



Structured Product Fund Solutions for UK IFAs

Protean Capital LLP

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Protean Capital is a specialist investment manager combining the skills and expertise of investment banking with the independence and accessibility offered by the fund format.

Although formed in 2012, its partners have known and worked with each other for decades. Each partner brings deep expertise covering all aspects of structured products gained from senior roles at global blue-chip investment banks. Together, this experience places Protean Capital at the forefront of independent structured solution providers and investment managers.

With an unrelenting focus on risk, we have formed deep, trusted relationships in the wealth and family office space where we 'manage' and advise on a broad range of mandates. These have been implemented in a number of formats with the UCITS fund being ideal for retail investors.

Our history is one of independence and innovation. By exploring all options and focusing on every detail, we push through the status quo to create true choice and better outcomes for our investors.

Core Business Lines:

- Specialist investment manager
- Structured product advisory and development for portfolio managers and family offices
- Quantitative Investment Strategies (QIS)

Highlights*:

- Truly independent with institutional pricing from more than 20 investment banks
- Over £2bn structured investments for clients
- Over £800m assets under 'management'
- Investment manager on two UCITS funds

*As at 23 October 2020

Partners' Skills and Experience

[Bob Champney - working relationship with the other partners for 23 years*](#)

Roles & Expertise:	Head of European Structuring Global head of Exotic Derivative Trading
Institutions:	Paribas Merrill Lynch
Highlights:	Ranked No. 1 globally for derivative research by Exel three years in a row Key member of the team behind Merrill Lynch's ELDeRS closed-ended platform Special advisor to Treasury Select Committee

[Mike Egerton - working relationship with the other partners for 23 years*](#)

Roles & Expertise:	Risk Manager Bond & Derivative trading Head of UK & Ireland Institutional Structured Products
Institutions:	Merrill Lynch Deutsche Bank Dresdner Kleinwort Wasserstein
Highlights:	Key member of the team behind Merrill Lynch's ELDeRS closed-ended platform Launched the UK's first structured product UCITS fund Launched nine structured UCITS funds to date Award for structured fund innovation

[Eduardo Montero - working relationship with the other partners for 19 years*](#)

Roles & Expertise:	Co-Head of European Structured Products Head of Iberian Derivatives
Institutions:	Deutsche Bank UBS CIBC
Highlights:	Built a European derivative and quantitative investment business Key member of the team that created and distributed several UCITS funds

*As at 23 October 2020

Structured Product Funds

While potentially unfamiliar to many advisors, structured product funds became available following the adoption of the UCITS III directive in 2001. As with all innovations they've been honed and improved over time. The evolution broadly falls in to three distinct generations:



Generation 1: a single structured product profile in a fund vehicle.

The first generation was largely driven by admissibility or to avoid credit concentration. For example - Lloyds of London, investment by other funds and tactical allocations within wealth portfolios.

Generation 2: a portfolio of individual structured products in a fund vehicle.

The second generation was created mainly for the retail space to address some of the administrative issues associated with plan- and bond-based structured products. These are generally simple collections of the same product type and largely driven by marketing optics.

Generation 3: a portfolio of the building blocks of structured products in a fund vehicle.

The latest generation benefits from expert investment and risk management and addresses the performance shortfalls of previous generations (and with multi holding portfolios of structured products in general). By investing in, and actively managing, the underlying building blocks, these funds remove many of the costs and mitigate the risk drift associated with structured products. This improves both the risk adjusted return and provides greater confidence in the contribution to risk assessed client portfolios.

Specialist vs. Generalist

A key difference of a fund when compared to historical delivery vehicles is that investors are exposed to the underlying assets of the fund rather than an “Issuer” in the classic sense. For example – when investing in a structured life policy, structured deposit or structured investment plan or note, the holders are exposed to the life company, the deposit taker or the bond issuer.

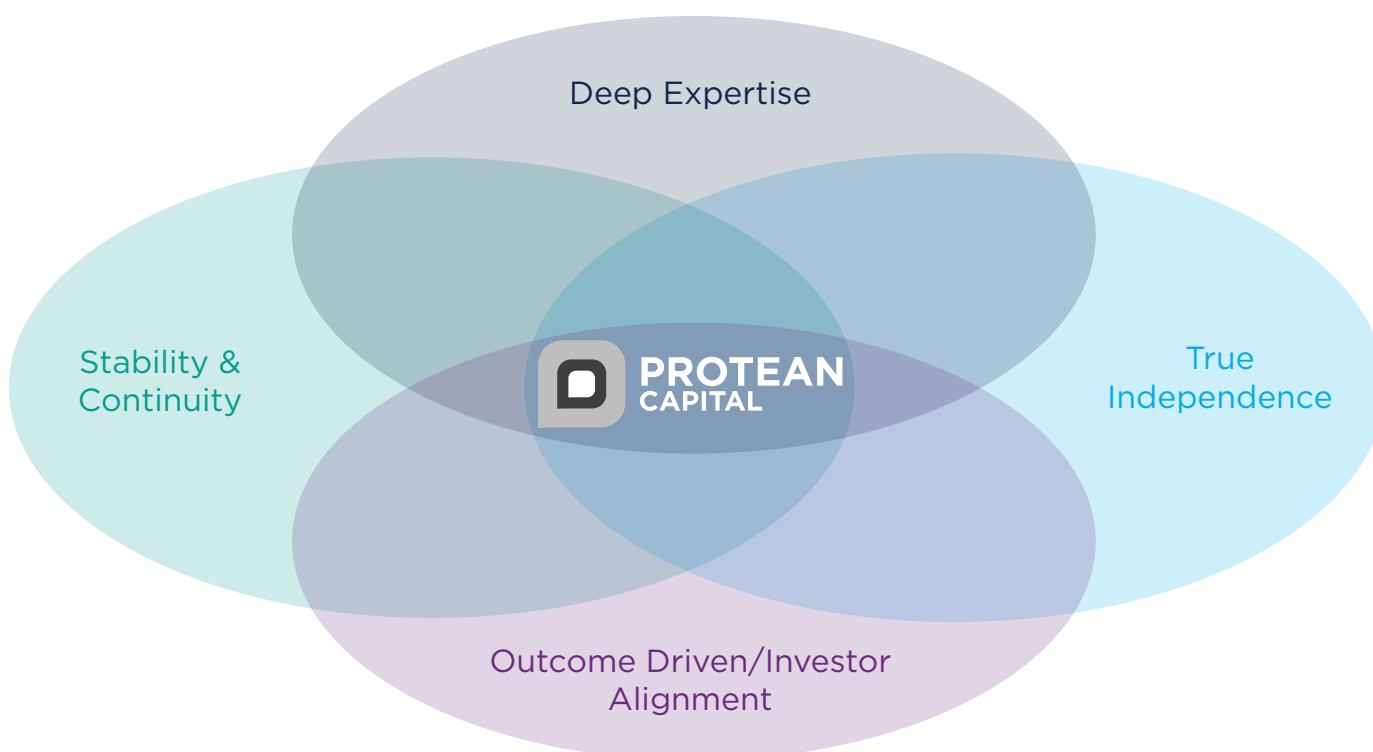
In a fund, the investor has no exposure to the manager. This fundamentally changes the

relationship and the nature of the provider best placed to successfully deliver for investors.

The derivative expertise, experience and skills essential to the successful management of a structured product fund are those usually found on investment bank trading desks and not at traditional asset managers. Investment banks are, however, highly conflicted, fettered (one treasury, one trading desk) and do not have the independence critical to serve the investor’s best interests.

	Investment Bank	Generalist Manager	Specialist Manager
Independence	✗	✓	✓
Open Architecture	✗	✓	✓
Derivative Expertise	✓	✗	✓
Fund Management Expertise	✗	✓	✓
Low Cost Base	✗	✓	✓

The key requirements of deep expertise, true independence and complete alignment with investor interests all point towards a specialist manager as the optimal provider.



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