

# Brexit and Covid: Waiting for the dust to settle

SPEAKING FROM HIS HOME IN DUBLIN, WHERE THE COUNTRY HAS BEEN IN LOCKDOWN SINCE THE END OF DECEMBER, MUFG INVESTOR SERVICES' DAVID ROCHFORD TALKS TO *FUNDS EUROPE* ABOUT LUXEMBOURG, BREXIT, AND THE ONGOING FALLOUT OF COVID-19.

**WE HAVE JUST ENDED** one tumultuous year of Covid-19 and reached the end of the era of preparing for Brexit. Both are still rolling out the long-term financial effects, says Rochford, MUFG Investor Services' ("MUFG") head of hedge, private equity & real asset funds.

"Ultimately," he continues, "I look over our alternative strategies, at what's happening in the market, at fund flows, at what our clients are doing, and our reactions to this. Ensuring we are aligned to respond to our clients' needs over the coming years. I also look at how we're performing financially in each of these key strategies."

For Rochford and MUFG, Luxembourg is central to these plans. In September, the company posted an article to its website extolling the virtues of the country for when the global economy emerges from the current pandemic. Post-Brexit, as the financial services landscape across Europe continues to come into focus, Rochford says that the Grand Duchy remains as a domicile of choice.

"From a financial services perspective, people were pretty ahead of the game regarding Brexit," he says. "A lot of asset managers have been moving to set up in Ireland or Luxembourg, and had started to move or second staff to these companies. There's definitely been an influx of new management companies being set up in the last year-and-a-half."

"The whole thing is going to take a while to settle as Brexit has only really



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started now," says Rochford, adding that the reality has yet to hit the markets.

There have been some concrete changes outside of Brexit, he says. "What's been interesting over the last few years has been the real growth in alternative asset classes, private equity, debt and real assets. There's also been the interest we've seen from those outside Europe such as the

North American and Asian managers. We've seen the interest in alternative markets and that has centred on Luxembourg funds."

The alternative asset space will remain a key focus of MUFG's. "One thing that we feel positive about is that alternative assets are going to increase over the next few years. It's not just us; Preqin predicts that over \$1 trillion of assets will be added each year to alternatives up until end of 2025<sup>1</sup>. This growth will inevitably make Luxembourg a key domicile of choice. People will invest more and the servicing of that clientele will increase. We definitely feel that that will be the case, with our ability to provide fund financing, FX and banking services in conjunction with management company, Depositary & fund administration services, we are in a great position to capture this growth" Rochford tells *Funds Europe* over Zoom.

MUFG has been focusing on Luxembourg, where it's already had teams operating for over 40 years. According to Rochford, MUFG has been actively engaged with the regulator, the Commission de Surveillance du Secteur Financier, for the last two-to-three years.

"We have put an outsourcing arrangement in place where, if you have a Luxembourg fund, it can be serviced by teams located close to clients in their time zone. We have an oversight team in Luxembourg to ensure that all the local legal and regulatory requirements are being met."

<sup>1</sup> LOOKING AHEAD – The source quoted (1) can be found at <https://www.preqin.com/future>