



ALTA SIGNA

Alta Signa:

**ASSET**

**MANAGEMENT**

[www.altasigna.com](http://www.altasigna.com)

# Asset Management / Private Equity



Asset management refers to the professional management of investments on behalf of clients. The mandate of an asset manager consists of determining what investments to make, or to avoid, that will grow a client's assets portfolio over time while mitigating the risks that fall outside a client's risk tolerance goal.

Most commonly, asset managers will invest in financial products such as shares, bonds, property, commodities, foreign currency, alternative investments and mutual funds. The customers or investors may be institutions (e.g. insurance companies, pension funds, corporations, charities, educational establishments) or private investors (e.g. retail, affluent, high net worth, ultra-high net worth).

The European financial regulation distinguishes two types of investment funds. The first category are the so called Undertakings Collective Investment in Transferable Securities ('UCITS'). UCITS are listed or unlisted, open-ended investment funds based in the European Union. They invest in transferable securities such as shares, bonds and cash. They are perceived as safe and well-regulated investments and are popular with investors who prefer not to invest directly in a single publicly listed company but rather among a diversified collective investment scheme.

The second category of funds are Alternative Investment Funds ('AIFs'). AIFs cover alternative or non-conventional investment schemes designed for professional investors or high net worth individuals. They consist predominantly of hedge funds, real estate funds and private equity firms. They include a wide range of other types of institutional funds such as venture capital funds, start-up/early stage funds, infrastructure funds and commodities. AIFs can be both open-ended and closed-ended vehicles and listed and unlisted vehicles.

## **AIFs are considered a higher risk than UCITS for a number of reasons:**

- More difficult to determine market values
- Investments may be relative illiquid
- Transaction costs can be high
- Limited historical data
- Complex investment strategies
- High degree of investment analysis
- Possibly high degree of debt leverage



## What type of exposures can an asset manager typically insure against?

- Regulatory proceedings
- Claims by disgruntled investors for negligence or mistakes made in the investments
- Breach of investment mandate
- Misrepresentation or misstatement of the investment fund risk profile or net asset valuation disclosed in the prospectus or investment memorandum
- Non-disclosure of hidden charges and costs
- Claims against the fund's directors for breach of their fiduciary duties
- Embezzlement of funds by employees and third parties
- Data theft and security breaches involving personal or confidential data
- Private equity and venture capital with the addition of a safety net coverage for third party representatives

## What is the Alta Signa insurance product range for asset managers?

Alta Signa provides a full range of asset management insurance products, offering Directors & Officers Liability insurance, Public Offering of Securities, Professional Indemnity or Errors & Omissions insurance, Crime insurance and Cyber Security insurance to both the investment funds and their managers. The products can be tailored to fit a diverse range of business needs.

## What maximum limit of liability does Alta Signa offer?

Alta Signa can underwrite up to a maximum line size of €10 million for any one loss and in the annual aggregate.





## What is the Alta Signa risk appetite for asset managers?

At Alta Signa, we have a broad appetite for asset managers ranging from:

- Investment advisors & managers
- Mutual funds
- Exchange-traded funds
- Alternative investment funds
- Funds of funds
- Private equity firms
- Venture capital firms
- Family offices



Our risk analysis tends to focus, amongst others, on:

- The asset manager's investment strategies
- Retail investor exposure
- Performance track record
- Customer risk profiling
- Investor communication
- Remuneration transparency
- Customer complaints handling
- Redemption rights' liquidity
- Marked-to-market valuations



We retain a more cautious approach towards:

- Micro asset managers with less than €50m of assets under management
- Close-end funds open to retail investors (other than high net worth individuals)
- Real estate funds specialised in commercial property development
- Tax optimisation investment schemes
- Single object funds such as investments in movie, music or image rights, or crypto-currencies
- Funds that:
  - Allow for unlimited debt leverage and/or short selling
  - Face redemption rights that largely outstrip their subscription amounts
  - Deal with regular investor complaints
  - Are mismatching the duration of their assets and liabilities

# Why Alta Signa?

- Flexible products that can be tailored to suit a client's specific insurance requirements
- Multi-lingual underwriting team with in-depth understanding of the financial institutions sector
- Quality of service based on speed, transparency, collaboration, flexibility, knowledge and innovation
- Experienced and qualified claims team
- Financial strength and stability of its risk carriers

## WHO TO CONTACT



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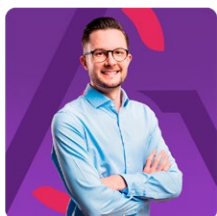
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