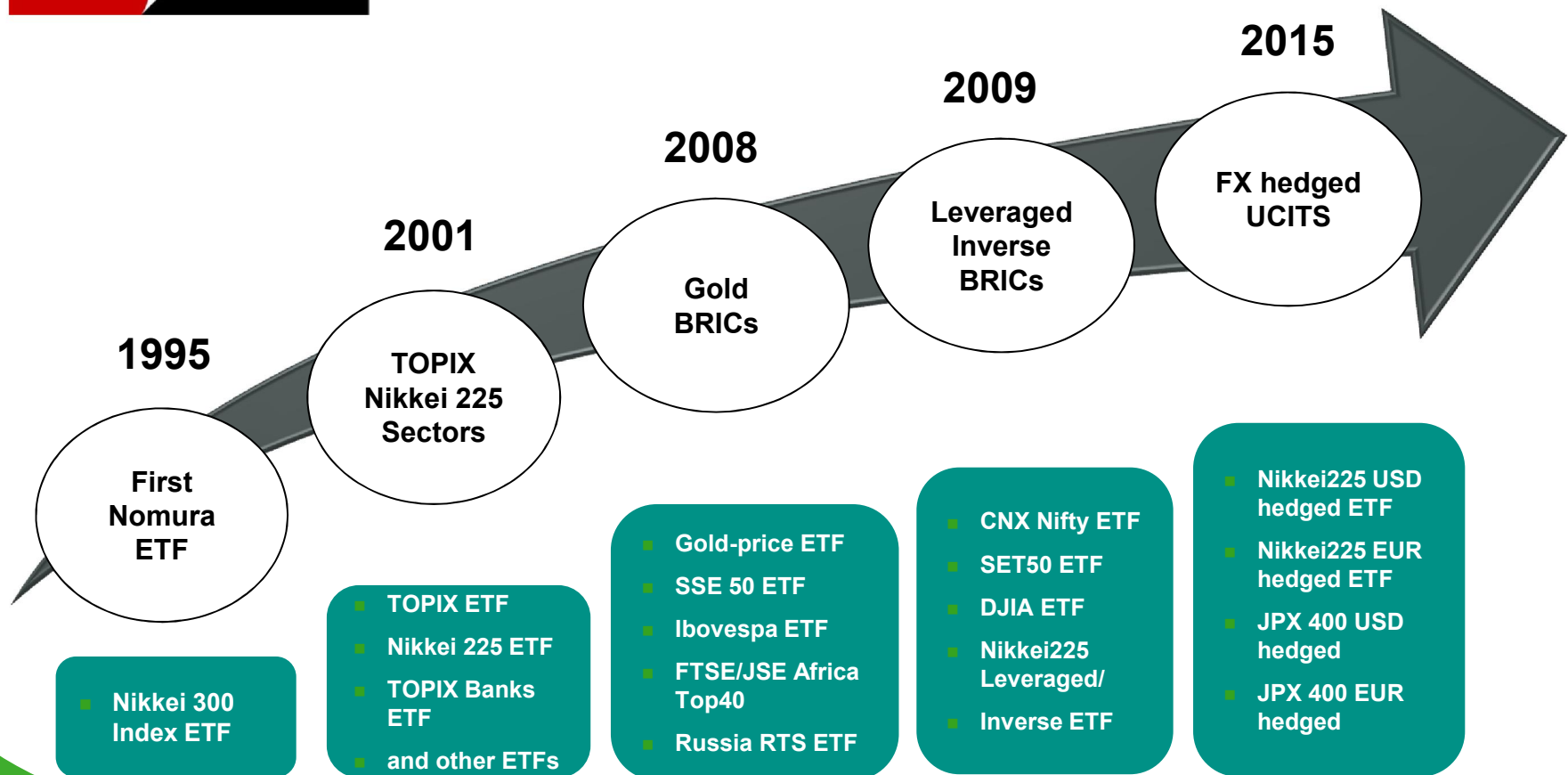


- Source: Morningstar, Nomura Asset Management, as of Mar. 31, 2015. All figures in (USD Bn)

NEXT FUNDS – A History:



Nomura **EX**change **T**raded **FUNDS**



NEXT FUNDS range of ETFs:

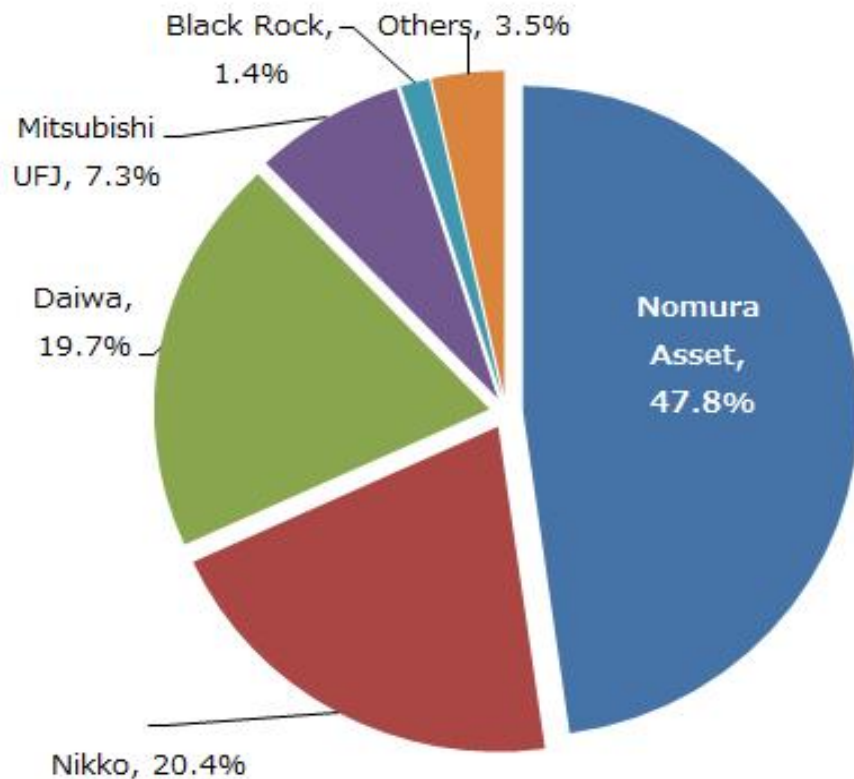
- 45 ETFs listed on the Tokyo Stock Exchange - AUM US\$52Bln (JPY 6.2Tln)

Asset Class /Style		ETF	CODE	Indices	Listing Date	Net Assets	Index Replication Method		
						(Mil. Yen)			
Japan Equity Indices	Total Market	T O P I X ETF	1306	TOPIX	13 Jul. 01	2,437,267	Stocks (Fully Replicated)		
		Nikkei 225 ETF	1321	Nikkei 225	13 Jul. 01	2,730,354	Stocks (Fully Replicated)		
		Nikkei 300 ETF	1319	Nikkei 300	29 May 95	14,615	Stocks (Fully Replicated)		
		J P X Nikkei 400 ETF	1591	JPX Nikkei 400	28 Jan. 14	210,564	Stocks (Fully Replicated)		
	Size	T O P I X C o r e 3 0 ETF	1311	TOPIX Core30	3 Apr. 02	8,565	Stocks (Fully Replicated)		
		Russel I /Nomura Small Cap Core ETF	1312	Russell/Nomura Small Cap Core	23 Oct. 07	5,275	Stocks (Fully Replicated)		
	Sector	TOPIX Electric Appliances ETF	1613	TOPIX Electric Appliances	3 Apr. 02	2,424	Stocks (Fully Replicated)		
		TOPIX Banks ETF	1615	TOPIX Banks	3 Apr. 02	45,318	Stocks (Fully Replicated)		
		TOPIX-17 Sector ETF	1617~1633	TOPIX-17 Sector Index	25 Mar. 08	44,273	Stocks (Fully Replicated)		
	Theme	Nomura Japan Equity High Dividend 70 ETF	1577	Nomura Japan Equity High Dividend 70	7 Mar. 13	43,032	Stocks (Fully Replicated)		
		R / N Fundamental Index ETF	1598	Russell/Nomura Fundamental Prime Index	24 Mar. 14	7,801	Stocks (Fully Replicated)		
		FX hedged	Nomura Nikkei 225 USD-Hedged UCITS ETF	NXKU	Nikkei 225 Total Return USD Hedged Index	19 Jan. 15	3,725	Stocks (Fully Replicated)	
	Nomura Nikkei 225 EUR-Hedged UCITS ETF		NXKE	Nikkei 225 Total Return EUR Hedged Index	19 Jan. 15	2,568	Stocks (Fully Replicated)		
Shanghai Stock Exchange 50 ETF	1309		SSE50 Index	23 Oct. 07	10,944	Stocks+Linked Notes			
Overseas Equity Indices		FTSE/JSE Africa Top 40 Linked ETF	1323	FTSE/JSE Africa Top40 Index	29 Jul. 08	931	Stocks (Fully Replicated)		
		Russia RTS Linked ETF	1324	RTS Index	29 Jul. 08	3,095	Stocks (Fully Replicated)		
		Brazil Ibovespa Linked ETF	1325	Ibovespa	18 Jul. 08	4,357	Stocks (Fully Replicated)		
		NASDAQ-100 ETF	1545	The NASDAQ-100 Index	16 Aug. 10	9,071	Stocks (Fully Replicated)		
		Dow Jones Industrial Average ETF	1546	Dow Jones Industrial Average	16 Aug. 10	10,217	Stocks (Fully Replicated)		
		Thai Stock SET50 ETF	1559	SET50 Index	12 May 11	835	Stocks (Fully Replicated)		
		FTSE Bursa Malaysia KLCI ETF	1560	FTSE Bursa Malaysia KLCI	12 May 11	532	Stocks (Fully Replicated)		
		India Equity ETF	1678	S&P CNX Nifty	26 Nov. 09	5,105	Index Linked Notes		
		Leveraged /Inverse		Nikkei 225 Leveraged Index ETF	1570	Nikkei 225 Leveraged Index	12 Apr. 12	205,685	Futures
				Nikkei 225 Inverse Index ETF	1571	Nikkei 225 Inverse Index	12 Apr. 12	128,816	Futures
REIT				Nikkei 225 Double Inverse Index ETF	1357	Nikkei 225 Double Inverse Index	16 Jul. 14	79,112	Futures
				TSE REIT Index ETF	1343	Tokyo Stock Exchange REIT Index	18 Sep. 08	133,683	REITs (Fully Replicated)
Commodity		Gold Price Linked ETF	1328	Gold price in Japanese yen per 1 gram	10 Aug. 07	6,559	Index-Linked-Notes		
		Nikkei-TOCOM Platinum Index Linked ETF	1682	Nikkei-TOCOM Platinum Index	15 Feb. 10	467	Futures		
		NOMURA Crude Oil Long Index Linked ETF	1699	NOMURA Crude Oil Long Index	17 May 10	34,925	Futures		
					Total	6,190,115			

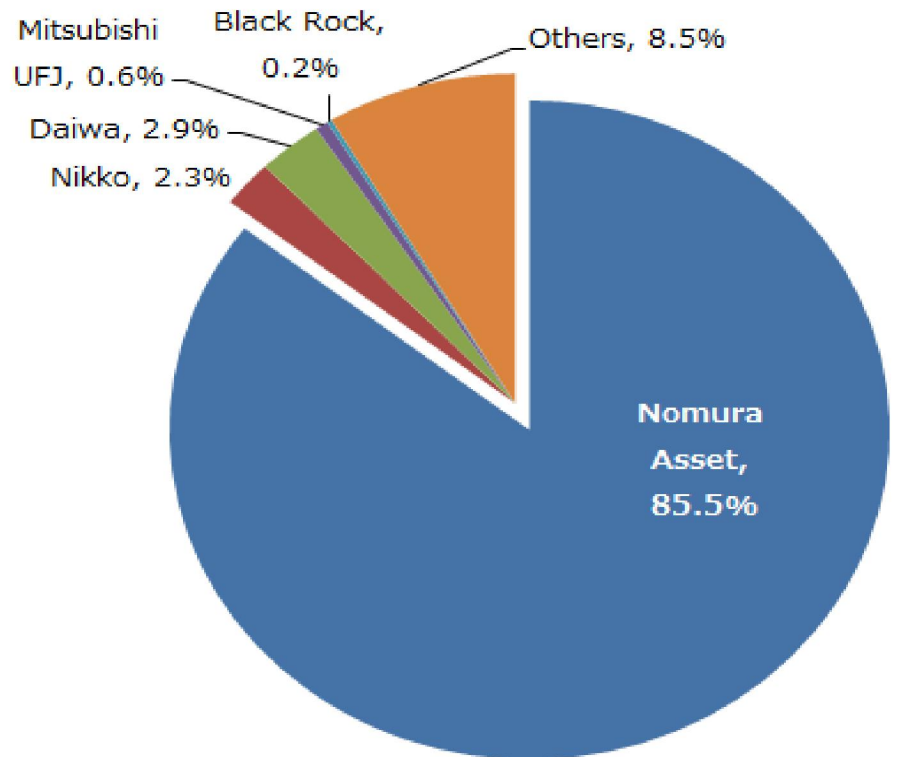
Source : Nomura Asset Management. As of 31 March 2015.

Nomura ETF Market Share in Japan

ETF Market Share in Japan by AUM
(As of March 31, 2015)



ETF Market Share in Japan by Trading Volume
(March, 2015)



Nomura is a major ETF provider



Asia Pacific TOP 10 ETF Providers ranked by AUM

(USD Bn)	No. of ETFs	Assets	Share (%)	Net Cash Flow(1Y)
Nomura	43	52	25.4%	2.8
Nikko AM	27	22	11.1%	1.7
Daiwa	29	21	10.5%	0.6
iShares	45	16	7.7%	(0.3)
China AMC	12	12	5.7%	0.1
Samsung	36	9	4.6%	(1.0)
Mitsubishi UFJ	14	8	3.9%	0.1
Harvest Fund	10	7	3.5%	(0.2)
State Street	19	7	3.3%	(0.0)
CSOP	4	5	2.5%	(0.1)
Others	429	45	21.8%	0.6
	668	203	100.0%	4.3

Global TOP 10 ETF Providers ranked by AUM

(USD Bn)	No. of ETFs	Assets	Share (%)	Net Cash Flow(1Y)
iShares	791	1,091	38.4%	30.4
Vanguard	117	480	16.9%	13.4
State Street	229	449	15.8%	(3.5)
PowerShares	135	98	3.5%	1.5
WisdomTree	78	56	2.0%	9.6
db X-trackers	333	56	2.0%	2.9
Lyxor	322	52	1.8%	4.1
Nomura	45	52	1.8%	2.8
First Trust	121	39	1.4%	3.5
UBS	329	31	1.1%	1.7
Others	2,842	470	15.3%	12.4
	5,342	2,873	100.0%	78.8

Source: Morningstar, Nomura Asset Management, as of Mar. 31, 2015. Assets in USD Bn.

Top ETFs in the global ETF market

Global TOP 20 ETF in terms of Asset

No.	Name	Provider	Exchange Country	Traded Value	Assets
1	SPDR® S&P 500 ETF	State Street	United States	23.4	181.4
2	iShares Core S&P 500	iShares	United States	0.8	70.6
3	iShares MSCI EAFE	iShares	United States	1.3	61.1
4	Vanguard Total Stock Market ETF	Vanguard	United States	0.3	58.3
5	Vanguard FTSE Emerging Markets ETF	Vanguard	United States	0.5	50.6
6	PowerShares QQQ ETF	PowerShares	United States	3.0	40.1
7	iShares MSCI Emerging Markets	iShares	United States	2.2	33.9
8	Vanguard S&P 500 ETF	Vanguard	United States	0.3	31.9
9	iShares Russell 1000 Growth	iShares	United States	0.2	29.6
10	iShares Russell 2000	iShares	United States	3.4	29.4
11	SPDR® Gold Shares	State Street	United States	0.7	28.5
12	Vanguard REIT ETF	Vanguard	United States	0.4	28.0
13	Vanguard FTSE Developed Markets ETF	Vanguard	United States	0.2	27.5
14	Vanguard Total Bond Market ETF	Vanguard	United States	0.2	27.0
15	iShares Russell 1000 Value	iShares	United States	0.2	26.0
16	iShares Core S&P Mid-Cap	iShares	United States	0.2	25.8
17	Nomura Nikkei 225 ETF	Nomura	Japan	0.1	24.3
18	iShares Core US Aggregate Bond	iShares	United States	0.2	24.3
19	iShares iBoxx \$ Invst Grade Crp Bond	iShares	United States	0.3	22.7
20	Nomura TOPIX ETF	Nomura	Japan	0.0	21.3



UCITS and Japanese Regulations are very similar

	Japanese Investment Trust	UCITS
Regulator Approval	Yes	Yes
Regulation	Yes	Yes
Regulated Manager	Yes	Yes
Diversification of Assets	5%	5% - 10% - 40%
Leveraged ETF	Yes	Yes
Commodities Eligible	Futures or Physical	Futures
Independent Safe Keeping & Administration	Trust Bank	Custodian Bank Fund Administrator
Distributor	Yes	Yes
Mark-to-Market NAV	Yes	Yes
Daily NAV publication	Yes	Yes
Prospectus	Detailed & Summary	Full & KIID
Legal Format	Investment Trusts / Investment Companies	Unit Trusts, FCP / OEICs, SICAV, ICVC

Hurdles to the European ETF Market



	Japan	Europe
Regulator	1	Many
Regulation	1	Several
Languages	1	Many
Currency	¥	EUR, GBP, NOK, SEK, CHF, DKK
Exchange	1 (mainly)	Several
Settlement Systems	1	CREST, EUROCLEAR,...
Passporting	Possible	Possible
Nomura's Position	Dominant	New Entrant
Competitive Landscape	Fewer Competitors	Fragmented Market with Quasi Dominant Competitors and recently many New entrants

So Why UCITS ETFs For Nomura?



Accessing Europe & Beyond

- A must-have for the large majority of European investors
- A Large and Growing Market
- Privileged geographical situation
- Great regulatory marketing

Delivering Nomura's Strengths

- A Pioneer in the ETF industry
- Best-In-Class Products
- Japanese & Asian Equities
- Connecting East & West

REGULATORY IMPACT ON THE ETF INDUSTRY

Moderator:

Phillip Lovegrove, Asset Management Partner, Matheson

Panellists:

Gemma Steel, Legal Counsel, Source

Stephen Carty, Investment Funds Partner, Maples

Jo McCaffrey, Head of Intermediary Product Development, EMEA,
State Street Global Advisors

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RISK MANAGEMENT IN IRELAND - LEADING BY EXAMPLE

PRESENTATION UCITS AND AIFMD RISK MANAGEMENT - THE REGULATORY ENVIRONMENT IN IRELAND



Killian Buckley

Managing Director,
Kinetic Partners

RISK MANAGEMENT – REGULATORY DRIVERS



AIFMD RISK MANAGEMENT

- Implement adequate **risk management systems to identify, measure, manage and monitor** appropriately all risks relevant to each AIF
- Functions of risk management should be **functionally and hierarchically separate** from the operating units, including from the functions of portfolio management, in accordance with the principle of proportionality
- Establishment of a **permanent risk management function**
- Implementation and maintenance of an adequate and **documented risk management policy**

AIFMD RISK MANAGEMENT

- Set a **risk profile** of the AIF that corresponds to the size, portfolio structure and investment strategies and objectives of the AIF
- Requires the AIFM to establish and implement quantitative and qualitative **risk limits** for each AIF
- **Risk limits** at least cover:
 - market risks,
 - credit risks,
 - liquidity risks,
 - counterparty risks, and
 - operational risks

All of above must be monitored, assessed and periodically reviewed

UCITS RISK MANAGEMENT: SAME BUT DIFFERENT



- Looks very similar (72% of UCITS operational provisions are in AIFMD)
- Risk has been seen through prism of FDI (RMP has focussed on FDI risk) but evolving holistic approach now being taken
- UCITS risk guidelines at portfolio level

NUANCES OF RISK MANAGEMENT IN IRELAND



- Delegate model and substance
- Use of designated persons - Interaction with permanent risk management function
- CP 86: Streamlining of Management function (particularly risk management functions)

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RISK MANAGEMENT CONSIDERATIONS IN BUILDING YOUR IRISH FUNDS BUSINESS

Moderator:

Killian Buckley, Managing Director, Kinetic Partners

Panellists:

Peter Beckhouse, Vice President, PIMCO

Tom Coghlan, Head of Risk Services, MPMF Fund Management

Jason Poonoosamy, Risk Director, DMS Offshore

Neil Clifford, Director, Carne Group Group

Michael Howell, Managing Director, CrossBorder Capital

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