

NEWSLETTER

July 2022

In this issue:

[Waystone Group update](#)

[Launch party for Waystone Compliance Solutions](#)

[Case Study: Starz Real Estate](#)

[Centaur shortlisted for two awards](#)

[Schulte Roth & Zabel Breakfast Briefing](#)

[Major growth plans for Luxembourg in addition to new office move](#)

[Reviewing the efficacy of ESG as it comes more into focus with investors](#)

[Centaur Legal Counsel joined webinar](#)

[Hedge Fund client performance for the first half of 2022](#)

For further information, please contact:

North America:

Mike Marisca, Head of Business Development, U.S.
+646 763 1962
Mike.Marisca@centaurfs.com

Europe:

Gavan McGuire, Head of Business Development, Europe
+44 203 318 2737
Gavan.McGuire@centaurfs.com

WAYSTONE GROUP UPDATE

Subject to regulatory approval, Centaur has reached agreement to become part of the Waystone Group. Here Des Johnson, CEO of Centaur US shares his thoughts:



“Centaur and Waystone share the same philosophy when it comes to exceptional client service and we see great synergies for the benefit of our clients. As a result of the agreement to come together, we can now offer clients a fully comprehensive suite of services spanning fund administration, fund governance, compliance services and European fund solutions.”

Since its inception in 2009, Centaur’s growth has been exceptional year on year with this year having been no exception. We expect a trajectory of increased growth as part of joining the Waystone Group and we look forward to taking on the exciting opportunities ahead subject to regulatory approval, which is anticipated in the coming months”



LAUNCH PARTY FOR WAYSTONE COMPLIANCE SOLUTIONS



On May 25th, Centaur’s Mike Marisca, Tyler Dennin, Rich Johnson and Alan Moore were pleased to join our Waystone colleagues, led by Julie Dixon and Matthew Brown, at their launch party in New York City for Waystone Compliance Solutions. This fast-growing Waystone group does an exceptional job of managing regulatory risk across an entire organization and its products will effectively compliment Centaur’s administration services to provide clients with a full service offering.

CASE STUDY:



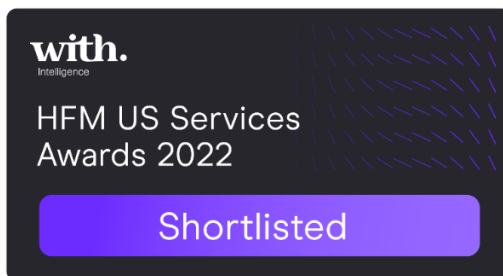
Starz Real Estate ("Starz") appointed Centaur as their fund administrator for its knowledge and expertise in the private equity and real estate markets.

Starz Real Estate appointed Centaur to provide fund administration for its first commercial real estate debt fund at the fund's inception in 2019. A major factor in Starz's decision-making process was Centaur's reputation for excellent client service and market expertise. With Centaur's guidance, Starz continues to successfully navigate regulatory and compliance hurdles within the fund management space.

"We have been very happy in the appointment of Centaur as our fund administrator. Our initial high expectations have been met and the various teams proactively engage with us to ensure our funds run efficiently and tick all the necessary regulatory boxes," said Natalie West, Chief Financial Officer, Starz Real Estate.

She continued, *"With such a positive experience so far, we look forward to continuing to develop our partnership with Centaur."*

CENTAUR SHORTLISTED FOR TWO AWARDS



After winning the 'Best Administrator Client Service' award for three years running at the HFM U.S. Services Awards, Centaur is delighted to announce that it has been shortlisted for two awards at this year's event. These categories are:

- Best administrator – Client Service
- Best administrator – Fund of Funds

Des Johnson, CEO of Centaur US said, *"We are very pleased to be shortlisted in both Client Service and Fund of Funds categories. Centaur has grown strongly every year since our inception and this year has been exceptional. I believe that key to this success is our excellent client service which is available to our clients 24x7. We take great pride in our client service and are proud of our 100% client retention record since our inception in 2009."*

Presented by HFM, the market leader in sector intelligence, these awards recognize and reward those hedge fund service providers that have demonstrated exceptional innovation, customer service and business performance over the past 12 months. The awards ceremony will take place at Guastavino's in New York on September 13, 2022. For more information, see the [2022 HFM Awards](#) website.

SCHULTE ROTH & ZABEL BREAKFAST BRIEFING

SchulteRoth&Zabel



In May, Centaur along with Sasha O'Leary from Schulte Roth & Zabel London hosted a wonderful pitchbook overview workshop for clients along with some managers contemplating European distribution. Sasha walked everyone through the dos and don'ts of their pitch book in a practical way. Sasha's overview and insights were

excellent and everyone in attendance is well placed to put their best and most compliant foot forward in any future marketing drives.

Centaur will continue to deliver through partnerships practical and insightful workshops focusing on pain points or areas of change across the funds universe.

GROWTH PLANS FOR LUXEMBOURG IN ADDITION TO NEW OFFICE MOVE



Centaur is pleased to announce the opening of its new Luxembourg offices in the heart of Luxembourg City Centre. The relocation comes as a result of the company's phenomenal growth in Luxembourg over the past four years.

Centaur's commitment to Europe has been cemented with several senior management hires over the past 12 months, most recently the appointment of Kevin McFadden as Head of Investor Services, Luxembourg. Switching its expanding operation to new, state-of-the-art offices means the company can now progress with its plans for further growth and development, especially within the Private Equity and Real Estate (PERE) sectors.

This new office relocation, along with a planned expansion of Centaur's Luxembourg base, are key steps in Centaur's strategy to becoming a leading player in global PERE administration. Centaur Luxembourg's new address is:

7, rue Genistre, L-1623
Luxembourg,
Grand Duchy of Luxembourg.

REVIEWING THE EFFICACY OF ESG AS IT COMES MORE INTO FOCUS WITH INVESTORS



Europe has led the way in demanding greater transparency in reporting from funds in terms of their ESG footprint. The Sustainable Finance Disclosure Regulation (SFDR), a European regulation introduced in March 2021, looked to improve ESG transparency in the market, prevent greenwashing and provide investors with greater insight into sustainable investment products. Managers are now required to disclose ESG classifications in three categories:

- Funds that have a sustainable investment objective (article 9 Funds)
- Funds that have social characteristics (article 8 funds)
- Non ESG funds (article 6 funds).

In essence, if a manager is launching a fund today and making claims that align with ESG standards, the fund will be benchmarked and rated against their claims. This standardization across European funds was welcomed by investors, allowing them to construct their portfolio in more considered ways than before. It is important to note that SFDR also applies to non-EU funds and non-EU managers that are marketing their funds into Europe.

Although welcomed, the implementation of SFDR is proving to be challenging for the industry. Claims of greenwashing despite the legislation persist. There is also a great deal of confusion driven by inconsistent data and significant problems in developing objective criteria with which to rate companies' ESG credentials.



Peter O'Hara, Business Development explains "*Classifying and rating funds on metrics that are perpetually evolving from a regulatory standpoint is difficult. However, it appears this does not detract from the intention to enforce the spirit of ESG regulation and ringfence loopholes that muddy the water. Although non-binding, ESMA's supervisory briefing to domestic regulators promotes consistency and clarity.*"

He continues, "*Whilst interest in ESG continues to rise, the focus continues to change as we refine and understand true ESG around the funds universe from investors to service providers. A good example of this ambiguity is the number of data sources for a fund: Data is very subjective, and it becomes hard to classify the difference between a "good" ESG company versus a "bad" ESG company.*"

He concludes, "*We really are at the infancy of ESG for fund management and it is evolving. A major challenge in 2022 is supporting claims that ESG portfolios generate superior investment returns. We see ESG biased portfolios, often with large weightings in tech stocks, having a challenging year to date, while environmentally unfriendly sectors, such as oil and commodities, have performed well. At Centaur, we are happy to see regulations such as SFDR in place. There has been a lot done, but still more clarity needs to take place as the industry evolves.*"

CENTAUR LEGAL COUNSEL JOINED WEBINAR DISCUSSING RECENT DEVELOPMENTS IN PRIVATE FUNDS IN IRELAND



Centaur's Legal Counsel, Fiona de Vega joined a [Simmons & Simmons webinar](#) in May that

discussed regulation for private funds in Ireland. With a number of reforms to the Irish private funds framework in recent years, Ireland is increasingly being considered by private fund sponsors as an attractive domicile for onshore EU fund ranges.

There was widespread agreement that the DAOFI (Depositaries of Assets Other than Financial Instruments) license is good for fund promoters as it broadens the range of market participants and improves choice. It enables Ireland to position itself as a leading private funds domicile for private equity funds by offering fund promoters the convenience of a one stop shop solution with a proportionate approach to the depositary function that reflects the range of asset classes in closed ended structures.

Fiona was asked to discuss opportunities that the DAOFI license presents to non-bank administrators. You can listen to the webinar on:

[simmons-simmons.com](https://www.simmons-simmons.com)

HEDGE FUND CLIENT PERFORMANCE FOR FIRST HALF OF 2022



In 2020/2021 Centaur's clients saw exceptional fund performance with most strategies producing positive returns. The stand-out performers were long/short equity strategies with strong gains in a number of sectors including technology, emerging markets and healthcare.

In 2022 we have seen a turbulent first half of the year with a significant sell-off of technology stocks, Russia's invasion of Ukraine, policy changes and persistent market volatility. Overall, it has been a tough year so far for hedge funds. According to market data sources, hedge funds posted lower returns during Q1 compared to their strong 2021 performance. However, there have been some bright stars: For example, CTAs and commodities funds have performed exceptionally well, delivering a return of 14.59% with one Centaur client generating returns of 32.7% YTD. [Aurum Research](#) also reports some strong performing strategies for hedge funds in 2022 including:

- Quant macro delivering a return of 13.27%
- Global macro strategies delivering a return of 6.3%
- Statistical arbitrage strategies delivering a return of 6.23%
- Event driven strategies delivering a return of 1.6%.

Unlike 2020/21, many equity-based and fixed income strategies have struggled in the first half 2022, but many of Centaur's clients are bucking the trend by enjoying strong performance. One such client deploying a long / short equity strategy has enjoyed returns of 19.2% YTD while several are reaping returns of over 10%.



Ronan Daly, Founding Partner of Centaur, comments: *"The rise in global rates, market volatility along with geopolitical factors such as the war in Ukraine have made for a tough environment for hedge funds in the first half of the year. We are pleased that at Centaur, many of our clients have bucked this trend with about one third of our hedge fund clients in positive territory and many only marginally down year to date."*

He continues, *"We are delighted to see the resilience of our clients during a challenging period, both in North America and Europe. Our team is fully committed to delivering a quality client experience that continuously evolves with our clients. This has been proven as we adapt to the market volatility that we are seeing in 2022. We are in a great position to support our clients through the challenges and growth ahead."*

www.centaurfs.com