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# Asset Management Insights

Issue 2, February 08

Selected publications from Ernst & Young Global Asset Management

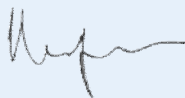
# Asset Management Insights

Welcome to the second issue of 'Asset Management Insights', collecting together global publications from Asset Management at Ernst & Young. We have included the recent global publications most relevant to asset management professionals. We hope you find them useful.



All publications are available to download from [www.ey.com/assetmanagement](http://www.ey.com/assetmanagement). Click 'library' to browse or to search for these and many more publications.

If you have any questions regarding these publications, or require more information, please get in touch with the Global Asset Management Center using the contact details located at the back of this document.

A handwritten signature in black ink, appearing to read 'Ratan Engineer'.

**Ratan Engineer**

Global Asset Management Leader

# Latest Releases

## Alternative Asset Management QuickNews – February 2008

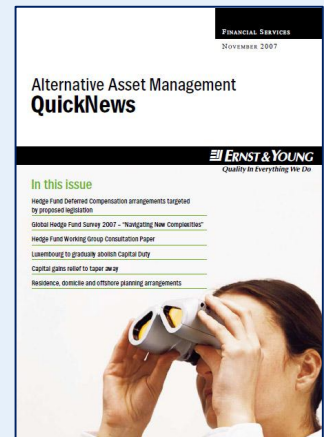
Published monthly by Ernst & Young UK

A monthly synopsis of major news and events in the asset management industry.

### In this issue:

- FASB confirms deferral of FIN 48 effective date for Non-Public Enterprises
- Hedge Fund Working Group – Standards of Best Practice (Part 1)
- Hedge Fund's Groundwork for Growth
- Proposed changes to the taxation of non-UK domiciliaries

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## Asset Management News – Volume 1, Issue 2 – February 2008

Published quarterly by Ernst & Young Americas Asset Management Center

Asset Management News is a quarterly publication featuring the latest in technical and industry news and also what we're hearing and learning both inside and outside Ernst & Young in the Americas.

### Featured articles include:

- Tools for testing: How analytical techniques can improve compliance.
- I can see clearly now: Moving toward hedge fund transparency.
- Spotlight: Fund managers face more tax paperwork .
- Achieving greater efficiency in capital markets trading.
- Spotlight: Reporting, tax, and regulatory update for registered investment companies.
- Sovereign wealth funds boost investment in private equity.

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## Hedge Funds Update – January 2008

Published quarterly by Ernst & Young Netherlands

We are very pleased to present you with a new issue of our quarterly newsletter Hedge Funds Update. The purpose of this quarterly newsletter is to bring readers up-to-date on specific hedge-fund and other alternative investments-related news that has been published in recent months. This newsletter focuses on features that are most relevant for Dutch hedge fund managers and administrators and, of course, the increasing number of institutional investors. Most of the hedge fund business in the Netherlands is driven by trends and regulations in places like the Netherlands, US, UK, Cayman Islands, British Virgin Islands and Bermuda. Consequently, there is a strong focus on trends and news affecting the hedge fund industry in these jurisdictions.

We have used a range of public sources and results of public surveys and studies to compile this newsletter. Where applicable, the sources are stated. Hedge fund specialists of several Ernst & Young service lines contribute to this quarterly newsletter.

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## The Luxembourg Financial Connection – Issue 8, December 2007 for Executives in Financial Services

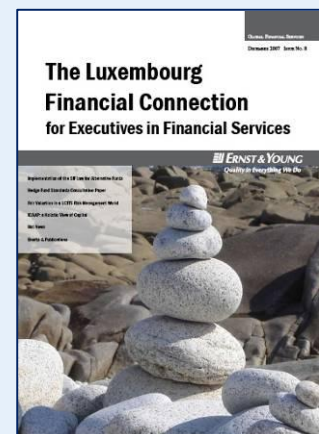
Published every 6 months by Ernst & Young Luxembourg

Ernst & Young Luxembourg has just published the eighth issue of the Luxembourg Financial Connection. This latest issue includes 4 articles and nearly 40 new items on Luxembourg, EU and international developments.

Topics covered in this issue include:

- The New Specialised Investment Fund,
- The new UCITS III Risk Management Circular
- Hedge Funds standards
- The cut in Capital Duty and VAT developments

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## IFRS 7 Financial Instruments: Disclosures

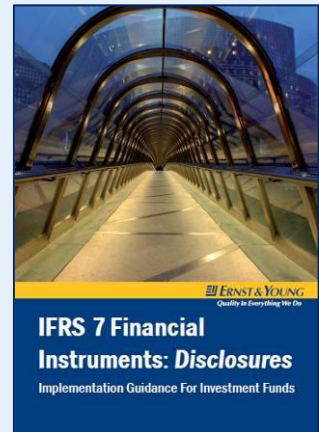
### Implementation Guidance For Investment Funds

Produced by Ernst & Young IFRS team, Jan 08

This guide provides an overview of IFRS 7 and its application to funds. It considers the implementation issues, and highlights the main differences compared with the previous disclosure requirements. It should be read in conjunction with our publication, International GAAP 2007, which sets out the required accounting treatment for financial instruments and much of the terminology used in IFRS 7.

The guide has been prepared specifically for the investment funds industry and contains information on the requirements of IFRS 7 generally, as well as illustrations of the types of disclosure that a fund may make. Please note that the illustrative examples used in this guide are not necessarily applicable to other industries. We recommend that any entity that is not a fund refers to the Second Edition for the types of disclosure that may be required to meet the disclosure requirements of IFRS 7.

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## Real Estate IFRS Financial Statements Survey - 2007

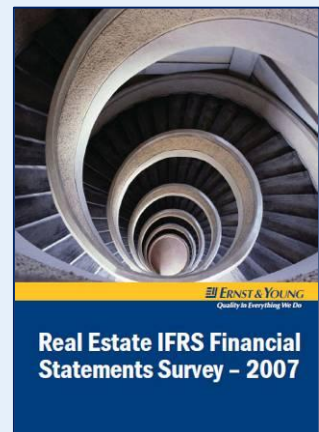
Produced by Ernst & Young IFRS team

In September 2006, in the Ernst & Young publication, 'Observations on the Implementation of IFRS', we compared certain accounting policies of nine property companies. This year, we have selected a larger sample of twenty five major listed property companies and looking in more details at the complex areas of accounting that are prevalent in this sector.

Our analysis of the results includes :

- Measurement of investment and development property
- Disposals of complete and incomplete investment property
- Goodwill
- Taxation

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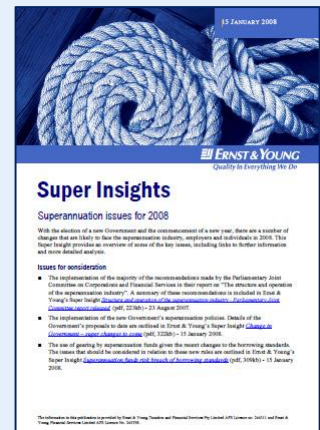
## Super Insights: Superannuation Issues for 2008

Published by Ernst & Young Australia, Jan 08

With the election of a new Government and the commencement of a new year, there are a number of changes that are likely to face the Australian superannuation industry, along with employers and individuals in 2008.

This Super Insights provides an overview of some of the key issues, including links to further information and more detailed analysis.

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## Endeavour Managed Investment Scheme

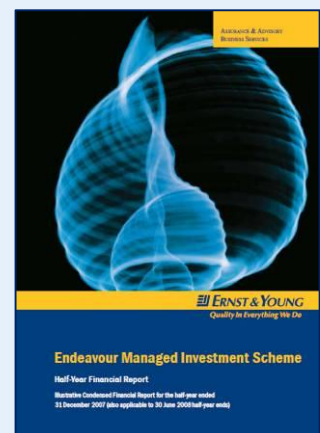
### Half-year example financial report, Dec 2007

Published by Ernst & Young Australia, Oct 07

This edition illustrates the financial report for the half-year ended 31 December 2007 for a registered managed investment scheme and also applies to 30 June half-years, produced under the reporting requirements of the Corporations Act 2001 and Australian equivalents to International Financial Reporting Standards (AIFRS).

This illustrative condensed financial report is also applicable to 20 June 2008 half-year ends.

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## Spanish Capital Gains Tax Exposure

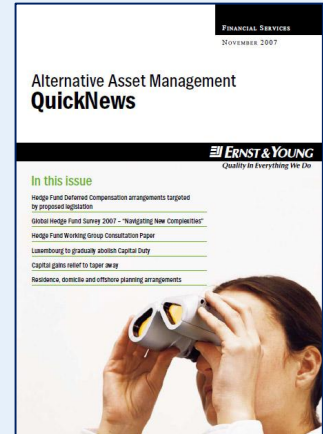
### Alternative Asset Management Special Edition

Published by Ernst & Young UK

As a follow up to our April 2007 alert, we again draw attention to the potential impact of Spanish capital gains tax on shares.

Where a hedge fund is established in a haven territory and has direct ownership of Spanish shares the capital gains tax will apply. Hedge funds should review their holdings in Spanish shares and consider whether they are currently in compliance.

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# Recent Publications

## Observations on IFRS for Investment Managers

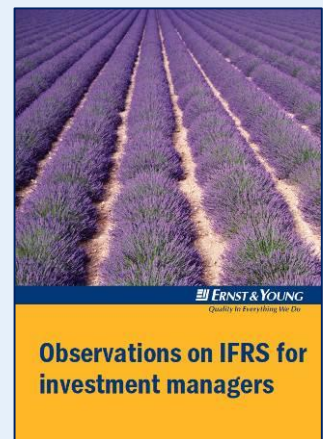
Published by Ernst & Young IFRS team, Nov 07

### Developing Best Practice for IFRS

Even though IFRS has been widely adopted, inconsistency is still occurring in financial statements due to a lack of generally accepted custom and practice. *Observations on IFRS for Investment Managers* examines the 2006 financial statements of seven UK companies and focuses on initial or up-front fees, management fees, segment reporting and other issues specific to asset managers.

This publication is a supplement to Ernst & Young's published review of 65 of the world's largest companies, *Observations on the Implementation of IFRS*. This supplementary report presents facts about the IFRS accounting policies and practices adopted by a sample of investment managers.

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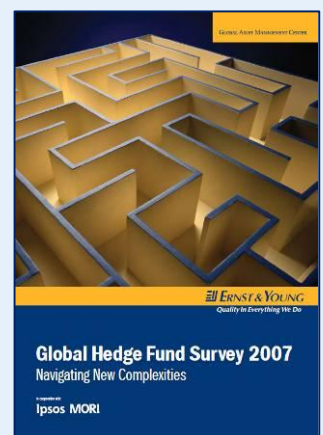
## Global Hedge Fund Survey 2007: Navigating the Complexities

Published by Ernst & Young Global Asset Management Center, Nov 07

The survey was carried out in cooperation with Ipsos MORI, an independent research company, across a number of leading global hedge funds and fund of fund managers. Interviews were conducted with principals and senior operational executives, typically the Chief Operating Officer, to understand their concerns and focus. The thoughts of senior executives at over 100 of the top global hedge funds are here in this report. The questions we asked were designed to focus their minds on the drivers of change in the industry, in particular their impact on process, technology, strategy and people.

The managers surveyed for this research represent some US\$900 billion in funds (approximately 55% of the entire industry). The global coverage of respondents includes 59% headquartered in the Americas; 26% in Europe; 14% in Asia-Pacific; and 1% other. The research was conducted via a 25-minute telephone interview, covering a broad range of industry topics. Interviews were conducted between April and August 2007.

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## The Markets in Financial Instruments Directive (MiFID)

### Key Milestones on the Critical Path for Asset Managers

Hosted by Ernst & Young Global Asset Management Center, Apr 07 (now archived)

While asset managers have typically set the wheels of their MiFID programmes in motion, many have not yet engaged with the real business issues such as relations with clients, distributors and brokers, and operational impacts have not been fully mapped out.

Proposed MiFID inducement rules may significantly affect the way asset managers do business with clients and brokers. At the same time there are significant concerns over implementing the new client classification regime in time and satisfying best execution requirements. And inevitably, the implications of all of these challenges for data and technology infrastructure are immense, ranging from data acquisition issues through to architecture design and testing.

This webcast focuses on current trends in implementation and seeks to answer some of the burning questions asset managers and the distributors of asset management products are likely to have.

**View archived webcast:** <http://webcast.ey.com/thoughtcenter> (click 'industry specific' > 'asset management')



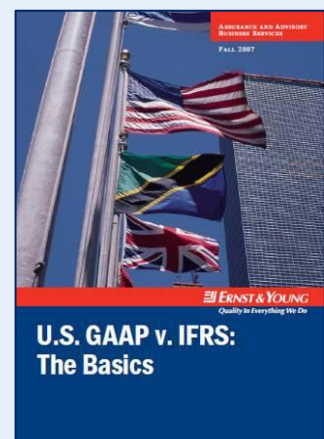
## US GAAP v. IFRS: The Basics

Published by Ernst & Young US, Fall 07

It is not surprising that many people who follow the development of worldwide accounting standards today might be confused. Convergence is a high priority on the agendas of both the U.S. Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) – and “convergence” is a term that suggests an elimination or coming together of differences. Yet much is still made of the many differences that exist between U.S. GAAP as promulgated by the FASB and the International Financial Reporting Standards (IFRS) as promulgated by the IASB. This apparent contradiction has prompted many to ask just how different are the two sets of standards? And where differences exist, why do they exist, and when, if ever, will they be eliminated?

In this guide, “U.S. GAAP v. IFRS: The Basics,” we take a top level look into these questions and provide an overview, by accounting area, both of where the standards are similar and also where they diverge.

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## Tax Efficient Fund Structuring in the Netherlands

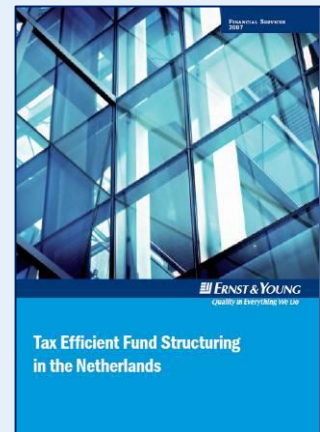
Published by Ernst & Young Netherlands, Sep 07

"For several decades now, the Netherlands has been the country of choice for many multinational corporations to establish regional headquarters, a treasury department or a holding company. During the last few years, the Netherlands has increasingly positioned itself also as a preferred location for investment funds. We are witnessing a dramatic increase in fund sponsors and asset managers setting up Dutch vehicles for holding international investments, especially in the alternative assets segment.

"This brochure provides institutional investors, asset managers, fund promoters and their advisers with a general understanding of the advantages of the Netherlands as a location for investment funds, the types of funds available and the main tax, regulatory and reporting aspects.

"As you will see, with a number of different beneficial tax regimes to choose from, the Netherlands is positioning itself as a favourable jurisdiction for setting up international investment funds."

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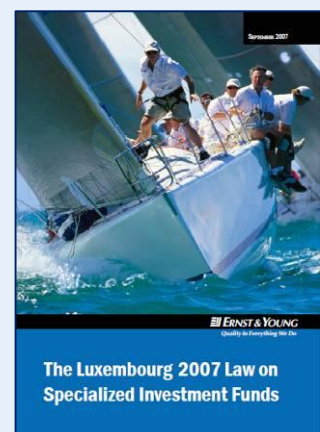
## The Luxembourg 2007 Law on Specialized Investment Funds

Published by Ernst & Young Luxembourg, Sep 07

Luxembourg has introduced a new law for investment funds to be distributed to "informed investors". The new law on Specialized Investment Funds (the "SIF Law") significantly simplifies the rules for setting up fund structures such as hedge funds, real estate funds and private equity funds, greatly enhancing Luxembourg as a "domicile of choice" for such products. It replaces the 1991 institutional investor fund law (the "1991 Law").

This publication summarises the implications of the new law, including exploring the drivers for change, the impact on the stakeholders, the process for establishing a SIF and the requirements for reporting, taxation and expenses.

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## Eye on Finance: Asia, Spring 2007

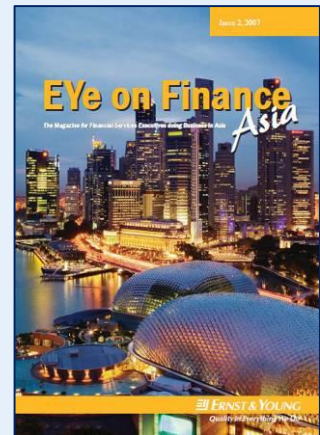
*The magazine for Financial Services Executives doing business in Asia*

Published quarterly by Ernst & Young Asia Financial Services Center

"In this issue, we focus on a number of features, first and foremost, on the myriad changes that are transforming the trading environment as stock exchanges consolidate, go public and become more global, and as automation continues to escalate."

- Trading Places: Broker-Dealers Adapt to Change
- Thai Banks on the Road to Implementing IAS 39
- Is Your Internal Audit Function Effective?
- IFRS 7: Practical Challenges in Applying the New Disclosure Requirements
- The Audit Committee in the Age of Risk
- Auditing Asia
- Issues and Challenges for Internal Audit under Basel II

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## Insight: Switzerland

*For Executives in Financial Services*

Published by Ernst & Young Switzerland, Autumn 07

Featured articles include:

- Metrics in business process outsourcing
- Outsourcing and shared services as a challenge for IT
- Shared services centers: VAT implications
- M&A: integration is about people
- Managing IT risk and data security
- The appointed actuary: outsourcing means greater assurance
- Quantitative impact studies for Solvency II
- Obtaining comfort on a service provider's internal controls
- Risk convergence – from business pain to business gain

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## CrossCurrents – issue 31, Fall 2007

*The Magazine for Financial Services Executives*

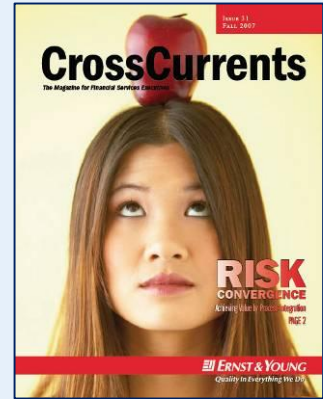
Published quarterly by Ernst & Young US

CrossCurrents is a quarterly Ernst & Young publication featuring content provided by our financial services practice, covering Asset Management, Banking & Capital Markets and Insurance around the globe.

Featured articles include:

- Risk Convergence: Achieving Value by Process Integration
- Trade Reporting and Surveillance: Staying Ahead of the Compliance Curve
- Discovering Risk Appetite
- To Securitize or Not to Securitize? That Is the Question
- Anti-Money Laundering: Risk Management or Compliance?

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## Nordic Asset Management Market

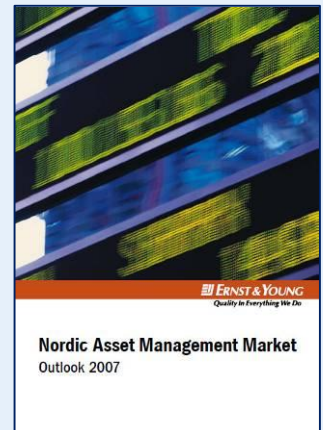
*Outlook 2007*

Published by Ernst & Young Sweden

“The 2007 Nordic Asset Management Market Outlook hits the market after a long period of strong market development and growth. This is clearly reflected in the survey results. Continued growth is on top of the agenda, even though compulsory compliance issues also keep management teams occupied (and mildly annoyed).

“The purpose of this survey is to shed light on the Nordic market. This year we focus specifically on distribution and outsourcing, themes that are or should be on the management agenda. Our hope and ambition is that the survey results, and the analysis and conclusions provided by Ernst & Young professionals will fuel discussions in the industry and within the management teams.”

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## Investment Funds in Luxembourg

### A Technical Guide

Published by Ernst & Young Luxembourg, Sept 07

Luxembourg has become one of the leading locations for investment funds. Since our last edition in September 2006, the Luxembourg fund industry has grown by over 22% with assets now exceeding Euro 2 trillion. Over half of the total increase of around Euro 3.67 billion came from new net sales. The growth has come from all sub-sectors – traditional, alternative (hedge funds, private equity and real estate) and the so-called sophisticated UCITS. The sophisticated UCITS in particular have created a lot of interest with all the global players creating such products for their clientele.

Our Investment Funds in Luxembourg technical guide provides an introduction to Luxembourg as a location for funds, the types of funds available and a summary of the regulations applicable to the formation and operation of funds. It also covers the regulations applicable to management companies based in Luxembourg.

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## Investment Funds in Ireland

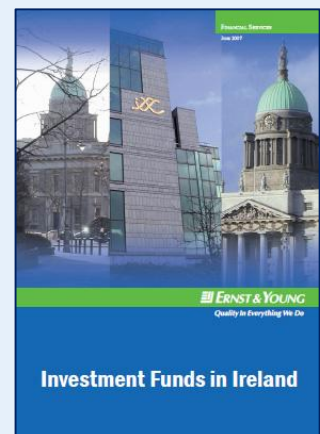
Published by Ernst & Young Ireland, June 07

Ireland has had a successful indigenous financial services industry for over 30 years. International financial institutions were attracted to Ireland following the establishment of the International Financial Services Centre (IFSC) in 1987 and the offer of a special low corporate tax rate of 10%. Although this tax regime has been phased out, all financial institutions, including non-IFSC based institutions, now enjoy a competitive standard corporate tax rate of 12.5%.

A number of innovative legislative initiatives, together with the introduction of a tax exemption for Irish domiciled funds in April 2000 and the opening up of Irish funds to Irish resident investors, has resulted in Ireland experiencing spectacular growth in the number of investment funds domiciled here.

This publication provides a general overview of the investment funds industry in Ireland, including the legal, regulatory and tax regime applicable to the formation and operation of funds in Ireland.

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