

CIFIC launches first structured credit UCITS fund

American credit specialist CIFIC has launched a UCITS fund as it builds its presence in Europe.

The CIFIC Global Floating Rate Credit Fund opens up access to the firm's structured credit expertise for the first time in a UCITS format. It will invest in some of the more liquid tranches of collateralised loan obligation (CLO) bonds, investing at least half of its funds in BBB-rated bonds.

The fund, which has launched with commitments of over £50 million, is managed by structured credit veteran Jay Huang and is targeting a return of 7-8% pa¹.

Domiciled in Dublin, it is the first fund launched in Europe by CIFIC since the firm opened its office in London in 2018.

European Managing Director Joshua Hughes said: "We believe, many European investors, as well as those further afield in Asia, favour or require the liquidity and regulatory oversight that the UCITS regime brings, so we're pleased to have been able to create the fund within this structure."

He added: "This fund will enable discretionary wealth managers, funds of funds managers and family offices to access the enhanced returns that the CLO market offers but without the liquidity and diversification challenges that direct investments in CLOs would entail. The fund will be diversified across 50 to 100 CLOs and actively managed, which adds an additional layer of risk management."

At inception the CIFIC Global Floating Rate Credit Fund, which is valued daily and has weekly trading, will hold around 70% of its assets in CLOs managed in the US and 30% in Europe. Portfolio manager Jay Huang said: "The asset allocation will change depending on market conditions – we will have the flexibility to invest in the best opportunities in the US and Europe."

Huang added: "The CLOs are investing in the senior debt of major corporations, including household names like Dell and Dunkin' Donuts. The debt is secured and we're also monitoring underlying company performance closely. We're investing on a long-only basis, so it's a useful way for portfolio managers to add diversification and compelling relative returns to portfolios."

The fund is US\$ denominated, with hedged currency share classes in sterling, yen and euros. It is also open to US investors.

About CIFIC

Founded in 2005, CIFIC is a credit manager with over \$21 billion of assets under management* specialising in US corporate and structured credit strategies. Headquartered in New York, CIFIC is a SEC registered investment adviser. Serving institutional investors globally, CIFIC is one of the largest managers of senior secured corporate credit. For more information, please visit CIFIC's website at www.cific.com.

*As at 31 December 2018

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ⁱ There can be no assurance that the target return of the Fund will be achieved. In considering the target return, prospective investors should bear in mind that such targeted performance is not a guaranteed projection or prediction and is not indicative of future returns of the Fund. Actual performance may differ substantially from the target performance shown.