

# THE CASE FOR FUNDRAISING IN SWITZERLAND

Roman Pelka of Montfort Funds talks to *HFMWeek* about CISA rules and developments in the Swiss marketplace



**Roman Pelka** has been active in the alternative investment industry for more than 17 years. He is the founder and CEO of Montfort, a FINMA-regulated provider of Swiss fund representation to the hedge fund and private equity industry. Before founding Montfort in 2009, Pelka was managing director at The Carlyle Group.

**HFMWeek (HFM): How have CISA rules impacted the hedge fund industry since its inception 1 March?**

**Roman Pelka (RP):** To the surprise of some, life and fundraising in Switzerland goes on six months into the new regime. Managers have adjusted to the new rules and continue to raise capital from qualified Swiss investors.

This is not surprising as it is a good time to raise capital. Fundraising conditions globally are as good as they have been since the great recession. Consequently, we are seeing strong demand for our Swiss representation service from foreign managers who want to market to Swiss investors to broaden their asset base.

**HFM: What are the highlights of the new Swiss rules?**

**RP:** In practice, the process for qualified investor funds involves the appointment of a Swiss representative and paying agent.

**HFM: What are the key differences between AIFMD and CISA?**

**RP:** Compared to AIFMD, CISA is less invasive – there is no regulatory reporting, no depository requirement and no compensation rules, to give just some examples.

The requirements can be satisfied without altering the structure of a typical hedge fund set up, for example, an offshore fund with an advisor located in one of the major financial centres.

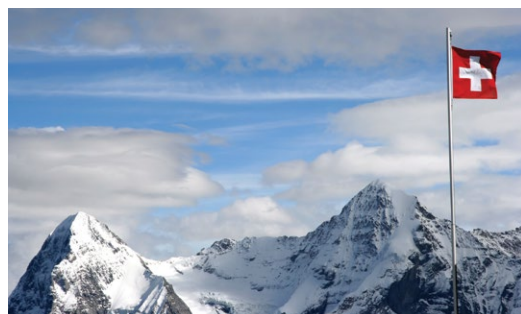
Economically the exercise pays off for the fund manager as long as at least \$1m is raised from Swiss investors.

**HFM: How do you see the fundraising landscape in Switzerland today in a European context?**

**RP:** Obviously, the fundraising landscape in Switzerland is not as good as it was before the global financial crisis. But this is the case globally.

The market in Switzerland has changed, and in many respects for the better. I still often hear the old assertion that Switzerland is all about “fast” fund of fund money. But I think those managers who did their homework will know better.

Switzerland is still the third largest market for alternatives and has a diverse investor universe. Besides the well-known fund of funds, there is also a number of family offices, pension funds, private banks and wealth managers who increasingly look at alternatives. There is something for everybody, large and small.



**HFM: What expectations under these rules do you see as the most challenging?**

**RP:** For most managers, contending with the new CISA rules was just another hurdle that had to be cleared. We find that most managers are well set up, have good documentation and have recruited dedicated resources for complying with an increasingly complex regulatory environment

The Swiss rules are not particularly challenging for managers. Getting set up is a process that is now well understood by lawyers and fund representatives. We specialise solely in alternative funds and try to cater for the specific needs and structures of this segment.

**HFM: Why is it so important for managers operating in Switzerland to work with a capable fund representation service provider?**

**RP:** When you are choosing service providers you want to work with people who know what they are doing. Fund representation for a qualified investor fund is a simple job, but it is also a job that needs to be done well.

At Montfort, we put a great emphasis on experience and focus – we are specialists. Our mantra is making the process as easy as possible for our clients. This means that if there is a task we can take care of for them, we will. For example, we do not ask our clients to fill out a due diligence questionnaire. We do our due diligence work based on the client’s standard materials. We also orchestrate the paying agent set up.

We are proud to have a number of the world’s largest alternative asset managers as our clients. Clients value the personal contact, fast turnaround times and the strategic input we can provide on the Swiss fundraising landscape. ■