



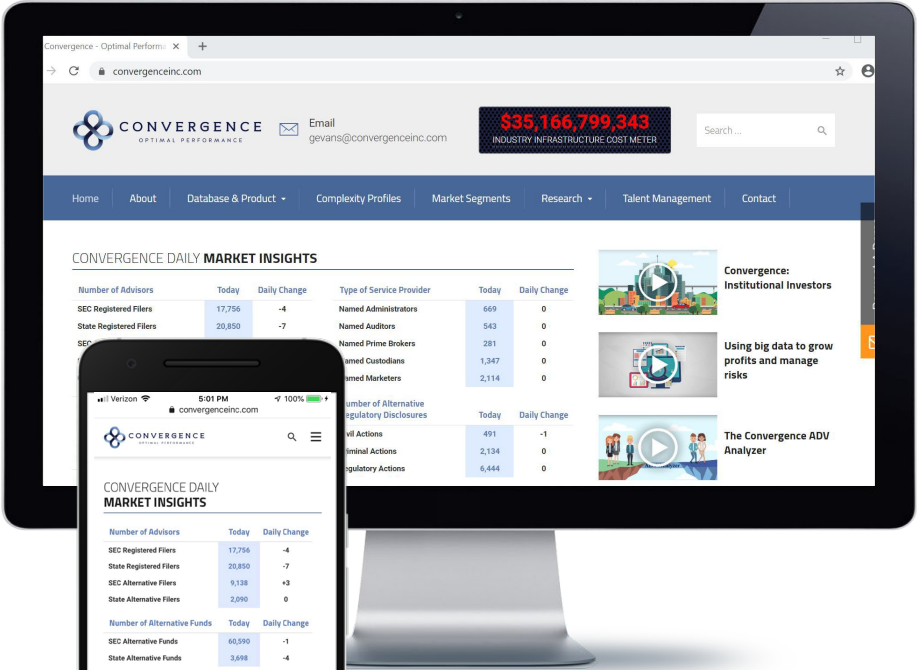
CONVERGENCE
OPTIMAL PERFORMANCE

Convergence Insights

The Trend in US Investment
Advisers Raising Funds and
Assets in Europe

Fiscal Years
2019-2021

November 2022



Email
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\$35,166,799,343
INDUSTRY INFRASTRUCTURE COST METER

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CONVERGENCE DAILY MARKET INSIGHTS

Number of Advisors			Type of Service Provider		
	Today	Daily Change		Today	Daily Change
SEC Registered Filers	17,756	-4	Named Administrators	669	0
State Registered Filers	20,850	-7	Named Auditors	543	0
SEC Alternative Filers	9,138	+3	Named Prime Brokers	281	0
State Alternative Filers	2,090	0	Named Custodians	1,347	0
			Named Marketers	2,114	0
Number of Alternative Funds			Number of Alternative Regulatory Disclosures		
	Today	Daily Change		Today	Daily Change
SEC Alternative Funds	60,590	-1	Regulatory Disclosures	491	-1
State Alternative Funds	3,698	-4	Final Actions	2,134	0
			Regulatory Actions	6,444	0

Convergence Institutional Investors

Using big data to grow profits and manage risks

The Convergence ADV Analyzer

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SEC Registered Filers	17,756	-4
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SEC Alternative Filers	9,138	+3
State Alternative Filers	2,090	0

Number of Alternative Funds		
	Today	Daily Change
SEC Alternative Funds	60,590	-1
State Alternative Funds	3,698	-4

Value of Industry Assets (USD Billions)		
	Today	Daily Change
Regulatory Assets	87,445.30	-14.34
Alternative Assets	16,472.00	-8.03

See how Convergence Daily Market Insights can help you. [Request A Demo Today!](#)

Type of Service Provider		
	Today	Daily Change
Named Administrators	669	0

FUND INTELLIGENCE
OPERATIONS & SERVICES AWARDS
2021

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Introduction

- US investment managers continue to find and execute attractive fundraising opportunities in Europe. Selecting the right partners and setting up and managing a European vehicle can be simple, cost effective, low risk and profitable. With European allocations to U.S. managers growing, it is time to consider expanding your portfolios in Europe and diversifying your client base.
- European investors have become more sophisticated and demanding of their managers, in terms of transparency and reporting and as a result are being more selective in their fund choices. Yet an increasing number of U.S. Managers of all sizes are moving into the European market, supported in large part by European “Manco’s.”
- Selecting the right Manco is key to setting-up and launching funds in Europe relatively easily and quickly, marketing those offerings effectively and managing them efficiently.
- This report reviews the number, type and value of funds launched by US advisers between 2019-2021.

Convergence Insights - US Advisers Launching Funds in Europe

Total EU Funds		
19-21	%	CAGR
+1,946	+49%	+14%

Total AIFMD Funds		
19-21	%	CAGR
+1,232	63%	+17%

Total UCITS Funds		
19-21	%	CAGR
+714	37%	+11%

EU Funds - Bullish

Since 2019, US advisers launched 1,946 new funds in Europe, an increase of 49% and a 14% CAGR.

New funds sponsored under the AIFMD directive totaled 1,232 of the 1,946 funds launched, or 63% of total funds launched and a CAGR of 17%, exceeding UCITS funds which represented 37% of the total funds launched.

Total EU Assets		
19-21	%	CAGR
+\$1.48tr	+79%	21%

Total AIFMD Assets		
19-21	%	CAGR
+\$586bn	40%	21%

Total UCITS Assets		
19-21	%	CAGR
+\$889bn	60%	21%

EU Assets – Bullish

Since 2019, US advisers raised \$1.45tr in assets in Europe, an increase of 79% and a 21% CAGR.

New asset raised under the UCITS directive totaled \$889bn of total European assets raised, or 60%, and a CAGR of 21%. Assets raised under AIFMD accounted for 41% of the total asset raised. CAGRs for each were 21%.

Total US Advisers Added		
19-21	%	CAGR
+273	47%	21%

<\$1bn		
19-21	%	CAGR
+112	41%	17%

>\$1bn		
19-21	%	CAGR
+161	59%	23%

US Advisers – Bullish

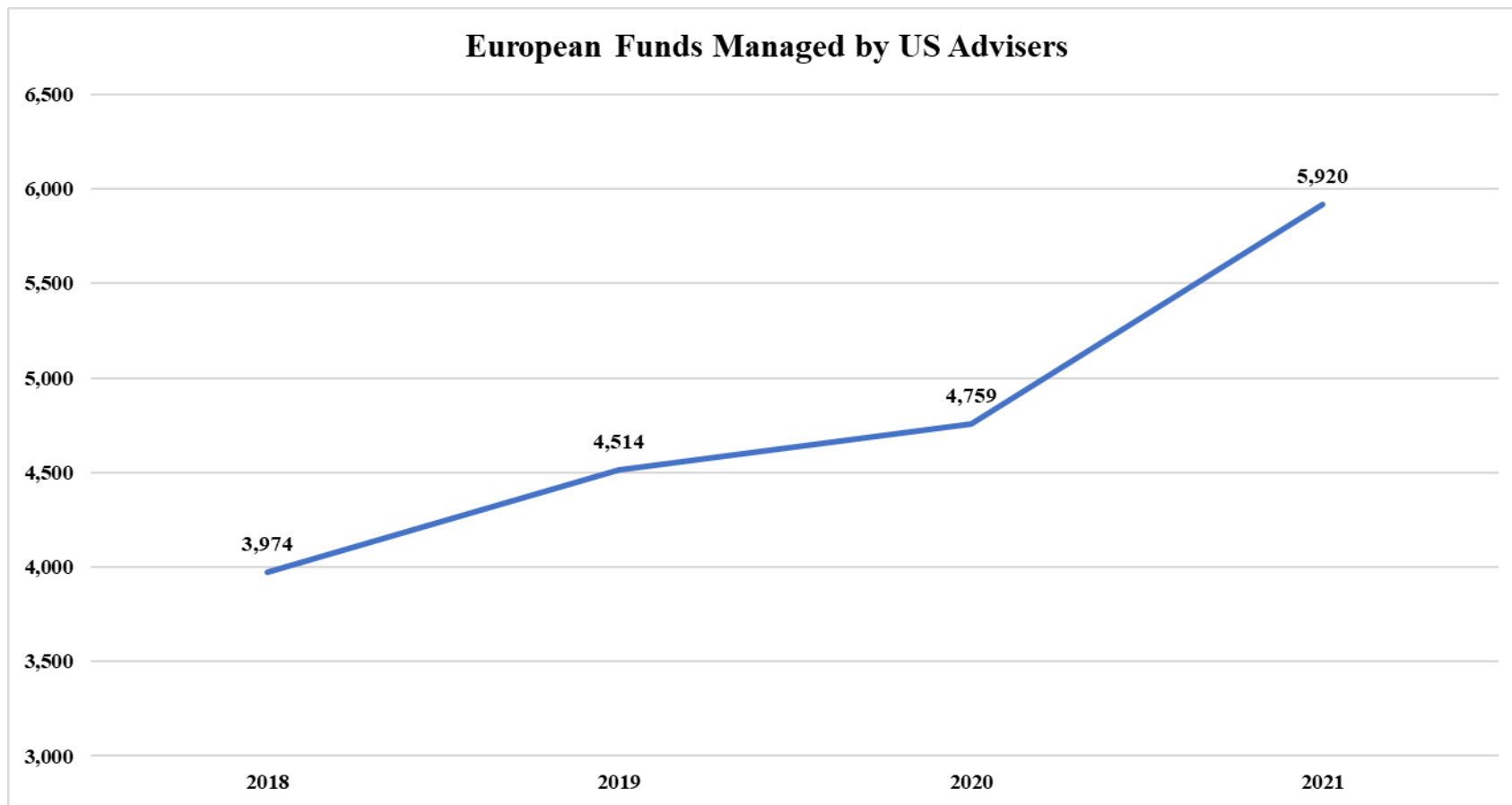
Since 2019 the number of US advisers launching funds for the first time in Europe increased by 273, an increase of 47% and a 21% CAGR.

Of the 273 first time US advisers, 112, or 41% managed AuA of less than \$1bn and 161 managed AuA more than \$1bn. US advisers of all sizes are expanding to Europe.

European Funds and Assets Advised by US Investment Advisers

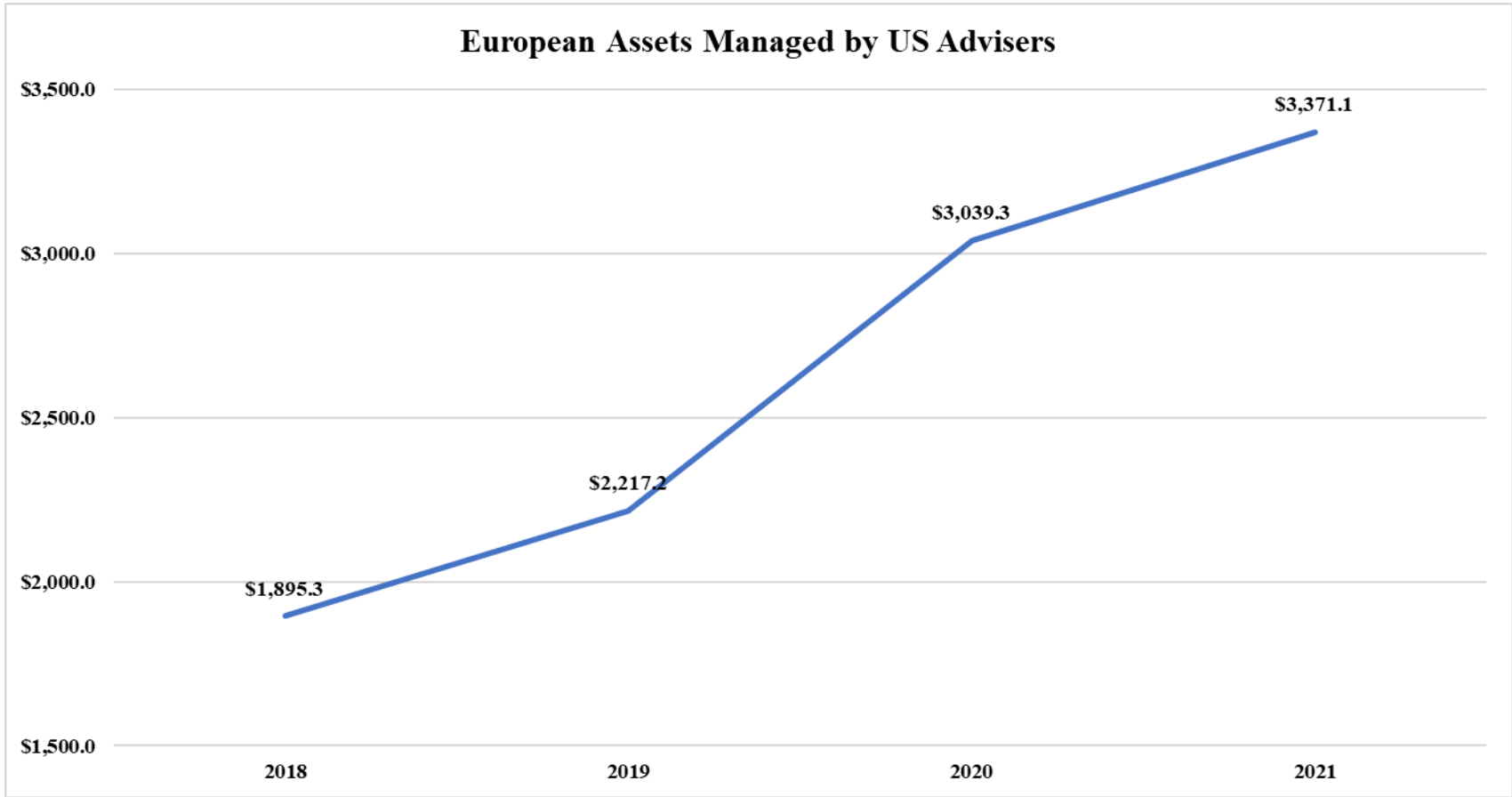
Total European Funds Managed by US Advisers

- US investment advisers managed **5,920** EU funds at the end of 2021, an increase of **1,946** funds, or **49%** since year-end 2018, representing a CAGR of **14.2%**



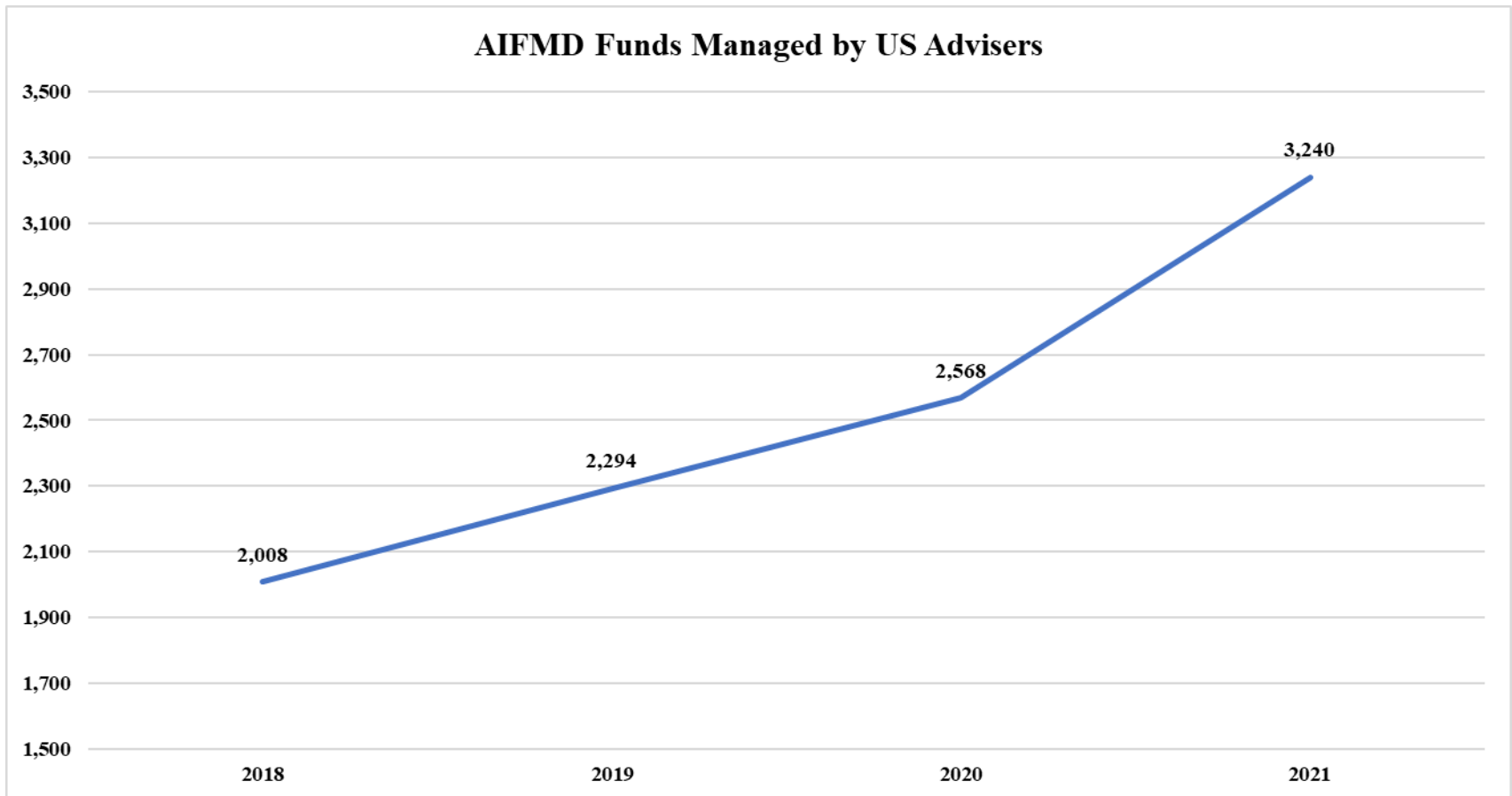
Total European Fund Assets Managed by US Advisers

- US investment advisers managed assets of **\$3.37tr** in EU funds at the end of 2021, an increase of **\$1.48tr**, or **79%**, since year-end 2018, representing a CAGR of **21.2%**



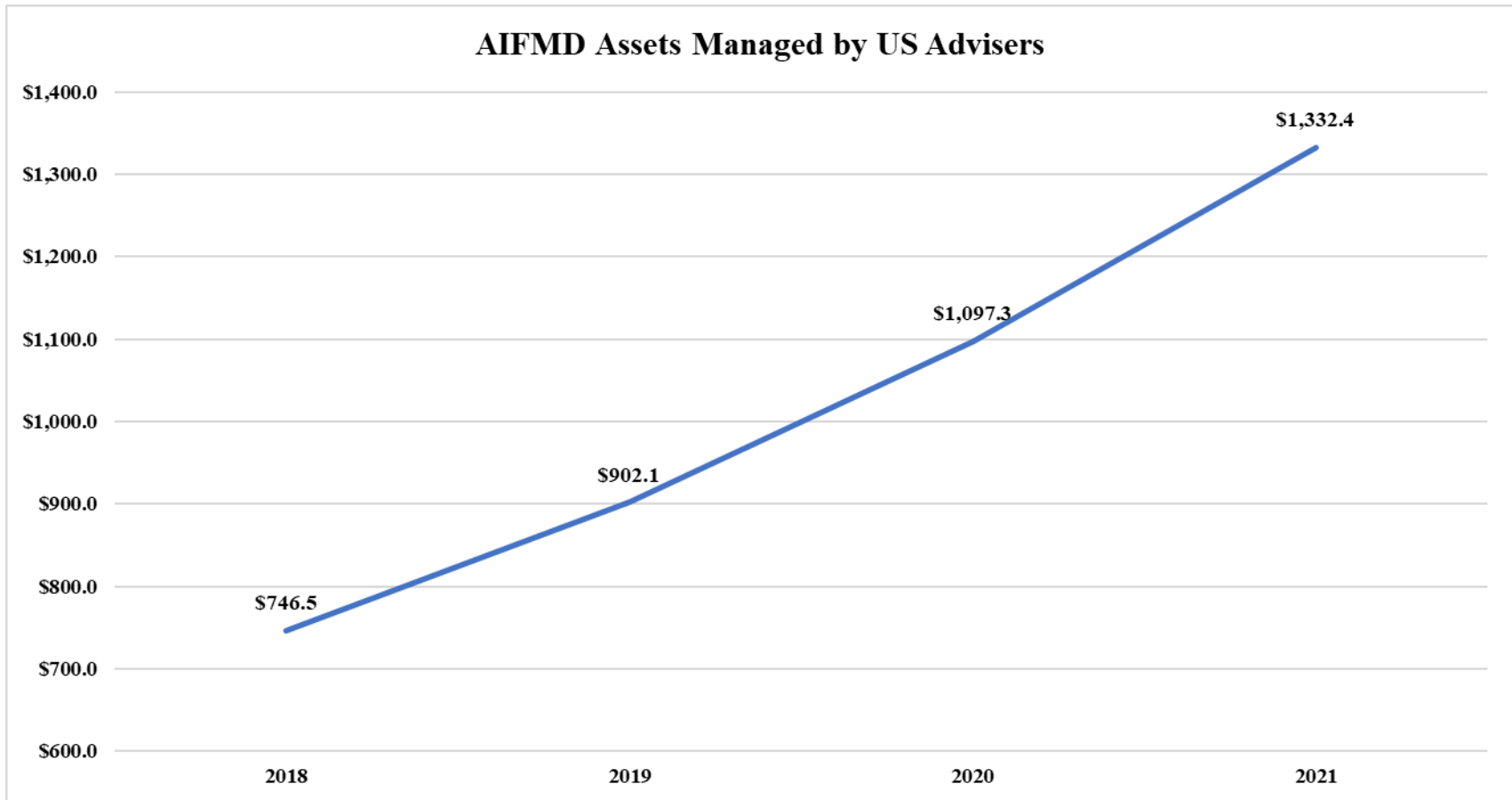
AIFMD Funds Managed by US Advisers

- US investment advisers managed **3,240** EU AIFMD funds at the end of 2021, an increase of **1,232** funds, or **61.4%** since the beginning of 2019, representing a CAGR of **17.3%**



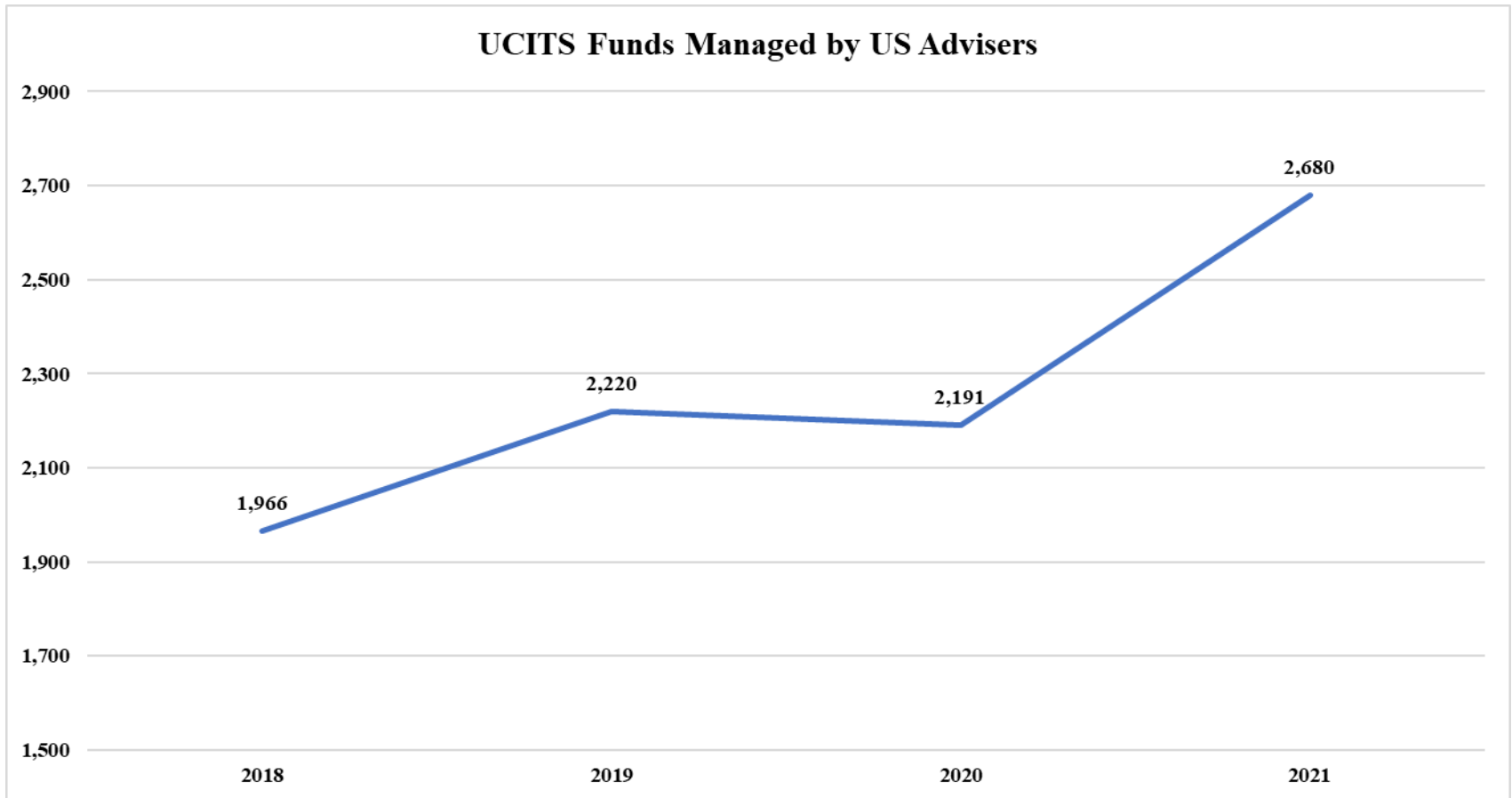
AIFMD Assets Managed by US Advisers

- US investment advisers managed **\$1.3tr** EU assets at the end of 2021, an increase of **\$585.9bn**, or **78.5%**, since the beginning of 2019, representing a CAGR of **21.3%**



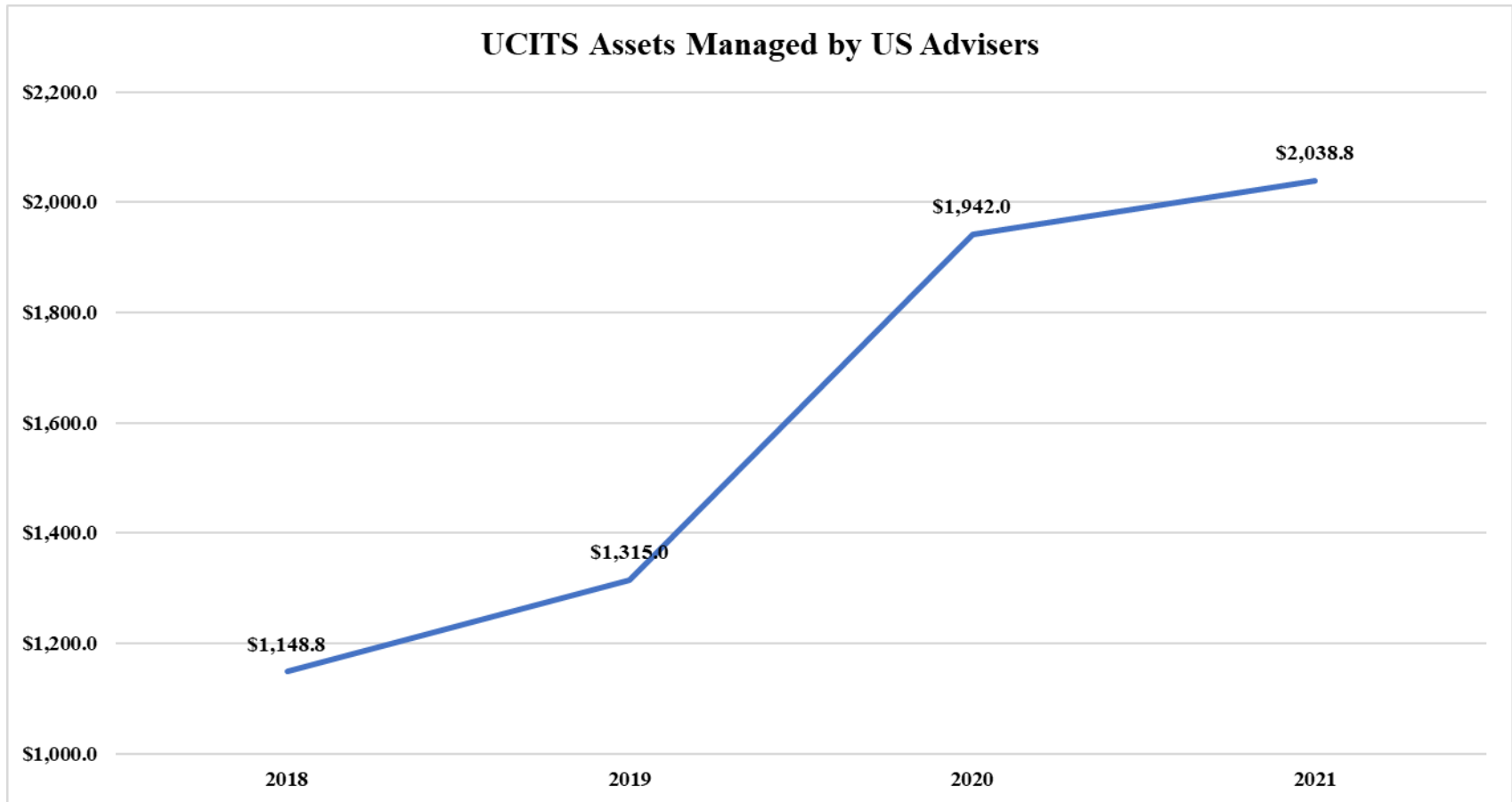
UCITS Funds Managed by US Advisers

- US investment advisers managed **2,680** UCIT funds at the end of 2021, an increase of **714** funds, or **36.3%** since the beginning of 2019, representing a CAGR of **10.9%**



UCITS Assets Managed by US Advisers

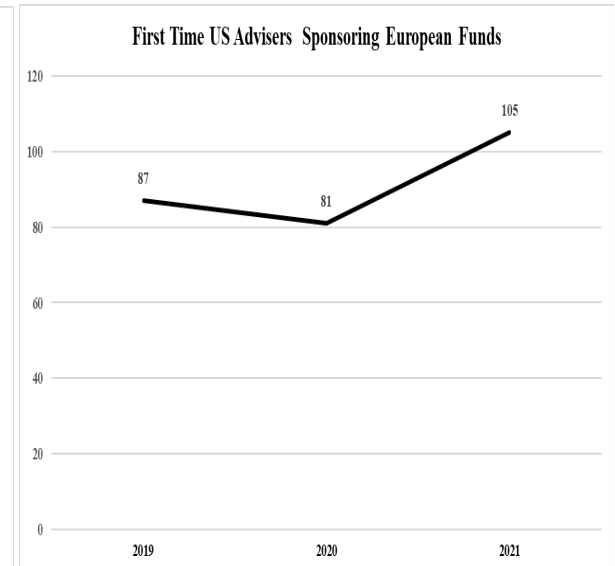
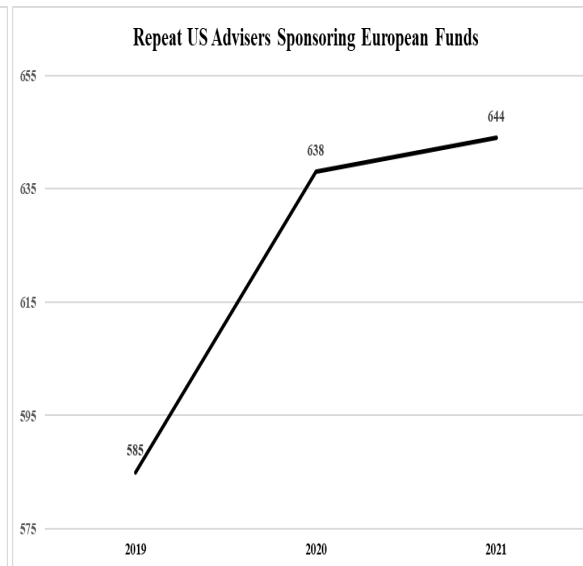
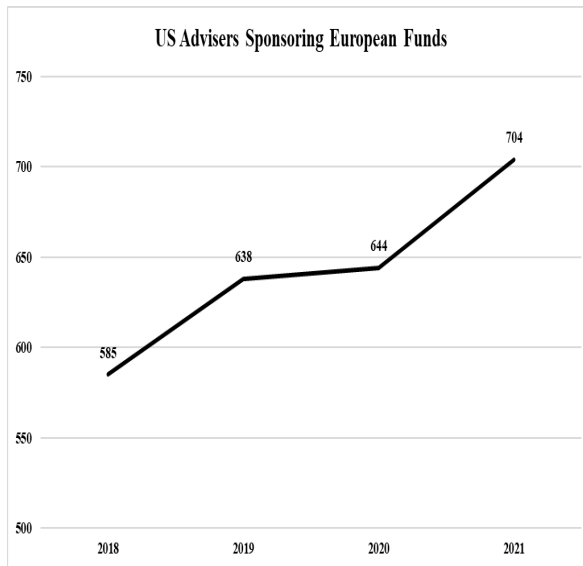
- US investment advisers managed UCITS assets of **\$2.03tr** at the end of 2021, an increase of **\$889.9bn**, or **77.5%**, since the beginning of 2019 and represents a CAGR of **21.1%**



US Advisers Managing European Funds

US Advisers Sponsoring Funds in Europe

- The number of first-time and repeat US investment advisers sponsoring funds in Europe increased from 585 to 704, up a net of 119, or 20%, representing a CAGR of 6%.
- The net of 119 new US Investment advisers includes 273 that entered Europe for the first time and 154 that no longer operate in Europe.
- It is worth noting that in 2021 US advisers resumed expanding into Europe at roughly the same rate as they did pre-Covid. The post-Covid growth rate of 9.3% (2021/2020) is equivalent to the pre-Covid growth rate of 9.1% (2019/2018). During the Covid shutdown, the growth rate was 1%.



US Advisers Launching Funds in Europe – by Size

- Of the US investment advisers raising capital in Europe between 2019-2021:
 - 112, or 41% managed total assets of below \$1bn
 - 161, or 59% of US advisers had regulatory assets above \$1bn

Regulatory Asset Size of Issuing Advisers					
Size	2019	2020	2021	Total	% Total
1. <\$100MM	14	12	20	46	17%
2. \$100MM-\$250MM	6	4	12	22	8%
3. \$250MM-\$500MM	5	8	7	20	7%
4. \$500MM-\$1BN	7	8	9	24	9%
5. \$1BN-\$5BN	24	19	22	65	24%
6. \$5BN-\$25BN	20	21	23	64	23%
7. >=\$25BN	11	9	12	32	12%
Total	87	81	105	273	100%

Conclusion

- Under current business conditions, extracting solid performance, managing higher operational and regulatory costs and growing assets under management continues to be challenging for U.S. alternative fund managers.
- More U.S. investment advisers are expanding into the European market and growing their assets and diversifying their client base. There does not appear to be a significant bias in the size of the U.S. adviser. In fact, 41% of all first-time U.S. advisers expanding in Europe had assets less than \$1bn and 59% had more than \$1bn.
- What U.S.-based advisers need to do to seize this opportunity is to have a strong yet responsive fund support framework in place to meet EU investors' needs. Ultimately this requires that they put forth offerings that are familiar, easy for investors to understand and instill confidence in governance and compliance. Setting up and operating alternative funds in the EU is not as complicated as it may seem to U.S.-based alternatives managers because of the emergence of European Management Companies (Mancos) capable of providing fundraising, trading and infrastructure support.

Please contact George Gainer at 856-287-1681 to arrange a meeting with Convergence's European Management Company partner.

The Convergence Leadership Team



John Phinney, Chairman and CEO

Career History

- ❖ Apollo Global Management-Fund Group: CFO/COO, Rohatyn Group: CFO/COO, JPMorgan [Various Divisions]: CFO, Fidelity Alternative Investments: Director of Operations
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George Evans, Co-President and Chief Revenue Officer

Career History

- ❖ Gladstone Associates: Managing Director, GlobeOp Financial, Outsource Partners International, BISYS Financial Services: Global Head of Business Development, JPMorgan Investor Services: Senior Vice President, The Prudential: Assistant Treasurer
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Eileen Cleary, President, Convergence Talent Management

Career History

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Alison Rozbruch, JD, Managing Director, Law Firms-RIAs

Career History

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George Gainer, CPA Global Head – Client Management

Career History

- ❖ Gravitas: Finance & Business Performance Analyst, Apollo [through Gravitas]: Business Analysis & Reporting, Iron Mountain: Acquisition Accounting Manager, KPMG: Transaction Services Manager, Deloitte: Audit Senior Staff
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David Etzbach, Managing Director, Custodians and Allocators

Career History

- ❖ Nod Hill Investment Partners, Founder, Steinberg Asset Management, Managing Director, Fidelity Investments / Pyramid Global Advisors, Senior Vice President, Credit Suisse Asset Management, Director, Citigroup Asset Management / Legg Mason, Director / Vice President, JP Morgan - Global Investor Services, Vice President, Bankers Trust
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Carl Versella, Managing Director – Capital Markets

Career History

- ❖ Goldman Sachs - Prime Brokerage, Morgan Stanley, Prime Brokerage, Director Client Service & Control, Tiger Management, Director of Middle Office Operations, Credit Suisse: Director of Hedge Fund Services, Rothstein Kass- Advisory Principal HC Associates, LLC - President and Chief Operating Officer
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Vidya Minukuri, Global Head of Data Science & Research

Career History

- ❖ Tata Consultancy Services: Assistant Business Consultant & Project Manager, British Telecom [through TCS]: Lead Business Analyst & Solution Architect, Ericsson [through TCS] : IT Systems Engineer and IT development team leader
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