

ESMA
11-13 avenue de Friedland
75008 PARIS
FRANCE

TEL: +44 (0)20 7611 8888
FAX: +44 (0)20 7611 8795
E-MAIL: d.truell@wellcome.ac.uk
Your Ref:
Our Ref:
12 January 2011

Dear Sirs

Alternative Investment Fund Managers Directive - Level II Implementation Call for Evidence

The Wellcome Trust is a global charitable foundation that spends approximately €600m per year on medical research to improve human and animal health. We are funded by an endowment that is invested across many alternative investment funds. Our ability to generate funds to support our charitable mission is therefore affected by the Alternative Investment Fund Managers Directive (AIFMD).

We are keen to contribute to the Level II process of the AIFMD to ensure this legislation is effective, and not unduly burdensome or restrictive. As an investor in AIF, our concerns are particularly to ensure that we retain flexibility to invest in the widest possible range of funds and strategies, and that additional costs are not imposed (that will inevitably be borne by underlying investors) without a commensurate benefit from reducing risks. We believe that it is important that the investor perspective is represented in the Level II consultation and would be happy to co-ordinate with other foundations and other investors in AIF more broadly.

By way of example, we note the request for advice in relation to Valuation (Issue 9 of the Commission's letter). We agree with the comments made in the Commission's letter, that valuation processes need to include sufficient flexibility to avoid limiting the range of assets in which an AIF may invest. We would also look for a flexible approach where assets are difficult or expensive to value and the valuation does not impact the economic interests of the AIFM or investors, as would be the case in many private equity funds; in those situations, requiring additional valuations would be unlikely to increase investor protection but could incur significant costs.

Separately, although not addressed in the call for evidence, we consider that it would helpful if ESMA would provide guidance in relation to reverse solicitation by investors of AIF managed by third country managers. It would be particularly helpful to narrow any uncertainty over the circumstances when a response by a third country manager to an approach from an investor could be deemed to be 'marketing'.

We look forward to hearing from you.

Yours sincerely



Danny Truell
Chief Investment Officer