



Anna Devine forwarded you an article from [Ignites Europe](#).

Message note: Hi Attilio, here is the story. Thanks for your help. Anna

Want Ignites Europe? You may be able to join your company's Ignites Europe subscription at no additional cost, or get a 2 week free trial. [Click here](#)

View this article below on our website.

[BlackRock ramps up activity in shaky Eltif market](#)

BlackRock ramps up activity in shaky Eltif market

By [Anna Devine](#) 25 November 2019

BlackRock is ramping up its activity in European long-term investment funds as asset managers take a fresh interest in the products after a shaky start.

Eltifs became available to asset managers at the end of 2015 as a way for private capital to bridge funding gaps in the real economy.

Crucially, the regime opened up long-term non-bank investments, such as infrastructure, to both institutional and retail investors.

The framework has been slow to take off, with only a handful of Eltifs launched, according to experts.

But this may be about to change.

BlackRock launched a private equity Eltif in September and says it is exploring other asset classes, including an infrastructure fund.

Michael Gruener, head of Europe, Middle East and Africa retail at BlackRock, speaking at an event in September, said the US giant is one of the first firms to adopt the use of the product and sees itself as “a leader in Eltif assets”.

Mr Gruener says the Eltif is helping retail investors get on the same footing as institutional investors in terms of their access to illiquid assets.

Other advantages include the fact that investors can “very easily” trade Eltifs, which are also less complex than other wrappers for illiquid products, he says.

Experts say “many” other Eltifs are currently in the pipeline.

'While one swallow doesn't make a summer, this recent activity could be the beginning of a trend in firms leveraging the Eltif structure.'

Sean Tuffy

Citi

Silke Bernard, chairperson of Alfi's working group, says she knows of some "very big international players" that are trying to access private wealth through the long-term product.

"Private money is looking with fresh interest into the Eltif," she says.

Ms Bernard adds that asset managers are beginning to realise that the Eltif could be one of the "only" ways to match private wealth with illiquid assets in an "efficient" way in Europe.

Trying to do so through another type of retail product, such as a Ucits or alternative investment funds, can be "extremely burdensome" from a regulatory perspective, she says.

According to Attilio Veneziano, a regulatory lawyer and author of Deepening the Single Market in Europe, the Eltif regulation introduces a more streamlined concept of marketing passport towards retail investors than seen within the Alternative Investment Fund Managers Directive framework.

Sean Tuffy, head of market and regulatory intelligence, custody fund services for Emea at Citi, says he too is starting to see some asset managers find ways to use the Eltif for certain investment strategies, such as private credit and private equity.

"While one swallow doesn't make a summer, this recent activity could be the beginning of a trend in firms leveraging the Eltif structure," he says.

Eurizon and Muzinch have both launched their first Eltifs this year for example.

David Zackenfels, senior legal adviser to the Association of the Luxembourg Fund Industry, says the Eltif may not have done that well to date because fund firms hesitated over being first adopters.

Mr Tuffy adds that the fund industry initially found the framework "overly engineered and too prescriptive".

"However, as the BlackRock launch shows, despite years of inaction, it may be too soon to write off Eltifs completely," Adrian Whelan, senior vice-president at Brown Brothers Harriman, says.

Mr Whelan adds that the reason Eltifs have not yet gotten off the ground is because they have "struggled to find balance" between the long-term financing stability required by real assets and the liquidity needs of retail investors.

He warns that the broader theme of retail investors being allowed access to more illiquid asset classes has "really reared its head in recent times" as a result of prolonged low growth, low interest rates and a hunt for long-term value.

Retail investors trapped in the Woodford Equity Income fund, a daily dealt Ucits fund holding hard-to-sell assets, has intensified the spotlight on whether retail investors are appropriate investors in such assets.

Mr Whelan says a hunt for yield from retail investors must “always be weighed against liquidity” but that if an investor wishes to take a longer-term view then Eltifs “grant them access in a highly regulated structure”.

Related Content

July 31, 2019 [UK fund trade body plots post-Brexit rival to Eltif](#)

March 29, 2019 [Muzinich launches first Eltif](#)

February 01, 2019 [Eurizon launches Italy's first Eltif](#)

For more articles like this one, go to <https://www.igniteseurope.com>. Ignites Europe is an information service of Money-Media, a Financial Times company. Please note that your email address will be stored to monitor compliance with our Terms & Conditions. In addition, if you work for a firm which has an existing license to Ignites Europe, we may contact you with details on how to be added to the license at no additional cost. If you do not wish to be contacted for this purpose, please [click here](#) to send an email request for removal.

Please see our [Privacy Policy](#) for further details.

Copyright 2019 Money-Media, Inc.

All rights reserved.

All materials contained on this site are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published or broadcast without the prior written permission of Money-Media. You may not alter or remove any trademark, copyright or other notice from copies of the content. However, you may download material from <https://www.igniteseurope.com> (one copy only) for your personal, noncommercial use only. For further information, see the [Terms & Conditions](#).