

ITERAM : A DOOR TO SWITZERLAND AND EUROPE

ALEXANDRE COL AND MANUEL GARZELLI, OF ITERAM, OUTLINE THE RECENT STEPS THE FIRM HAS TAKEN TO AID MANAGERS IN ACCESSING THE SWISS AND EUROPEAN MARKETS



Alexandre Col is CEO/CIO of Iteram Investments. He ran the Multi-Management business of the Edmond de Rothschild Group for 20 years as well as the Asset Management in Switzerland, and was a member of the Executive Committee of the bank. He launched Prifund Alpha Uncorrelated, which became at the time one of the largest FoHFs worldwide. He also launched the first ever Real Estate SICAV in Switzerland. He was deeply involved in the revision of the LPCC (CISA) in 2011, and was awarded many times in various strategies, mostly in alternatives.

HFMWeek (HFM): How do you perceive Switzerland within the European Union integration?

Alexandre Col (AC): In the middle of the ocean that is the European Union countries, there is a small isolated island: Switzerland. However, as soon as Brexit is implemented, Switzerland will no longer be alone. We feel much solidarity towards the UK regarding all the administrative bothering that it will face once out of the European Union. It will be comforting to no longer be alone at the empire's doors. Will it mean that we should remain outside? The question is open.

Manuel Garzelli (MG): Switzerland, a small country compared to the European Union, has been able to be competitive despite having limited access to the European single market. Switzerland has been good at aligning itself with EU legislation (LPCC revision in 2012). With the upcoming arrival of LSFIN (effectively a translation, into Swiss law, of Mifid II), an important step will be achieved in creating a regulatory environment that meets the EU requirements and, in consequence, should facilitate access to the European market for Swiss-based actors.

HFM: Iteram was founded with one company in Switzerland and another in Luxembourg. What were the reasons for this double incorporation?

AC: To have an asset management company in Switzerland means facing additional difficulties since you are not within the EU. When Iteram was launched, three years ago, we immediately felt the need to have a ManCo incorporated within the EU. After 20 years within the Edmond de Rothschild Group, we have developed strong convictions about the necessity of a holistic and integrated vision for our business. A portfolio manager cannot manage without taking into account the right structure of an investment vehicle. Therefore, we create,

manage, assume the risk control and the administrative follow-up, represent and distribute investment vehicles ourselves. Only the integration of all these services enables us to utilise a synergistic approach.

MG: Iteram's structure allows us to offer Swiss, European and non-European clients easy access to European and Swiss markets under the same organisation and with the full range of services required. We can help asset and wealth managers set up their own regulated investment funds or rent compartments (sub-funds) in existing Luxembourg funds which is a more cost-efficient solution. Iteram is the perfect gateway for investors who wish to access Switzerland and Europe in an efficient way.

AC: Regarding the incorporation of funds, managers deserted Switzerland a long time ago; Luxembourg has since become the 'place to be'. However, Geneva is still the place for international clients!

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HFM: You have recently announced a merger with another Swiss fund specialist -- could you tell us more about it?

MG: Iteram Capital and Swiss-RepCo have joined forces to offer a high quality service to clients who are willing to access the Swiss market with a representative agent and distribution of foreign collective investment schemes to qualified investors. The partners have been involved in the fund industry for a considerable timespan, and have an extensive track record in investing and structuring. We provide regulatory oversight and supervisory services in relation to the distribution of any funds shares or interests into the Swiss market, and act as the Swiss representative for foreign funds distributed in Switzerland, enabling full regulatory compliance with Finma. The merger remains subject to the regulatory approval of Finma.



AC: Few leading providers are able to deliver and meet the high standards required by the regulators. Furthermore, we have a deep and real understanding of the underlying assets, which is key in this business.

HFM: Are you looking at other partnerships?

AC: In Luxembourg, we are merging with the Frédéric Hottinger’s wealth management company. This will enable us to strengthen our activities within wealth management. With a history spanning over two-hundred years, the name Hottinger has been a major reference in the field of wealth management. The merger has received the regulatory approval by CSSF.

MG: We are also looking to partner with smaller FoHFs that might have operational hurdles due to their size or lack of resources. Investing in hedge funds requires a solid asset base in order to reach the high minimum investment amounts required by top hedge fund managers, as well as thorough due diligence capabilities.

We have been managing FoHFs for almost two decades and managed one of the largest of its kind globally while at Edmond de Rothschild Group. With our longstanding experience and know-how, strong industry network and rigorous investment procedures, we are able to offer a solid partnership with access to the industry’s leading hedge fund managers and a reservoir of new talent.



Manuel Garzelli is the managing director of Iteram Capital and has been in the fund industry for over 13 years. Before joining Iteram, he headed the Alternative Investment team division of the Edmond de Rothschild Group in Switzerland. He was a member of the Private Bank asset management supervision committee and a member of the alternative investment committee. He holds the CAIA designation and is a member of the CFA Institute and the CFA Society Switzerland.

HFM: How do you see the alternative investment landscape developing in future?

MG: The appetite for alternative investments has generally been pushed by investors’ desire to invest in strategies that are uncorrelated to traditional asset classes, including private debt, specialty finance and real estate investments. Bank disintermediation has created investment opportunities due to tighter regulatory capital rules. This has prompted us to further expand our product offering alongside our hedge fund investments, as we believe that these alternative income strategies (such as bridge financing, direct lending, asset leasing and music royalties) will continue to do well in the years ahead.

Regarding the hedge fund industry, the trading environment has become more challenging in the past few years for active managers as the lack of volatility has stifled more unique opportunities. However, we remain positive in the outlook for hedge fund investments, as complacency in the markets has pushed risk assets higher. We believe that the hedge fund industry will benefit from the change and normalisation of monetary policies, with central banks being less supportive of all assets. This should lead to differentiation across assets as investors are starting to focus more on fundamental investing. The uptrend in interest rates, currency fluctuations and greater price dispersion across securities should be a fertile playground for hedge fund managers going forward. ■

ITERAM

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in the fund industry



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company

Asset/Fund management

Fund Structuring
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Representation & Distribution
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