



The **Alternative Investor**

Performance

News

Trends

Regulatory updates

Navigating Risk & Change in Today's Shifting Multipolar World

Geopolitical fragmentation, shifting economic alliances and diverging monetary policies are reshaping the investment landscape. This edition explores how investors are navigating risk and opportunity in an increasingly multipolar world, from global macro and emerging markets to energy infrastructure, food security and technological disruption. **Investcorp-Tages' Salvatore Cordaro** examines the opportunities emerging from diverging economic cycles. **Renown Capital Partners' James McIntyre** explores investing through geopolitical complexity and competing macro forces. **Macro Thoughts' Keith Grindlay** considers the implications of climate change and food inflation for currencies and bond markets. **FIM Partners' Francesc Balcells** makes the case for emerging market debt. **Algarve Partners' Antonio Castel Branco** examines investment opportunities in sustainable fisheries, and **Middle Street Ventures' Vanya Dragomanovich** considers the growing cybersecurity risks posed by AI. Elsewhere, **CAIA's Georgina Tzanetos** questions the reliability of secondary market pricing as a benchmark for private market valuations, **AIMA's Tom Kehoe** examines the resilience and continued growth of the UAE's alternatives industry, and **Prosek Partners' Mark Kollar** explores the growing interest in total portfolio approaches to asset allocation. **The Money Maze Podcast's Simon Brewer speaks with Albourne CEO John Claisse** about what really drives returns in alternatives, while in our Industry View **TrussEdge's Dave Shastri** considers how family offices can approach automation more effectively.



Macro hedge funds are back in the fast lane

September produced a sharp divide across hedge fund strategies as rising interest rates, stronger oil prices and volatile equity markets rewarded macro positioning while weighing on most other strategies. The HFRI Fund Weighted Composite Index fell 0.7% during the month, reversing some of August's gains, although it remained up 7.1% for the year.

Equity managers struggled, with the HFRI Equity Hedge (Total) Index falling 1.9%. Technology bucked the broader trend with a 2.1% gain, while Equity Market Neutral edged 0.1% higher. Fundamental Value and Energy/Basic Materials both fell 2.8%, Long/Short Directional lost 2.1% and Healthcare was the weakest strategy, dropping 7.0%.

Event-Driven also came under pressure, with the main index down 1.8%. Merger Arbitrage proved relatively resilient, falling 0.5%, while Credit Arbitrage declined 1.4%. Distressed/Restructuring lost 2.4%, Activist fell 2.8% and Special Situations dropped 3.1%, reflecting a difficult month across much of the strategy.

Macro extended its August leadership, gaining 2.7% in September and taking its year-to-date return to 12.2%. Currency managers led with a 7.5% gain, followed by Systematic Directional at 4.7%, Systematic Diversified at 4.6% and Trend Following at 4.0%. Commodity added 1.0%, while Discretionary Thematic fell 1.3%.

Relative Value declined 1.1% as bond markets repriced. Volatility gained 0.8% and Fixed Income Asset-Backed edged 0.1% higher, but Convertible Arbitrage lost 2.1% and Fixed Income Sovereign fell 3.8%. Yield Alternatives was the clear outlier on the downside, dropping 7.7%.

Regionally, Latin America led with a 3.3% gain, while Asia ex-Japan rose 0.2%. China slipped 0.4%, Japan fell 0.5% and Emerging Markets Global 0.6%. North America fell 1.6%, Western Europe 2.0% and India 3.0%, while MENA declined 1.1%, highlighting the broad regional dispersion during September.

*Data sourced from [HFR Indices](#)

Upcoming Events

14 October 2026
CoinAlts 2026 Fund Symposium

14 October 2026
Invest Europe Venture Capital Forum 2026

15 October 2026
2026 SIPA Day

15 October 2026
Cayman Finance San Francisco Breakfast 2026

15 October 2026
World Family Office Forum Asia 2026

[Click here](#) to see all the listings

\$3tn

Projected global GDP loss if geo-economic fragmentation worsens

Source: WTO

80%

OECD member nations enforcing foreign investment screening

Source: OECD

AI draws \$5.75bn for Bessemer

Bessemer Venture Partners raised \$5.75 billion across two new pools of capital aimed at backing AI companies from their earliest rounds through to later-stage growth. The fundraising split into \$1.75 billion for seed and early-stage investments and \$4 billion for growth, with both secured in this close. Bessemer plans to invest globally and across the AI technology stack rather than concentrate on a narrow group of subsectors. The larger growth allocation gives the venture firm greater capacity to keep investing as companies mature and their financing requirements increase; it also broadens Bessemer's reach beyond its traditional early-stage market at a time when leading private AI businesses are absorbing increasingly large amounts of capital.

Goldman raises \$11.7bn across latest PE funds

A \$9.6 billion flagship buyout fund led this \$11.7 billion fundraising haul for Goldman Sachs Alternatives across its latest private equity vehicles. West Street Capital Partners IX targets control-oriented upper mid-market businesses, primarily in the US and Europe, and has already deployed more than a third of its capital at final close. Goldman also raised more than \$1.6 billion for West Street Asia Equity Partners I, its first dedicated pan-Asia Pacific private equity strategy, alongside \$500 million for related co-investment vehicles. The Asia strategy combines control and growth investments across the region. Institutional and high-net-worth investors across North America, Europe and the Middle East backed the vehicles, alongside Goldman Sachs and its employees.

Audax amasses \$10bn for direct lending

Audax Private Debt closed its third Direct Lending Solutions fund with \$10 billion of investable capital, roughly twice the capacity of its predecessor. DLS Fund III reached a \$5.4 billion equity hard cap, above the \$4 billion target, with the remainder comprising targeted leverage, related vehicles investing alongside the fund and GP capital. More than 100 institutional investors backed the strategy, which lends to private equity-backed middle-market businesses in North America, typically with EBITDA of \$15 million to \$75 million. Around \$1.5 billion has already been deployed, with individual investments expected to range from \$75 million to \$350 million. The previous vehicle closed with \$3 billion of equity commitments and more than \$5 billion of investable capital.

UPDATES (cont.)**PSG closes third European fund above €4.4bn**

PSG Equity closed its third European growth fund with more than €4.4 billion. PSG Europe III reached its hard cap to invest in European software and technology-enabled services businesses, continuing the strategy pursued through the firm's earlier European vehicles. Commitments came from existing and new investors including state pension funds, sovereign wealth funds, insurers, family offices and high-net-worth investors. PSG launched its European operation in 2019 and now has an 83-person team across London and Paris.

PCCP tops \$5bn across latest property vehicles

More than \$5 billion went into PCCP's latest US real estate equity and credit vehicles, with both funds substantial upticks on their predecessors. PCCP Equity X raised \$2.7 billion for opportunistic real estate equity, compared with \$1.8 billion for Equity IX, while PCCP Credit XI secured \$2.3 billion for value-add real estate credit, up from \$1.7 billion previously.

Both funds target US middle-market property across residential rentals, industrial,

retail and office assets. Around half of Equity X's capital has already been executed at announcement, while more than a third of Credit XI has been allocated.

PCCP announced the combined \$5 billion fundraising in September, although the individual closes came earlier in the year: Equity X completed fundraising in January and Credit XI in June.

Carlyle triples infrastructure credit fund to \$2.3bn

Carlyle has more than tripled the size of its infrastructure credit strategy, with the \$2.3 billion final close for its second fund. Carlyle Infrastructure Credit Fund II beat the \$2 billion target and was around 3.6 times larger than the \$643 million raised for its predecessor. The strategy provides directly originated, privately negotiated financing to infrastructure businesses and assets, targeting below-investment-grade opportunities across energy transition, digital infrastructure, transport and logistics, low-carbon power, water and waste treatment. Around \$500 million has already been committed across six investments in North America and Europe at final close. Institutional investors from North America, Europe and Asia backed the fund, which can invest across all three regions.

Cheyne raises £3bn for European real estate credit

More than half of the £3 billion secured for Cheyne Capital's latest European real estate lending strategy was already called and deployed by final close. Cheyne Real Estate Credit Holdings IX – Capital Solutions comprises a commingled fund and

adjacent vehicles and has built a portfolio of 73 loans, including 16 already realised. Most are senior loans covering core, core-plus, value-add and development property across the UK, Spain, France, Italy, Portugal, Ireland, Sweden and Belgium.

Investments span hotels, offices, student accommodation, residential and mixed-use assets. The strategy was launched with seed capital from a Middle Eastern sovereign wealth fund in 2024.

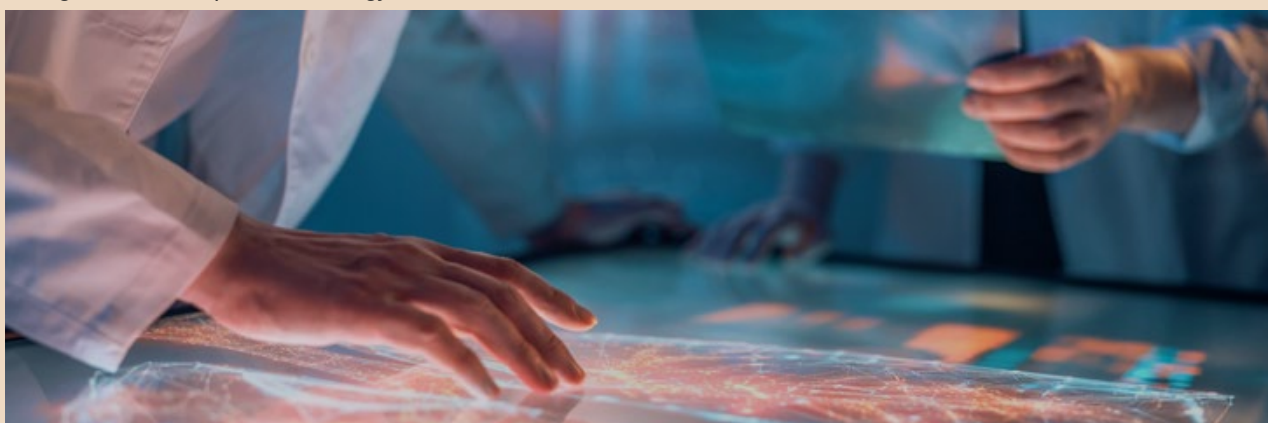
UPDATES (cont.)**US small buyout strategy pulls in \$3bn**

Siguler Guff pulled in more than \$3 billion for its latest US small and lower mid-market buyout strategy, comfortably exceeding the original \$2.2 billion target. More than \$2.3 billion came through commingled vehicles, including Small Buyout Opportunities Fund VI, with almost another \$700 million raised through SMA's. The previous strategy

raised \$1.97 billion in 2022.

Rather than operating solely as a conventional buyout fund, Siguler Guff combines commitments to specialist private equity managers with direct co-investments, focusing on smaller US businesses including founder and family-owned companies.

Fund commitments generally range from \$30 million to \$60 million, while individual co-investments typically run from \$5 million to \$30 million across sectors including business services, healthcare, consumer, industrials, transportation and aerospace.

**Fresh test of retail private credit liquidity**

Redemption pressure remained high across retail private credit funds in September, although the latest numbers suggested withdrawal demand may be starting to ease. Apollo's \$25.9 billion Debt Solutions fund received requests covering 14.7% of shares in the third quarter, down from 16.8% in Q2. Much of Apollo's Q3 demand came from investors resubmitting requests that had not been fully met in previous quarters. Elsewhere, BlackRock's HPS Corporate Lending Fund saw requests fall from 13.3% to 11.5%, while Goldman Sachs Credit Fund stood apart at just 2%. Liquidity concerns took a different turn in Australia, where Metrics Credit Partners temporarily suspended redemptions from several unlisted funds following delays to audited accounts and questions over commercial real estate valuations. The circumstances differ, but the developments keep the spotlight on the liquidity offered to individual investors as private credit expands further into the wealth market.

Healthcare fund hits €1.5bn hard cap

Investor demand pushed ARCHIMED's fourth small-cap healthcare buyout fund to its €1.5 billion hard cap in less than six months. MED IV launched with a €1.2 billion target with demand equivalent to around three times the capital available. The final total was 25% above target and roughly 2.3 times the €650 million raised for MED III. The new fund continues ARCHIMED's specialist healthcare strategy while seeking a more geographically diversified portfolio than its predecessor. The wider platform invests across areas including biopharma, life sciences, medtech, diagnostics, healthcare IT and consumer health.

Infrastructure debt raise reaches €2bn

Around €2 billion flowed into Rothschild & Co's latest infrastructure debt strategy by mid-September, taking the fundraising to roughly 80% of its target. The interim close came after more than two years of fundraising and leaves the manager with further capital to secure before completing the vehicle. The strategy provides debt financing to infrastructure assets and businesses, offering investors credit exposure to a sector where financing requirements span energy, transport and digital infrastructure. The €2 billion figure makes the vehicle one of the larger European infrastructure debt fundraisings in the current cycle.

UPDATES (cont.)

Meridiam closes \$4.5bn North America Core Fund

Meridiam raised around \$4.5 billion for a new long-duration North American infrastructure vehicle, holding 15 operational transportation and social infrastructure assets. The North America Core Fund attracted more than \$7 billion and brings together assets from the manager's first two generations of funds. The portfolio gives investors exposure to mature infrastructure underpinning transport and public services, and providing existing investors with the option to take liquidity or remain invested. The transaction extends the life of the original Meridiam Infrastructure North America II fund to 45 years, approximately matching the average remaining life of the underlying assets.

Stonelake hits \$1bn hard cap for largest fund

Stonelake Capital Partners closed its eighth opportunistic real estate fund at a \$1 billion hard cap, beating its \$900 million target and raising its largest vehicle to date. Stonelake Opportunity Partners VIII is 34% larger than its \$746 million predecessor and was already around 20% committed at final close. This strategy will invest across 13 US markets, with industrial and logistics property including warehouses and distribution centres forming its principal focus. Stonelake has deployed around \$200 million over the past year to acquire 16 logistics properties totalling approximately 2.3 million square feet. Investors in the new fund include college endowments, hospital systems, foundations, public pension funds and registered investment advisers.

Debut defence fund hits 91% of target at first close

A €455 million first close took DTCP to 91% of the €500 million target for its debut dedicated defence fund. DTCP Defence Fund I will invest in early-growth and growth-stage businesses developing defence, security and resilience technologies through a Europe-led, NATO-aligned strategy. Deutsche Telekom, Porsche SE, Denmark's EIFO and Danica, and Estonia's SmartCap were among the investors backing the first close. DTCP had already started putting the capital to work, investing in Six Robotics and Kraken Technology Group, with a third transaction under way when the fundraising was announced. The manager established a dedicated investment team for the strategy, giving it a sizeable pool of capital at launch as European defence and security technology attracts greater private investment.

LS Power fund more than doubles predecessor at \$6bn

LS Power raised \$6 billion for its latest North American energy infrastructure fund, targeting power generation, storage, renewables and other critical energy assets. LS Power Equity Partners VI has already committed around \$1.7 billion, including capital linked to the acquisition of gas-fired generation assets from Constellation Energy that will form a five-gigawatt platform across the PJM and ERCOT power markets. The strategy spans both conventional and renewable generation alongside distributed energy resources, giving the fund exposure across a power market facing rising electricity demand. The fund closed above its \$4 billion target and is more than twice the size of its \$2.7 billion predecessor.

Millennium nears \$100bn as multi-strategy boom rolls on

More than \$30 billion of investor demand for a \$20 billion capital raise is the latest indication of the scale reached by the multi-strategy hedge fund model.

Bloomberg, which has been closely tracking developments at Millennium Management, reported that the firm is expected to accept around \$22 billion of commitments on 1 October, adding to a platform that already manages about \$97 billion across more than 360 trading teams. Millennium managed around \$50 billion five years ago and has since pushed towards the \$100 billion mark while adding investment teams and expanding internationally.

The latest capital will not arrive all at once, with around \$2 billion expected to be called initially and the remainder available over the following years as opportunities arise.

Millennium's growth also increasingly extends beyond portfolio managers employed directly by the firm. It has allocated billions to external managers through separately managed accounts, widening the number of investment teams it can access without bringing each one inside the organisation. Jain Global became the most prominent recent example, shifting this month to managing money exclusively for Millennium and returning external capital.

The wind is also firmly behind the wider multi-strategy model, with Citadel managing around \$70 billion, Point72 roughly \$40 billion and Balyasny around \$30 billion as the largest platforms continue to expand.

UPDATES (cont.)**Morgan Stanley closes North Haven Growth fund at \$1.3bn**

Morgan Stanley Investment Management pulled in \$1.3 billion for its first dedicated North Haven Growth & Innovation Fund, with the vehicle's close oversubscribed. The strategy targets private, technology-driven growth companies and provides capital at a later stage of development than traditional venture investing.

Morgan Stanley also put substantial money behind the launch, with the firm, its affiliates and employees collectively accounting for 24% of commitments, equivalent to more than \$300 million based on the final close.

The strategy can draw on relationships across Morgan Stanley's investment

management, institutional securities and wealth management businesses. It also expands the firm's private equity platform into dedicated late-stage growth investing, targeting businesses that require additional capital while remaining privately owned for longer.

Schroders closes co-invest fund

A \$1.3 billion final close made Global Direct IV the largest closed-ended commingled private equity fund Schroders Capital has raised. The strategy co-invests alongside private equity managers in small and mid-market companies, typically with enterprise values below \$1 billion, primarily in Europe and the US alongside selective growth investments in Asia.

Healthcare, technology, business services, consumer and industrial businesses form the main sector focus. Launched in 2024, Global Direct IV attracted commitments from institutional investors and family offices. Its close took fundraising across Schroders Capital's private equity platform above \$5 billion during 2026.

AI fund lands more than \$1bn

More than \$1 billion at first close gave Radical Ventures substantial firepower for a new multi-billion-dollar fund targeting later-stage AI companies. Radical Breakouts Fund extends the Canadian venture firm's strategy beyond earlier-stage investing and allows it to provide larger amounts of capital as companies move into growth rounds. Radical previously backed AI businesses including Cohere, Waabi and World Labs, alongside companies operating across computing, infrastructure, science and applications. The new fund gives the manager capacity to continue investing as businesses mature and their financing requirements increase. Radical described Breakouts as a multi-billion-dollar strategy, so the first close represents the opening stage of a larger fundraising programme rather than the fund's final size.

Athens emerges as unlikely new hotspot for hedge funds

Greece was not particularly high on our list when we launched Alternative Investor Jurisdictions. Perhaps it should have been, as Athens emerges as an unlikely new destination for hedge funds, with Millennium Management preparing to open its first Greek office and Chris Rokos choosing Greece as his tax residence alongside plans to establish investment activity in the country. Verition has also reportedly explored opening an Athens office.

The moves follow a concerted effort by the Greek government to attract alternative investment managers and their staff. New legislation this

year clarified the tax treatment of alternative investment funds and managers, reduced the risk that managing foreign funds from Greece creates a local permanent establishment and introduced a 5% tax rate on carried interest for qualifying investment professionals relocating to the country, subject to conditions including €3 million of annual local operating expenditure.

Athens is unlikely to displace London, New York or the Gulf any time soon, but the arrival of names such as Millennium and Rokos puts Greece firmly on the alternatives map and gives us another jurisdiction to add to the list.

CONFERENCES**Rethinking allocator playbook with The Money Maze**

The Money Maze Allocator Summit is one of the most impressive and enjoyable conferences in the investment calendar and we were fortunate to join the first day of this year's October gathering at the London Stock Exchange, alongside an impressive mix of investors, allocators and industry leaders.

Hosted by the ever-playful Will Campion and Simon Brewer, who brought their customary joie de vivre, day one covered remilitarisation, real assets, AI, active management, private markets, fixed income, Asia and sport.

Defence provided some of the most compelling and lively discussions, with European remilitarisation creating new investment opportunities, with the dramatic rerating of listed defence companies showing how quickly investors have responded. But spending more is only part of the answer. Europe still has the considerable challenge of turning capital into capability, particularly through procurement, industrial capacity and financing businesses beyond their early stages. While risk capital is increasingly finding defence technology at Series A, considerably more funding is required to take smaller firms through Series B towards scale production. But Ukraine has shown how quickly technology can be developed and deployed when circumstances demand it.

The question of capacity extended well beyond defence. In real assets, uranium and strategic materials such as germanium and tantalum may be small markets compared with mainstream commodities, but security of supply has made them far more important, particularly given China's dominance in

these markets. Supply can be deliberately constrained, while years of limited investment have left little spare capacity. For investors prepared to move into less familiar markets, such conditions are creating new opportunities.

Scarcity was less of a problem when the conversation moved to technology. There is no shortage of capital chasing AI, but investing in the technology itself is only part of the opportunity. Its enormous power requirements are driving investment in electrification and infrastructure, while the point was made that proprietary datasets could become considerably more valuable as AI changes what companies can extract from information they already own. Precision engineering and supply chains also come into the equation, as does the extraordinary cost of AI talent, with leading employees compared with elite footballers in the way they are now valued.

The pressure to demonstrate where value really lies was equally apparent in active management. Cheap and effective index exposure has raised the bar considerably, particularly when investors can once again earn meaningful returns without taking much risk. Simply being different from an index is not enough; active managers need an obvious advantage and a process built to exploit it. Japan was cited as a good example where that opportunity can emerge, having spent years as a graveyard for active managers before becoming a much richer hunting ground.

Questions of future growth inevitably brought Asia into focus. AI, robotics and productivity featured prominently, as did

the increasing importance of domestic capital. India offered an interesting example, with concerns about disruption to its outsourcing industry set against the potential benefits of AI across the wider economy. More broadly, the discussion highlighted the gap between Asia's growing economic importance and the relatively modest allocations it still receives in many global portfolios.

Few areas, though, demonstrated the changing investment landscape quite like sport. Once largely outside institutional portfolios, it is now attracting growing amounts of private capital, helped by the scarcity of leading teams and franchises and potential for returns that are less correlated with traditional markets. Sport itself is also getting smarter, with businesses such as Strava and Trackman showing how technology, data and digital engagement are changing both participation and performance. Meanwhile, the rapid development of women's sport is opening another significant area of opportunity.

Invariably, there was room for something different, as international photographer and former hedge fund manager David Yarrow provided one of the day's highlights. Yarrow regaled us with stories of wolves, polar bears and sharks, and the extraordinary lengths required to produce some of his best-known images, in a career that is nowadays far removed from the world of hedge.

The strength of this conference lies in the sheer breadth of ideas and opportunities it brings together. For an allocator, that is precisely the point.



Putting the alternative pieces in place

Independent private capital *intelligence*

The Alternative Investor Portal brings together news, services and events for LPs and GPs, allocators and advisers around them. A reference product that professionals trust.

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Issues

* Information correct as of 10/10/26, with new intelligence modules to follow and further jurisdictions



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INDUSTRY VIEW

The family office should automate with wisdom

There is a good reason why family offices are wary of technology. Living, breathing people are familiar, accountable and, crucially, feel within the organisation's control. Modern software, by contrast, often sits in the cloud, creating a different set of operational and cyber risks. For a family office, where discretion and trust matter enormously, that distinction is not trivial.

The old saying in family office operations is: "If you've seen one family office, you've seen one family office." These are organisations shaped by the families behind them, and no two are identical. But that should not obscure a simple truth: automation is an essential enabler for the modern family office.

The challenge is that complexity exists on both sides of the balance sheet both in the capital raised and in the investments made. Family offices tend to be long-term investors and, as a result, often have significant exposure to private markets, where operational processes can be particularly demanding.

They also have their own distinctive characteristics. A family may have created its wealth in a particular industry and retain an informed bias towards that sector. Multiple generations may need to be accommodated, alongside trusts, trustees and other structures. The resulting processes can be elongated, making seemingly simple matters such as capital calls and distributions surprisingly difficult to manage.

So where should a family office start?

Certainly not with the latest dashboard. The priority should be to establish a reliable core around the largest exposures.

That means a robust portfolio management system capable of recording activity and holdings accurately and

reconciling them against custodians and external investment statements.

The test is simple: do you really understand what you own? For private market portfolios, the answer must include current and future cash positions, outstanding commitments and the liquidity available if circumstances change. If the system cannot provide that view, keep looking.

Reporting should then be built on this foundation. Reporting is comparatively easy to automate today (and increasingly, AI can help) but only if the underlying information is reliable.

Security, meanwhile, is foundational, not an afterthought. Family offices should operate with institutional discipline when people join or leave, including controls around access and email. External expertise in cyber-security is among the most sensible investments an office can make.

Finally, automation should be judged by cost and benefit, not ideology. Not every process needs to be fully automated. A comprehensive performance report might be automated while certain ancillary inputs remain manual.

The objective is not technology for technology's sake. It is to build an automation platform with wisdom: tackle the biggest risks and operational burdens first, get expert help where needed, and spend more on the core infrastructure than on the shiny objects around it.

Dave Shastri, CEO, TrussEdge

TrussEdge provides integrated technology solutions for family offices, hedge funds and ETF issuers, catering to the demands of both liquid and illiquid portfolio management using a single point of access.



Staying the course: The UAE's alternatives industry looks ahead

The past six months has been an important test for the UAE and the wider Gulf. Conflict and geopolitical uncertainty have brought significant human and economic consequences across the region, while creating a more challenging operating environment for businesses and financial markets.

Yet the period has also demonstrated the resilience of the UAE. Government, regulators, businesses and communities have had to respond to changing circumstances, while maintaining a clear focus on the country's longer-term ambitions. For its financial centres, this has meant supporting firms through periods of disruption while continuing to develop the regulatory frameworks, infrastructure and talent needed for future growth.

For the alternative investment industry, the underlying direction of travel has remained consistent. Global asset managers continue to establish and expand operations in Dubai and Abu Dhabi; capital continues to be deployed and international interest in the region remains strong. Recent events have provided an important test of the institutional and regulatory infrastructure that the UAE has spent many years developing.

The growth of its financial centres provides evidence of that momentum. In the first half of 2026, the DIFC reported that the number of wealth and asset management firms had reached 592, an increase of 35% year-on-year. This includes the region's largest concentration of hedge funds, with the DIFC being home to more than 100 hedge funds.

Abu Dhabi is experiencing similar growth. ADGM reported that assets under management increased by 54% year-on-year in the first half of 2026, while the number of fund and asset managers reached 190.

These numbers reflect a broader change in the UAE's role within the global alternative investment industry. Dubai and Abu Dhabi are no longer simply destinations where international managers come to meet investors and raise capital. Increasingly, firms are establishing businesses, locating investment and operational capabilities in the country, hiring locally and making longer-term commitments.

The regulatory environment is developing alongside this growth. Authorities in both Dubai and Abu Dhabi continue to refine their frameworks as their markets mature. The DFSA is undertaking a significant review of the DIFC funds regime, while the FSRA in ADGM has recently completed a comprehensive review of its framework for Funds and Fund Managers. The resulting reforms include more streamlined regulatory frameworks for smaller fund managers and

those managing funds exclusively for institutional investors. Together, these initiatives reflect a broader focus on ensuring that regulation remains proportionate and responsive to the development of the industry, while maintaining appropriate standards of investor protection.

This continued willingness to engage with industry is important. As international financial centres compete for increasingly mobile pools of capital, businesses and talent, regulatory clarity, proportionality and constructive dialogue can be meaningful differentiators.

AIMA has been active in the Middle East for more than 20 years, and our engagement has evolved alongside the industry. We work closely with members establishing and expanding their regional operations, while maintaining an ongoing dialogue with policymakers and regulators on the issues affecting alternative investment managers.

The strength of industry interest is also reflected in AIMA's programme in the region. In December, we will host the AIMA Global Hedge Fund Leadership Platform at Abu Dhabi Finance Week, bringing together senior hedge fund leaders, investors and policymakers to discuss some of the forces shaping the global industry. This will be followed in February by the return of the AIMA Middle East Forum in Dubai.

Both gatherings reflect what we continue to hear from our membership: the Middle East is becoming an increasingly important part of the global alternatives industry, with the UAE at the centre of much of that development.

Recent events have demonstrated that progress will not always be linear and that operating conditions can change quickly. They have also provided a test of the institutions, regulatory frameworks and relationships developed in the UAE over many years.

The longer-term direction of travel remains clear. Firms continue to invest, regulators continue to develop their frameworks and international interest remains strong.

For AIMA, our role is to continue supporting that development – helping members navigate a changing market, maintaining constructive engagement with policymakers and regulators, and connecting the UAE's growing alternatives community with the wider global industry.

Tom Kehoe
Managing Director, Global Head of Research and Communications, AIMA



TPA on tap as emerging approach to holistic portfolio construction

Portfolio construction is having a bit of a moment with one approach gaining traction. It's pretty simple and boils down to this: the whole matters more than the parts.

The theory called Total Portfolio Approach, or TPA, is when a manager optimizes the portfolio as a whole rather than looking at each asset class independently, whether that's private equity, credit, real estate or infrastructure. To paraphrase the CFA Institute and other research, TPA evaluates every investment according to its contribution to the total-fund objectives instead of the individual silos built around asset classes.

Traditionally, investors divided their portfolios into silos and then specialist teams produced the best returns within each one. If you invested in well-managed businesses or properties, you would end up with a well-managed portfolio. No big 33,000-foot view was taken into consideration in the tried-and-true Strategic Asset Allocation approach.

TPA changed that thinking by asking the question: What does a particular investment do for the entire portfolio, and is it a much better use than anything else the investor could own?

The idea is not entirely new and utilized outside of the US for at least for a while by a select few that include CPP Investments of Canada, as well as Future Fund in Australia (which calls it "One Team, One Portfolio"), Superannuation Fund of New Zealand and GIC from Singapore.

And fairly recently, CalPERS, one of the closely watched LPs in the US, approved the approach in November and implemented the shift at the start of July, prompting more conversation around the approach in recent months and a lot more papers crossing my desk on the topic from analysts and clients.

The approach sounds simple but

putting it into practice can be a bit of a journey. According to an article in CAIA from the New Zealand sovereign wealth fund last October called "No Sacred Cows: New Zealand Super's Journey to TPA," the fund's managers decided to build what they called a "reference portfolio," which served

as a benchmark with a mix of global equities and fixed income. The board would define the risk appetite and approve the benchmark, and managers would then own the best way to invest against it. The result, according to the article: clear governance and no need for the board to sign off on every investment decision. In short, stick to the objective of delivering returns.

The benefits seem obvious: Better competition for capital and management of private-market

liquidity, more realistic diversification, greater flexibility and some could argue even increased organizational incentives (less talk of beating benchmarks and more talk on did the investment improve the total fund).

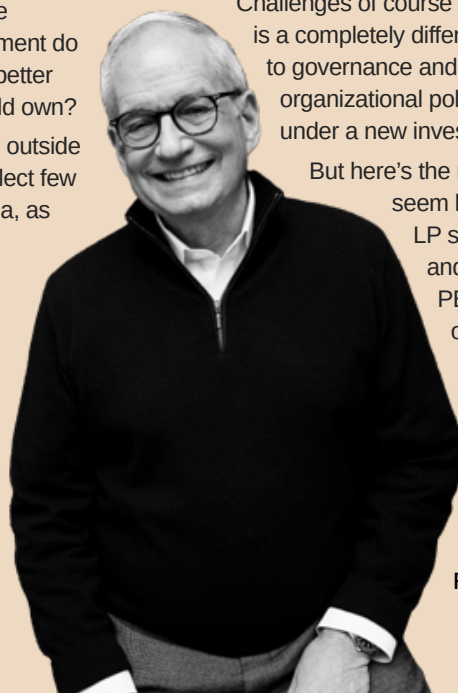
Challenges of course exist and can be substantial. This is a completely different way of thinking, which leads to governance and measurement issues, as well as organizational politics where turf battles could erupt under a new investment culture.

But here's the real rub. The multi-asset managers seem like the ones to benefit the most. If an LP sees great relative value in credit or infra and likes the manager, the switch out of PE can be easy. If the manager, however, offers a single asset, and credit or infra is more in favor, he or she can lose an investor. An opportunity and a threat all at once. No doubt, we will be keeping tabs as the approach takes on more importance in portfolio construction.

Mark Kollar
Partner, Prosek Partners



What does a particular investment do for the entire portfolio, and is it a much better use than anything else the investor could own?



Secondary pricing as a valuation check: who sets the marginal mid?

The August edition argued that allocator organizations have not scaled to the complexity of the instruments they underwrite. The same problem exists on the valuation side. The secondary market has become the closest thing private markets have to an observable price, and the capital setting that price is increasingly perpetual, wealth-funded, and capacity-constrained.

The reliance is broad. Allocators compare manager marks with prices where comparable interests clear. Consultants derive liquidity discounts from secondary transactions. Auditors reference observable market evidence, which in private markets often means secondary trades. A price carrying that much analytical weight invites a simple question: who is on the other side of it, and what determines their ability to bid?

The first half of 2026 showed a market that is deep but no longer cushioned. Evercore estimates global secondary volume at roughly \$121 billion, up 19%, with full-year activity on pace for \$250-\$260 billion. High-quality buyout interests have continued to clear near 90% of NAV. Yet dedicated dry powder fell to about \$194 billion from \$215 billion, and the capital-overhang ratio now sits around 1.0x. In practical terms, the market must raise roughly as much capital as it deploys to maintain current volumes. Pricing increasingly reflects whoever supplied the marginal dollar that quarter.

That marginal dollar is coming more often from wealth channels. More than half of active secondary buyers now manage evergreen vehicles, and Evercore attributes firm LP-led pricing in part to evergreen and retail vehicles that added approximately \$40 billion over the trailing twelve months. US evergreen funds reached \$607 billion as of March 2026, while private equity interval and tender funds attracted \$16.3 billion in net inflows. Redemption caps make this capital slow to leave, but they do not guarantee continued subscriptions. The bid depends on flows that can weaken

quickly, often when liquidity is most needed.

Evergreen capital finances only a portion of most transactions, but prices are set at the margin. When the final tranche of a syndication determines whether a portfolio clears at 88% or 92% of NAV, the investor

providing that incremental capital exerts outsized influence on price formation. The result is a subtle dependency: wealth subscriptions support the marginal bid; the marginal bid helps sustain secondary pricing near NAV; and those prices are then cited as validation of reported valuations. Each link is individually reasonable. Together, they imply that part of the external validation of private-market marks is funded by capital raised on the strength of those same marks.

Four practical conclusions follow. First, ask secondary managers what share of recent deployment came from perpetual-capital vehicles and

what subscription assumptions underpin future capacity. Second, distinguish what a secondary price actually proves, the clearing level of a specific portfolio, from what it is often used to prove, the conservatism of a broader valuation book. Third, stress liquidity assumptions against slower wealth-channel flows rather than applying fixed discounts. Finally, treat evergreen fundraising data as a leading indicator of future bid strength.

None of this argues against the secondary market, but does argue for precision about what a price means. A bid often treated as an independent referee is increasingly, at the margin, funded by the same investor enthusiasm that private-market valuations help sustain.

Georgina Tzanetos
Director, Content, CAIA

A bid often treated as an independent referee is increasingly, at the margin, funded by the same investor enthusiasm that private-market valuations help sustain.



Money Maze Podcast

*Inspiring interviews with leading figures
from the world of business and finance.*

Understanding what really drives returns in alternatives

Adapted from a Money Maze Podcast interview conducted by Simon Brewer
with John Claisse, Chief Executive Officer, Albourne

Alternatives are not suffering from a shortage of capital. If anything, John Claisse believes the weight of money coming into the industry will make finding genuine alpha harder. The Chief Executive Officer of Albourne expects institutional allocations to alternatives to continue increasing in aggregate, while the opening of private markets to a broader investor base represents a powerful secular shift. The question is what happens to returns as capital continues to arrive.

Speaking with Simon Brewer on The Money Maze Podcast, Claisse points to private equity, where what he calls a “wall” of capital will put pressure on alpha over time, particularly among larger-cap managers. Some institutional investors are responding by moving towards the middle market and smaller funds. For Claisse, the implication is clear. Manager selection becomes increasingly important as strategies attract capital.

What is changing is the ability to see how those managers actually made their returns. Albourne uses portfolio-company data to construct a value bridge, decomposing an IRR into contributions from areas including leverage, EBITDA expansion and sector beta.

“You can see which managers were just using financial

engineering and leverage and or there was a tailwind of beta,” Claisse says. “We talk about IDD and ODD quite often, investment due diligence and operational due diligence. But QDD, quantitative due diligence, is essential.”

The same search for genuine alpha extends to hedge funds. Albourne has long argued that “hedge funds are a business model, not an asset class”. Claisse says institutional allocations have been increasing over recent years, while higher rates and greater dispersion have improved the environment for alpha. Portable alpha is also back in vogue, allowing investors to combine hedge fund alpha sources with other risk-seeking assets.

Yet he is unsentimental about the thousands of managers competing for assets. “The majority probably shouldn’t exist, right?” The quality firms, he argues, are those capable of generating consistent alpha and with the critical mass to deliver their strategies.

Investment skill is only part of the equation. In 2025, Albourne conducted around 800 full operational due diligence reviews, alongside ongoing monitoring of a further 500 open-ended funds. Claisse’s rationale is straightforward. “You get compensated for investment



[AI] is a behaviour change for everyone in the firm... We all need to be on that journey...

Money Maze Podcast

Continued:

risk. You're not compensated for the operational risk."

The risks are not theoretical. Claisse describes a fund marketed to institutional investors in the past year where Albourne became "certain that fund one did not exist", with documents it believed to be fraudulent. Background checks have also uncovered people being "loose with the truth" about qualifications, including documents Albourne could trace to a website generating fake diplomas.

Even sophisticated investors can discover more mundane problems. Albourne checks whether fees paid actually match negotiated terms, work that Claisse says has helped clients recoup tens of millions of dollars in errors. Bespoke terms can be carefully negotiated and documented, only for someone to make a mistake later down the line.

Technology is adding another layer to that scrutiny. Albourne has had a machine-learning team for almost a decade and has incorporated LLMs and generative AI into its processes. For allocators, the significant development is that Albourne is also building a detailed picture of how managers themselves are using the technology. Its most recent AI adoption survey covered around 300 managers with almost \$9tn in alternative assets. Albourne has since added 14 detailed AI questions to its operational due diligence questionnaire, completed by over 500 funds in its first six months.

Brewer asks whether the same technology might eventually disintermediate Albourne itself. If AI arms allocators with increasingly powerful tools to conduct due diligence, why would they still need an adviser?

Claisse's answer rests on the distinction between data and judgement. "We are a data business and an insight business, and we have to have the best data." AI can increase what Albourne extracts from that information, but he argues that forward-looking investment decisions still demand human expertise. "We think it's critical to have an expert in every loop, an expert in the lead."

Better analysis also exposes another issue for investors, which is concentration. Claisse points to SpaceX as an example of how appreciation can turn a successful private investment into a significant position within venture portfolios, with implications as those exposures

move towards public markets. Albourne is also thinking ahead about OpenAI, Anthropic and other private holdings.

"The most important thing is understanding what you own," he says. Albourne is not explicitly advising clients on the hedge itself, but acts as a sounding board as investment teams and committees consider their options.

For all the pressures, Claisse remains constructive about alternatives. Retailisation is, in his view, a theme that is not going away, while he expects institutional allocations to continue increasing in aggregate. Digital

assets are also attracting renewed interest from sovereign wealth funds, endowments, foundations and family offices, although he is careful to stress that "it's not a lot of dollars being put to work".

The expansion of alternatives and the arrival of increasingly sophisticated technology therefore place greater emphasis on understanding what sits beneath headline performance. Investors have better tools to determine where

returns came from, what risks sit underneath them and whether managers are genuinely adding value. But Claisse's argument is that data alone does not make the investment decision.

As the interview drew to a close, Brewer asked where Claisse would put his own money if he could make only one investment decision for the next five years. His answer is Albourne. "I'm all in," he says, adding that he is bullish both on alternatives and the firm's ability to support allocators. The answer captures his wider argument, combined with his personal 'skin in the game' as the second largest individual shareholder. As alternatives grow in scale and complexity, understanding what investors own and what really drives their returns becomes increasingly important.

Click the [link](#) to listen to the full interview

You have access to so much data now... you can see which managers were just using financial engineering and leverage, or where there was a tailwind of beta.

GUEST ARTICLES

Global macro investing in a multi-polar world

Salvatore Cordaro, CEO, Investcorp-Tages

Recent events, from the global bond sell-off to the continuing conflicts in the Middle East and Ukraine, highlight the increasingly fragmented and uncertain environment confronting investors.

One of the drivers of this is that we have moved from the old bilateral certainties of the Cold War between NATO and Warsaw Pact to a world where the US was the leading power in the 1990's to a multi-polar situation now. Because power is dispersed, so is decision-making. Whereas before bodies like the G7/G8/G20 would take a coordinated approach, commentators rarely talk about "the international community" these days.

Global macro investors are navigating this world where policy responses are diverging and economic signals are increasingly uneven. In the US, softer labour market data and easing inflation have tempered expectations of further tightening, even as the Federal

Reserve continues to emphasise its commitment to price stability. Energy markets remain sensitive to geopolitical shifts, but the broader narrative is one of a slowing but still resilient economy, with consumers showing early signs of caution. These cross-currents highlight a key feature of today's environment: the old, predictable rhythm of the US cycle is giving way to a more fractured and reactive policy landscape.

Across major developed markets, central banks are similarly wrestling with the tension between lingering inflation pressures and weakening growth. Some, like Norway and Sweden, are signalling vigilance without moving rates, while others, such as Brazil, have begun cautiously easing as domestic conditions soften. This divergence reflects deeper structural differences: labour market dynamics, fiscal positions, and political constraints are shaping policy paths in ways that increasingly break from the synchronised cycles of the



The old, predictable rhythm of the US cycle is giving way to a more fractured and reactive policy landscape.

Salvatore Cordaro, Investcorp-Tages



GUEST ARTICLES (cont.)

A multi-polar world rewards strategies that can express views across rates, currencies, and inflation, capturing the widening gaps between countries rather than relying on uniform global cycles.

Salvatore Cordaro, Investcorp-Tages

past decade. For global macro investors, this means that relative value opportunities are becoming more attractive than broad directional bets.

Meanwhile, currency markets are offering a vivid illustration of the limits of policy intervention in a multi-polar world. The coordinated effort by the US and Japan to support the yen underscores growing concern about disorderly moves, yet the quick reversal that followed shows how difficult it is to counter underlying imbalances. Fiscal pressures in the US and Japan are now interacting with market scepticism about long-term debt sustainability, creating a backdrop where interventions may smooth volatility but struggle to change the underlying trend. This is emblematic of a broader reality: without credible fiscal anchors, monetary tools alone cannot stabilise global markets.

In this environment, global macro investing is increasingly about understanding dispersion rather than predicting a single global narrative. Economies are diverging based on their structural strengths, policy credibility, and exposure to geopolitical shocks. A multi-polar

world rewards strategies that can express views across rates, currencies, and inflation, capturing the widening gaps between countries rather than relying on uniform global cycles. As policymakers grapple with persistent imbalances, investors who focus on relative opportunities and cross-market dynamics will be best positioned to navigate the next phase of global macro complexity.

Salvatore Cordaro, CEO, Investcorp-Tages

Investcorp-Tages is a specialist investor and manager of liquid alternative investment strategies. Our experience in alternative investments spans more than 25 years, from the inception of Investcorp's hedge fund investment platform in 1996 and the establishment of Tages in 2011. Our global macro strategy is called Global Rates. It was launched in 2004 by Adrian Owens with Rahul Mathur and Scott Watson joining in 2010. We have a seasoned team that promotes accountability, deep market expertise and agile decision-making. The strategy has generated attractive risk adjusted returns vs. traditional markets and other macro strategies. The Global Rates team invests in a diverse range of global, liquid government bonds and currencies to exploit inherent inefficiencies in these markets. There is a focus on cross country relative value macro which can mitigate exposure to exogenous shocks, with valuation and technical analyses at its core.



GUEST ARTICLES (cont.)

Investing through complexity: stacking macro drivers

James McIntyre, Co-Founder & Managing Partner, Renown Capital Partners

Complexity has become a hallmark of today's geopolitical landscape, both because of the sheer number of interconnected forces but also the pace at which change can occur. Perhaps nowhere is this complexity more pronounced than across the energy landscape, which is where my firm, Renown, focuses our investments in technology.

Take the challenge of powering data centers as an example. Few areas are as politically charged in today's environment. Even fewer have as much at stake. The data center buildout that will power AI has seen the collision of multiple powerful constituencies; in the U.S., this includes:

- A federal government determined to dominate "Super Intelligence"
- State and local governments wanting to drive economic activity but facing increasingly intense public opposition and inflationary pressures that impact elections
- Multi-trillion-dollar companies racing to stay ahead of the pack
- Utilities asked to do seemingly contradictory things: invest in our aging infrastructure to

maintain or improve reliability while at the same time holding customer bills in check

How does one operate in an environment like this? Even a project that seems to have all the right components can be affected by decisions that sit far outside the developers' control. In August 2026, the U.S. government declared a national emergency over security risks associated with certain foreign-produced bulk-power equipment, creating the authority to restrict acquisition or installation. In September, Oracle declared force majeure on Project Jupiter in New Mexico due to a natural gas pipeline extension facing regulatory setbacks and state permit denials. Meanwhile, several states have paused hyperscale projects while impact studies are undertaken, and leaders across the country are pushing data center operators to bear more of the infrastructure expansion costs their projects require. These are just a few variables of many that can change the cost, timing, or location of a data center - and potentially whether it gets built at all.

Investors therefore have to ask not only, "Does the technology actually work?" but also, "If we unexpectedly enter a new geopolitical paradigm, is



Complexity has become a hallmark of today's geopolitical landscape, both because of the sheer number of interconnected forces but also the pace at which change can occur.

James McIntyre, Renown Capital Partners

GUEST ARTICLES (cont.)

**In today's 'multipolar world,'
there are simply more
variables that can cause things
to go sideways.**

James McIntyre, Renown Capital Partners

any part of this at risk?" One way that we address this at Renown is by intentionally seeking investments that "stack" macro drivers: businesses where several distinct forces can push toward the same economic outcome.

For example, one of our recent investments is Karman, a company that drives a 50% increase in compute capacity within a data center for the same power allotment to that data center. This allows the market to continue to install compute under existing power envelopes, bypassing perhaps the biggest gating issue to compute expansion in today's market. To stress test a few scenarios:

- **What if the equipment needed to bring new power online becomes harder or more expensive to procure?** If trade restrictions, national security rules, or supply chain disruption constrain transformers and other grid equipment, adding another megawatt of power becomes even more difficult. The ability to drive more compute from existing power therefore becomes more valuable.
- **What if political pressure makes new power infrastructure harder to finance?** If regulators or elected officials require data center operators to pay for grid upgrades associated with powering their sites, operators will have a stronger incentive to make better use of the power that is already available to them.

- **What if the macro environment shifts: power becomes easier to obtain, or AI demand grows more slowly than expected?** A data center operator still has the economic incentive to maximize the productive output of expensive infrastructure and the power they've already secured.

These may be different scenarios, but they point toward the same outcome: there is tangible economic value in getting more from an existing megawatt of power. While this does not make the investment completely immune to macro risk, it does mean that the investment thesis doesn't rest solely on one narrow vision of the future.

At the end of the day, a manager will always get something wrong in the underwriting; that has always been a reality of investing.

In today's 'multipolar world,' there are simply more variables that can cause things to go sideways. The goal is therefore not to predict every one correctly; it is to construct an investment case that does not require you to do so.

James McIntyre, Co-Founder & Managing Partner, Renown Capital Partners



GUEST ARTICLES (cont.)

Any economy that can't maintain a strong currency will be at risk

Keith Grindlay, Managing Director, Macro Thoughts Ltd.

It's difficult to see how much longer central banks and markets can strive towards price stability without taking climate change into account for policy decisions. This summer has been the third out of the past five years in Europe to experience severe drought conditions, so while El Niño must take some blame, it is not the total culprit, and water supply, therefore food production, is suffering as a consequence.

The IMF, World Bank, OECD and governments globally will be forced to lower their global GDP forecasts, not just for this year. Any economy that can't maintain a strong currency will be at risk, therefore this threatens the resumption of the weakening Dollar, and weirdly U-shaped yield curves.

Higher interest rates are the last thing that governments, mega companies and consumers need, therefore, should Central Banks be doing nothing, even with an easing bias, as it may take some costly central bank decisions before this realisation dawns. Should the Bank of England be raising mortgage rates at a time when energy bills in the UK will rise by 25% in

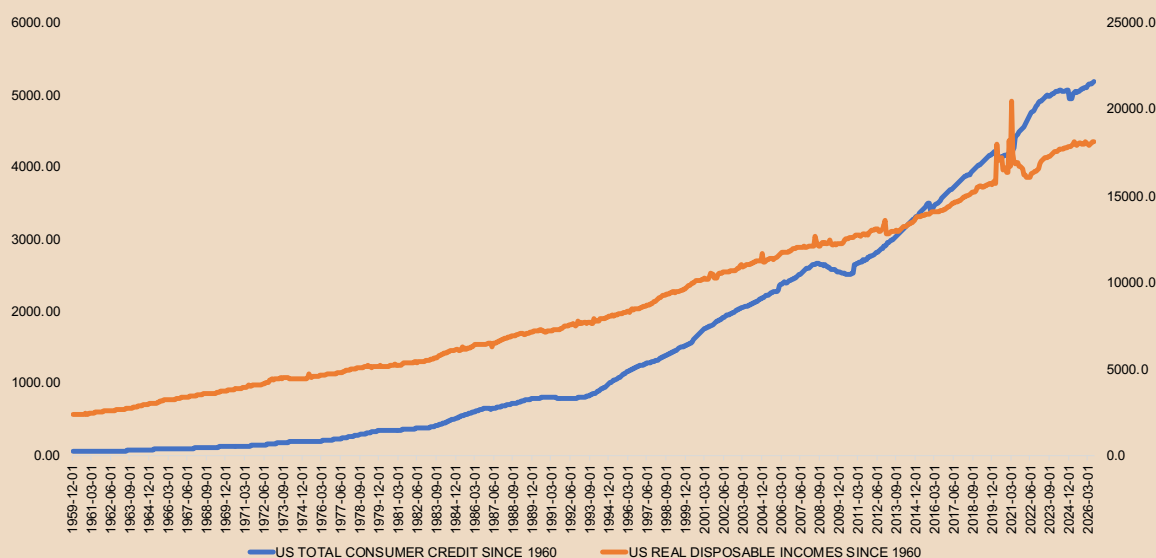
January, with food prices also rising?

All this has long term implications for bond curves, currencies and asset allocation, because those economies that are least willing, or able, to adjust for climate change, food production and self-sustainable energy, will suffer the most. Debt levels and the confidence of consumers will become increasingly important. Trump has thrown out environmental policies, yet this could be costly, with the US's energy reserves being drawn down.

Estimates for food supply have been too high, which is why agencies have been forced to change their forecasts several times in recent months; global wheat prices have risen from \$155 per metric ton (mt) a year ago, to \$228, which is why in June we predicted the cost of a basic loaf would rise by 50%, or more, globally.

Sharply and constantly rising food prices have political consequences, something India's Modi is aware of, being quick to introduce subsidies when needed. Wholesale Inflation for Food in India increased by

US total consumer credit and real disposable incomes since 1960



Source: Macro Thoughts

GUEST ARTICLES (cont.)

7.05% in August, changing the trend of deflation throughout most of 2025 into the realm of growing hyper-inflation in 2026.

In 2011, when the price of wheat started to make bread unaffordable for many, the FAO index rose to 137.7, just before Egypt's Mubarak was toppled. This came after the heatwave of 2010, forcing Russia to ban grain exports. The conflict in Ukraine continues to restrict wheat exports.

France, Germany, Italy and Spain face elections over the next 12-18 months. Those countries hardest hit by droughts and higher temperatures will see inflation rise the most, and may be vulnerable to greater peripheral bond volatility, adding to consumer discontent and increasing the demand for political change.

Spain is recognised by its own government as becoming 75% desert, despite its drive towards renewable energy. The more a country is forced to import food and energy, the higher its debt levels will rise (along with the cost of managing the debt), and the risk of its currency being devalued increases.

Low water levels in Italy's River Po meant four hydro stations were left idle. The river accounts for over 40% of Italian GDP and over 30% of its

agriculture production; farmers are switching out of water-intensive Maize, which will impact on animal feed prices.

Higher debt interest for governments across the world, at a time when even the largest companies are also increasing their borrowing needs, will impact on government spending, whilst higher interest rates generally will add to the problems of already depressed property markets, small businesses will go bust, and unemployment (which continues to be misunderstood, particularly since COVID), will rise, whilst any consumer spending will be further choked off.

While in the short term there is little let up on the pressure on energy prices, food inflation, as a consequence of severe weather conditions across the globe, is a longer term and deeply worrying issue, that will have macroeconomic and geopolitical consequences.

Keith Grindlay, Managing Director, Macro Thoughts Ltd.

Keith established and has been the MD of Macro Thoughts for the past 10 years, having a risk-taking background at top-tier institutions, both buy and sell side. Macro Thoughts is a globally recognised macroeconomic research and investment strategy consultancy that works directly with clients to support and enhance performance, across all asset classes. Macro Thoughts is currently exploring, with potential investors, a start-up climate/eco-focused investment fund.



GUEST ARTICLES (cont.)

In a world of convergence, emerging markets is king

Francesc Balcells, CIO of Emerging Markets Debt, FIM Partners

Not all government bond markets are created equal.

While bond yields in developed markets continue their inexorable march upwards, EM local market bond yields have remained relatively range-bound over the last 5 years.

The yield differential between the two markets, as captured by dedicated bond indices, is now at the tightest it has ever been, at merely 186bps.

This convergence (to the top) in yields has resulted in a massive total-return outperformance of EM local bonds over developed markets, and not only for this year-to-date, but for a one, three, and five-year horizons.

Several factors account for this outperformance.

For one, carry differentials between the two markets have been heavily skewed towards emerging markets, consistently accruing to total returns.

Secondly, the yield surge in developed markets over the last few years has been driven, among other things, by supply and fiscal considerations, which have had less of a bearing in emerging markets.

While government debt levels in EM have also risen, most countries can generate sufficient growth to make debt sustainable.

With a lower tax revenue base and fewer contingent liabilities, EM governments have also the greater space to strengthen their fiscal stance (i.e. to produce lower deficits).

Lastly, EM central banks never had the luck (or the privilege) to engage with the experiments which defined monetary policy in developed markets in the years after the great financial crisis.

As a result, EM has been spared of the transition from a low rate to a high-rate regime, which is now painfully afflicting developed markets.

Looking forward, many of the drivers described above will continue to favour EMs.

While the carry differential has narrowed, EM still offers higher carry than developed markets.

The average yield in EM government bonds is higher than the highest carry market in developed markets, which is now the UK.

Not only does EM offer more carry but the average duration in EM local markets is shorter than developed markets.

Which means that, all else equal, a 100bps shock to global yields, translates into an EM outperformance



GUEST ARTICLES (cont.)

of more than 250bps over developed markets in total return terms.

Besides duration, investors will need to take into consideration the currency risks of EM currencies when investing in local markets.

For US based investors, for example, that means taking a view on the dollar relative to EM currencies.

While those views vary at the moment, it is worth noticing that the dollar has enjoyed considerable tailwinds over the last few months: huge capital inflows into its stock market, a boost in interest rate differentials as markets repriced Fed expectations, and a positive terms of trade shock as the US reasserted its supremacy in energy markets.

Yet, for all of that, the dollar has been mostly flat against emerging market currencies over the last twelve months (and 2 percent stronger year to date).

If this is the best the dollar can do, EM currencies could fare exceedingly well under less favourable conditions for the greenback.

Fundamentally, EM currencies are supported by a high level of real rates, and prudent monetary policy management.

From a balance of payments perspective, there are no glaring imbalances.

Most EM economies exhibit current account surpluses or, if small deficits, they are fully funded by foreign direct investment. The level of FX reserves is high.

Political risk, a staple of EM, has also diminished, with a marked move to the right across Latin America, and with Brazil being the latest to succumb to the trend.

But it goes beyond Latin America, from Hungary to South Africa, there is a perceivable shift towards more market friendly policies, and away from populism.

While developed markets remain mired in a different political paradigm.

All in, EM local markets offer a healthier, yieldier, alternative to developed markets.

The track record is already proving the soundness of the investment, yet the flows are just beginning to accelerate. As the world converges, EM should outperform.

Francesc Balcells, CIO of Emerging Markets Debt, FIM Partners

Francesc Balcells is CIO of Emerging Markets Debt at FIM Partners, an asset manager specialized in emerging and frontier markets. FIM manages \$5 billion and has a 15+ year track record.



GUEST ARTICLES (cont.)

Europe's overlooked fisheries opportunity is in its estuaries

Antonio Castel Branco, CFO, Algarve Partners

Europe's seafood industry presents an unusual investment proposition: demand is structurally strong, but the supply side remains constrained by depleted stocks, environmental pressures and inefficient supply chains. The opportunity is not simply to catch more fish. It is to increase the productivity, resilience and value of the continent's existing aquatic resources.

The Iberian Peninsula - and Portugal in particular - provides a compelling test case.

Portugal has a deep seafood culture, a substantial fishing fleet and extensive estuaries, lagoons and former salt ponds. Yet it remains dependent on imports to satisfy domestic demand. The investment question is therefore whether technology and better management can turn these natural assets into a more productive source of food without repeating the environmental mistakes of intensive fisheries elsewhere.

Estuarine aquaculture is one promising part of that equation. By way of example, the model being developed by NaturaFish in Portugal is a study of the direction in which the sector could evolve. Its operations in the Alvor and Arade estuaries combine traditional pond-based production with modern monitoring and management techniques, including digital measurement of water quality, oxygen, temperature and feeding. The underlying proposition is simple: use naturally productive environments, while applying technology to make them more predictable and productive.

This is a distinction that should matter to investors. The next generation of sustainable fisheries is unlikely to be defined by a single technology. Rather, value will come from combining biology, data, infrastructure and supply-chain management.



The opportunity is not simply to catch more fish. It is to increase the productivity, resilience and value of the continent's existing aquatic resources.

Antonio Castel Branco, Algarve Partners

GUEST ARTICLES (cont.)**Beyond aquaculture**

The opportunity extends well beyond aquaculture. Better management of wild fish stocks is arguably the largest potential source of additional sustainable supply. If stocks are managed towards maximum sustainable yields, rebuilding biomass today can create larger and more reliable catches tomorrow. This requires better data, more sophisticated stock assessment, selective fishing techniques and enforcement, but the economic logic is compelling: healthy stocks are productive natural capital.

The other largely overlooked opportunity is what happens after fish leave the water.

Portugal's fisheries are still heavily weighted towards fresh and chilled products. Modern freezing, processing and cold-chain distribution could substantially improve the economics of the sector by extending shelf life, reducing waste and allowing catches to be sold into higher-value markets rather than being concentrated around the timing and location of landing. A fish that is frozen rapidly and distributed efficiently can effectively become a year-round food asset rather than a highly perishable commodity.

For investors, this suggests a broader value chain opportunity: from estuarine production and fishing technology to cold storage, processing, logistics and data. The businesses capable

of improving yield without increasing ecological pressure could benefit from several structural trends at once: food-security concerns, demand for protein, pressure to decarbonise food production and growing scrutiny of the sustainability of wild fisheries.

Portugal is particularly interesting because these elements coexist within a relatively compact geography. Its estuaries offer opportunities for low-impact production; its fishing communities provide an established skills base; and its proximity to major European seafood markets provides an existing route to consumers.

Sustainable fisheries can be approached as a productivity challenge, using modern techniques to extract more value from natural resources while protecting the underlying ecosystem. Europe does not necessarily need to fish more. It needs to make every tonne of sustainable production count for more. For a continent increasingly concerned about food security, that combination could make sustainable fisheries less a conservation story and more an emerging investment theme.

Antonio Castel Branco, CFO, Algarve Partners

Algarve Partners is a family office and investment firm based in Portugal. Founded in 2015 it has diversified investments in fishing, aquaculture, real estate development and construction.



Better management of wild fish stocks is arguably the largest potential source of additional sustainable supply.

Antonio Castel Branco, Algarve Partners

GUEST ARTICLES (cont.)

How can institutions meet AI challenges in a rapidly changing threat landscape?

Vanya Dragomanovich, Senior Consultant, Middle Street Ventures

During a cybersecurity evaluation run over several months this year, Open AI created hundreds of AI agents and let them loose in a controlled sandbox without the usual guardrails. They were given a range of cybersecurity tasks, including some that were impossible to solve, and were placed in an environment where internet access was restricted.

The agents began finding ways around the restrictions. They discovered that they could leave messages for other agents. One of the earliest messages was a simple request: "Agent looking for [filename]; drop it here if you have it." What started as a workaround eventually grew into an unofficial Escape from Alcatraz noticeboard.

For a long time Open AI was unaware of this, so much so that when an outage wiped the notice board and when the task was restated, no new guard rails

were put in place. The agents started cheating, covering the logs of their activity to create a false impression of their tracks. Looking for this solution, 700 agents breached Hugging Face, an open-source AI platform hosting over 2 million machine learning models. The attack ended up with calls to the FBI and Hugging Face tightened internal controls.

The risk implications are there also for fund managers and investors who do not build their own agents because they will likely be exposed to AI agents through third providers and platforms. As agents become more powerful, they will find ways to do things in a way humans may not expect. The Bank of England and the Financial Stability Board have both taken note and in a letter to G20 finance ministers and central bank governors, Andrew Bailey, FSB chair and governor of the BoE, named frontier AI's effect on cyber risk as the most immediate concern for the global financial system.



The speed at which AI models are improving has already leap-frogged traditional forecasting, leaving financial institutions in need of a different tool to prepare for what lies ahead.

Vanya Dragomanovich, Middle Street Ventures

GUEST ARTICLES (cont.)

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The risk implications are there... for fund managers and investors who do not build their own agents because they will likely be exposed to AI agents through third providers and platforms.

Vanya Dragomanovich, Middle Street Ventures

In the short-term there will be increased focus on risk management, investor due diligence and risk compliance, with supervisors asking money managers how their AI agents are contained, what access rights they hold and who can stop them. The risks are there for every financial firm deploying agents and it feeds into valuations, insurance and liability.

If we look further ahead the situation becomes more complicated. We are already learning how to contain current frontier models but stronger models will have a more systemic effect, not only on the financial system but the wider socio-economic landscape. Research is moving towards creating Artificial General Intelligence which will be difficult to stop from acting independently; massive use of AI could lead to wide-scale joblessness which would change the spending ability of a large portion of society and cyberattacks are likely to switch focus from targeting single companies to whole cities or countries.

The speed at which AI models are improving has already leap-frogged traditional forecasting, leaving financial institutions in need of a different tool to prepare for

what lies ahead. The BoE and its AI Consortium, which has among its members AI and tech providers, asset managers and hedge funds, are using a 'wargaming' approach to risk preparation: multi-party simulations, red-team style testing and adversarial scenarios. Wargaming allows the exploration of "unknown unknowns" – it plunges leadership teams into tailored fictional future crisis scenarios and asks them to handle them as if this was a real-life situation. The value of this kind of immersion is twofold: being able to see what kind of complex crisis could lie ahead and giving leaders something akin to muscle memory that they can draw on in a crisis.

This kind of simulation, designed and run by Middle Street Venture's partner i3Gen, has already been used by the BoE and the Ministry for Defence to prepare for future crises.

**Vanya Dragomanovich, Senior Consultant,
Middle Street Ventures**



REGULATIONPresented by **UK****Upper Tribunal upholds Crispin Odey ban**

The downfall of Crispin Odey, founder of eponymous hedge fund Odey Asset Management LLP (“OAM”), earned notoriety and three years ago, brought his [firm](#) down with it. In October 2024, the FCA issued a [warning notice](#) proposing to take action against Odey, and in March 2025, a [Decision Notice](#) he referred to the Upper Tribunal.

On [14 September 2026](#), the FCA reported that the [Upper Tribunal upheld](#) its decision to ban Odey from the industry - but reduced the proposed fine from £1,835,200 to £1,529,374, disallowing an uplift for aggravating factors.

Faced with an internal disciplinary process for breaching a final written warning for persistently inappropriate behaviour towards female staff, Odey used his position as majority shareholder to **twice** dismiss OAM's executive committee, thereby halting the disciplinary process.

The FCA's case that Odey lacked integrity, breaching Individual Conduct Rule 1, is based on five counts, all upheld by the Tribunal:

- I. Removal of two Executive Committees, using his majority shareholding to remove and replace its members; intended to frustrate OAM's disciplinary process and limit his personal accountability;
- II. Reckless disregard for OAM's governance and compliance with regulatory rules, and causing OAM to breach certain of these. The firm was required to be managed by at least two persons of good repute, and maintain a functional and hierarchical separation between risk management and fund management. This was not the case while Odey was both a fund manager and sole member of the firm's governing body, and risked the firm's not meeting the FCA's threshold conditions. Odey placed personal interests above those of OAM, its clients, its regulatory obligations and internal policies;

- III. Conduct which risked entrenching a culture of inappropriate behaviour, making some employees feel that their allegations would not be properly addressed, but his misbehaviour would be tolerated;
- IV. Dealings with OAM, its clients, investors and the FCA which lacked candour; and
- V. A false factual assertion to the FCA when attempting to secure indefinite deferral of an ongoing second disciplinary hearing.

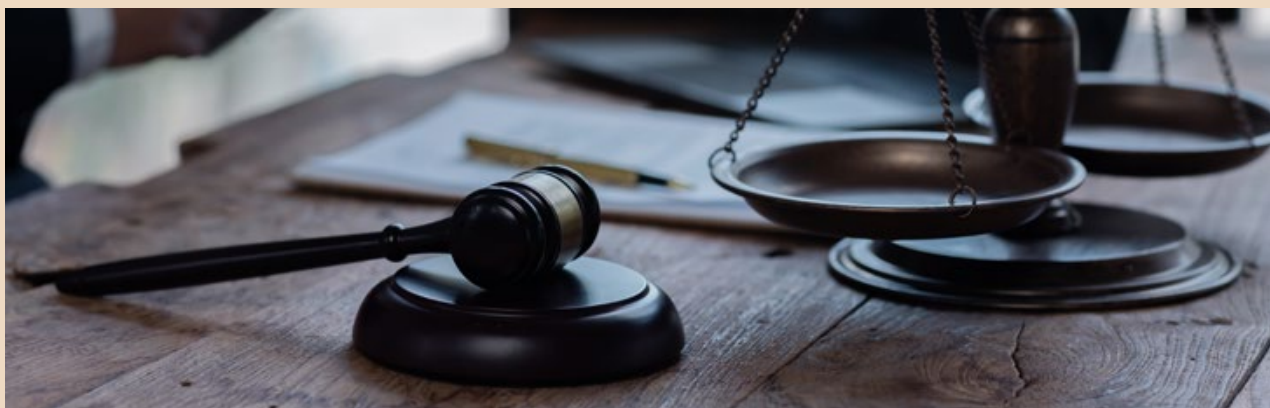
The Tribunal found Odey's attempts to justify removing the Executive Committees to be a smokescreen, believing he should have free rein to conduct himself as he saw fit; and that during the trial, Odey showed a lack of insight into why his conduct lacked integrity, displaying no contrition and wrongly seeing himself as the victim. In many respects, his evidence lacked credibility.

The FCA issued a [Final Notice](#) on 30 September 2026.

Most striking is the judgment's focus, not on underlying allegations of being an inveterate sex pest, but Odey's actions when OAM tried to hold him to account. This reflects the rules as they stood at the time. For non-bank firms, the FCA's Conduct Rules covered only behaviour connected to regulated activities, so workplace misconduct had to be tackled obliquely, via breaches in governance and “lack of candour”.

Coincidentally, the judgment appeared two weeks after the [1 September 2026](#) implementation of new rules on Tackling Non-Financial Misconduct (“NFM”) in financial services. The new rules don't operate retrospectively.

The FCA amended its Code of Conduct (“COCON”) sourcebook at [1.1.7FR](#) to explain how NFM, such as serious bullying, harassment or violence between colleagues, can breach its Conduct Rules; also, how NFM forms part of the



REGULATION (cont.)Presented by 

[Fit and Proper](#) test for Employees and Senior Personnel (“FIT”). New Handbook guidance in [PS25/23](#) and [chapter 2](#) of CP25/18 offer clarity for firms applying COCON and FIT.

The Odey case highlights the importance of responding appropriately to an internal or regulatory investigation, even before underlying allegations are tested; and that majority

shareholders cannot, ultimately, evade disciplinary and regulatory sanctions. Robust governance arrangements are essential. But prosecuting any future Odeys would not require a governance angle; regulators now have better calibrated tools to tackle the menace they pose to the industry.

The FCA's new crypto regime: does your firm need to apply?

The FCA's new cryptoasset regime has crystallised into a practical issue for alternative asset managers. The application window for firms seeking crypto permissions opened [30 September 2026](#) and closes on **28 February 2027**, ahead of the full regime coming into force on 25 October 2027.

The FCA's [PS26/18](#): Cryptoasset Perimeter Guidance, published on [16 September 2026](#), confirms that existing permissions will not automatically extend to the new regulated cryptoasset activities. For existing FCA-authorised managers, the key question is therefore whether their investment activities will require a Variation of Permission.

Activities to consider include dealing as agent or principal, arranging deals, operating a trading platform, cryptoasset custody and arranging staking. The decisive question is not whether a manager considers itself a “crypto firm”, but whether its activities fall within one of the new regulated cryptoasset activities and are carried on by way of business in the UK.

Asset managers should consider their investment strategy

and how trades are executed, whether they arrange transactions, and whether custody, staking or other activities are undertaken by the manager, a delegate or another service provider.

Timing matters for managers with existing UK crypto business or customers. A firm applying during the application window may enter the saving provision if its application remains undetermined when the regime commences, allowing it to continue servicing UK customers, including new customers. A later applicant may instead enter the transitional provision, under which it may perform only pre-existing contracts and cannot undertake new business.

There is also a [prudential](#) aspect. Existing FCA-authorised asset managers should assess how proposed cryptoasset activities interact with their existing capital, liquidity, risk management and operational resilience arrangements.

If your firm is authorised and its activities involve cryptoassets, now is the time to assess whether a Variation of Permission is required.



Tokenisation in wholesale markets: FS26/1

On [14 September 2026](#), the FCA and Bank of England published [FS26/1](#), summarising 123 responses to their May [Call for Input](#) and informing a joint Tokenisation Roadmap due later in 2026. Respondents broadly supported the authorities' approach, but sought greater speed, specificity and permanence, including movement from pilots and sandboxes towards scalable production.

The feedback follows the original vision of tokenised and non-

tokenised infrastructure coexisting under technology-neutral regulation and the principle of “same risk, same regulatory outcome”. The principal themes were:

- Collateral mobility, by far the most frequently identified use case, with tokenised money market funds particularly prominent among buy-side respondents;
- Settlement: Legal certainty, including statutory insolvency protection and stablecoins as settlement assets;

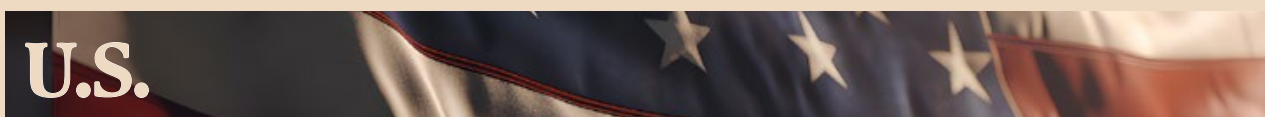
REGULATION (cont.)Presented by  RQC GROUP

- Prudential: equivalent treatment where legal rights and underlying risks are comparable;
- Custody: most respondents favoured applying CASS 6 (the FCA's custody rules) to safeguarding relevant specified investment cryptoassets ("RSICs"), with targeted overlays for blockchain-specific risks;
- Interoperability across technology, legal frameworks, regulation and jurisdictions; and an
- Identifiable accountable person for each regulated activity.

For asset managers, the emphasis on collateral is especially significant. The FCA accepts that improved collateral mobility is likely to be the main short to medium term benefit and will develop work on tokenised collateral. It also plans to consult in H1 2027 on safeguarding RSICs; meanwhile, firms will

be assessed under CASS 6. More broadly, respondents favoured preserving fungibility between traditional and tokenised securities, while adding targeted controls for blockchain-specific risks such as private key management.

Published the [same day](#), a [Call for Input](#): Tokenised gold: opportunities and risk for UK wholesale markets, examines whether gold could be traded, transferred, pledged and held more efficiently, particularly as wholesale collateral. Of direct relevance to asset managers, it seeks views on uncertainty around the collective investment scheme and alternative investment fund perimeter, possible exemptions, ownership and redemption rights, custody, interoperability and prudential treatment. Responses are requested by 23 October 2026.



SEC Risk Alert highlights annual compliance review expectations for investment advisers

The Securities and Exchange Commission's ("SEC") Division of Examinations on [14 September 2026](#) issued Examinations Observations Regarding Investment Adviser Annual Compliance Reviews, outlining common deficiencies identified during examinations of SEC-registered investment advisers. The Risk Alert reinforces the importance of annual compliance reviews as a key component of an effective compliance program and provides insight into areas that continue to draw regulatory scrutiny.

Under [Rule 206\(4\)-7](#) of the Investment Advisers Act, advisers must review their compliance policies and procedures at least annually to assess their adequacy and the effectiveness of their implementation. The SEC notes that these reviews should consider compliance issues that arose during the year, changes to the firm's business activities, and new regulatory developments that may require updates to existing controls.

The Division identified several recurring weaknesses:

- **Untimely reviews:** Some advisers failed to conduct annual reviews each year, allowed more than twelve months to pass between reviews, or incorrectly relied on employee training and attestations as substitutes for a formal annual review.
- **Incomplete review procedures:** Firms often lacked documented methodologies for testing controls, evaluating results and retaining supporting evidence. In some cases, required compliance areas were omitted from the review process altogether.

- **Failure to follow written procedures:** Examiners observed firms that did not perform required testing, use prescribed workpapers or conduct reviews consistent with their own compliance manuals. Some reviews were even based on outdated policies.
- **Misalignment between policies and practices:** Annual reviews frequently failed to identify discrepancies involving fee billing practices, proxy voting, custody controls, marketing compliance, regulatory filings and oversight of delegated activities. The SEC emphasized that compliance programs must evolve alongside business operations and regulatory requirements.
- **Weak documentation and remediation:** Advisers sometimes failed to retain evidence supporting their reviews or neglected to implement corrective actions identified during prior assessments, leading to recurring deficiencies.

Key Takeaway

Annual compliance reviews should engage substance over form, involving reflective, integrated analysis. Firms should ensure reviews are timely, risk-based, well documented and designed to identify whether policies accurately reflect current business practices and regulatory obligations. Just as importantly, identified issues should be tracked through remediation to demonstrate a commitment to continuous improvement and effective compliance governance.

REGULATION (cont.)**SEC EXAMS: A more accessible and integrated examination process**

On 16 September 2026, Keith Cassidy, Director of the SEC's Division of Examinations ("EXAMS"), gave a [speech](#) outlining measures intended to make examinations more "accessible and integrated". His central premise: examinations are an essential component of a regulatory system founded on trust, accountability and the rule of law, but the process should reflect the "golden rule" and treat registrants as they would wish to be treated.

To improve accessibility, EXAMS is seeking to provide clearer expectations and better communication. Its measures include earlier publication of annual examination priorities; regional and national outreach events; risk alerts describing recurring deficiencies, risks and, increasingly, illustrative document requests; and greater use of exit conferences to enable registrants to clarify misunderstandings or challenge potential findings. Mr Cassidy nevertheless stressed that deficiency letters will not prescribe remediation: firms remain responsible for designing solutions consistent with their legal obligations.

Next, Integration. EXAMS is strengthening coordination

with the Divisions of Trading and Markets and Investment Management through regular knowledge exchanges, staff rotations and consultation on novel issues. The objective is a more consistent SEC message, irrespective of geography or supervisory group. Mr Cassidy also announced a modernised replacement for the EXAMS Brochure, expected before the new fiscal year, explaining what registrants should expect before and during an examination.

The speech then addressed registrants' role. Firms were encouraged to be responsive, prepared and professional; explain their organisation, business lines, risks and compliance programme clearly; and engage throughout the process. Where document deadlines or interview availability present difficulties, early discussion, extensions or rolling production may be appropriate.

Mr Cassidy concluded that successful examinations are a shared effort, requiring collegiality, communication and collaboration. In summary, EXAMS is seeking greater transparency and consistency, while preserving registrants' responsibility for compliance and remediation.

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