



WYE TREE

ASSET MANAGEMENT LIMITED



AIFMD

Alternative Investment Fund Managers Directive ('AIFMD') came into force in July 2014. As a business that falls within the scope of this legislation and one with a strong compliance culture, WyeTree took a proactive stance at the early stages to execute a project plan in preparation and became an AIFM in Q42014.

What is AIFMD?

Aimed at harmonising the alternative investment fund industry within the European Economic Area ('EEA'), this is an EU legislation that creates a framework for monitoring and supervising risks within the alternative space. It imposes minimum standards of conduct on alternative managers.

Key Impacts on WyeTree

AIFMD's remit is wide ranging, covering operational and marketing activities through to depositary and transparency requirements. Summarised below are the key areas impacting our business and the additional controls that we will be adopting to ensure compliance.

Depositary

Alternative investment funds (AIF) are required to appoint a depositary to perform three 'depositary functions' (cash monitoring, safekeeping and oversight). The depositary is subject to a 'stricter' liability standard compared to that traditionally assumed by a fund custodian.

As part of the project plan, we worked closely with State Street Custodian Services (Ireland) Limited, the current custodian for our EEA domiciled funds, to confirm their capacity to act as the depositary. From WyeTree's perspective, this allows for continuity with our funds and a smoother transition to the new regime. For our non-EEA domiciled funds, we are appointing administrators to perform the depo-lite function.

Marketing

As an EEA domiciled AIFM, WyeTree can benefit from a marketing 'passport' where a greater number of institutional investors within the EEA can access our Irish funds.

In due course, it is envisaged that WyeTree's Cayman funds will be in a position to benefit from a marketing 'passport' that allows the fund to be marketed to institutional investors within the EEA.

Investor Transparency

Under the investor transparency requirement, WyeTree will provide investors with various disclosures before they invest in our EEA domiciled funds. Any material changes and regular updates will also be communicated to these investors.

WyeTree has always held the view that investors need to and should understand every aspect of their investment. We operate an "open door" policy of encouraging investors to spend time to see our systems and investment process, in order to appreciate the full investment cycle. We therefore welcome this transparency requirement as a way of enhancing investor/ manager dialogue.

Operational Requirements

The operational requirements introduced by AIFMD are wide in scope and relate to a number of areas including valuation, risk management, liquidity management, securitised assets and the remuneration policy.

WyeTree has integrated these requirements into its existing operational infrastructure.

Enhanced Reporting to Regulators

WyeTree is required to provide a number of data items to the Financial Conduct Authority with respect to both itself and the AIFs that it manages, as part of the Annex IV reporting.

This enhanced reporting should give our investors comfort that WyeTree is operating under an even tighter compliance regime.

If you are interested in learning more about our preparation for AIFMD, please feel free to contact damian@wyetreeam.com

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