The DI Wire Q&A with ADISA's Bendix and Grady

The DI Wire sat down with ADISA president Mike Bendix and president-elect John Grady to discuss the 2016 Annual Conference & Trade Show which saw nearly 1,000 industry professionals gather in Las Vegas for three days of education and networking. Bendix is the CEO of DFPG Investments, and Grady is a partner at DLA Piper.

The DI Wire: I understand there was a record breaking number of attendees at ADISA's Annual Conference. To what do you attribute this interest in the industry?

MB: Beginning with the name change in 2014, ADISA has made a concerted effort to expand our membership base to include all facets of the alternative investment industry. Our board has also worked hard to provide value for broker-dealers, RIAs and their representatives. We consider those advisors ADISA's core target market so I am glad to see that reflected in our attendance numbers. Alternative investments are an important component in a balanced portfolio and there is no conference in the industry that provides a better combination of networking opportunities and educational content for those products.

The DI Wire: 1031 exchanges under the Delaware Statutory Trust model are quite popular. The industry is expected to raise $1.5 billion in 2016, up from just under $1.1 billion last year. Why are 1031 exchanges growing in popularity again?

MB: Many investors are taking advantage of the recent increase in real estate values by selling their highly-appreciated properties. The Delaware Statutory Trust is a great solution for those investors looking to defer the resulting capital gains liabilities, particularly those who are looking for passive management and diversification. ADISA members who sponsor 1031 exchange-eligible offerings are doing a great job of sourcing quality replacement properties to help satisfy the increased demand.

The DI Wire: Interval funds were a prominent topic at the conference this year. How are they impacting the industry?

JG: Interval funds are closed-end funds that register under the Investment Company Act of 1940 and commit to making periodic tender offers (repurchase offers) for their shares at their net asset value. These funds are attracting attention from sponsors, financial advisers and investors alike, as they can provide returns from "alternative" assets while offering a meaningful level of investor liquidity at transparent prices. This combination is attracting significant investor assets and shows how sponsors and financial advisers alike are looking for investment options that balance liquidity with the return potential of alternative assets.

The DI Wire: How will your membership change with the implementation of the DOL's fiduciary rule?

JG: It is not apparent that ADISA's membership will change with the implementation of the rule so much as it will impact how its members structure and deliver alternative funds and investment programs. A major topic of discussion at ADISA's recent Annual Conference was the way in which pricing structures are changing to adapt to the new rule and how the rule will impact distribution costs (including how they are borne). Furthermore, it is forcing members to examine their business models and may cause significant changes in how firms serve their clients and how their clients will pay for their advice and related services.

Click here to visit The DI Wire directory page.