

WRITTEN BY KEES JAGER

EMBRACING CHANGE — WHY GUERNSEY'S FUND MARKET IS GAINING IN POPULARITY

18 FEBRUARY 2021

Kees Jager, Head of Fund Administration Services at [Intertrust Group](#) in Guernsey, looks at what the future holds for funds and how Guernsey has responded to this evolving market in the past year.

2020 was a year like no other – the pandemic, the US election and Brexit were just three major events that provoked change and uncertainty. The year taught us how to adapt and transform at speed – what would have taken years previously was accomplished in a matter of months, particularly in the business sphere. Rapid change proved to be one of the themes of the year and embracing this enabled the funds industry to remain strong throughout 2020 – and in Guernsey it is stronger than ever.

Though the Covid-19 pandemic took its toll on financial markets, the funds industry has remained healthy. There's been a lot of activity to establish new funds as many took advantage of the suppressed valuations in markets. Guernsey is growing in popularity as the location of choice for many fund managers, with more than 1,000 currently domiciled in the island. The 2020 Monterey Insight Guernsey Fund Report further demonstrated this, reporting total net assets of \$428.4 billion in 2020, up 4% on 2019.

Guernsey is attractive to fund managers as it offers substance, security, and stability, as well as a high standard of professional services expertise and a flexible and pragmatic regulator. What has also proved key for Guernsey during these unprecedented times is the island's forward thinking, and market-leading solutions.

Innovation

The funds industry has rapidly become more tech-focused. This has changed how fund administrators operate as it is allowed for processes to be automated and completed more quickly and accurately, allowing administrators to build stronger relationships with their clients and provide a more personalised service. At Intertrust Group, our digital transformation journey was bolstered by our acquisition of leading technology company Viteos in 2019.

The technology we have in place differentiates us from our competitors and played a big part in helping us more than double our assets under administration (AUM) in Guernsey last year, through new and existing business. The Monterey Insight Report showed that Intertrust Group in Guernsey's AUM was up from \$2.5 billion to \$5.7 billion, moving us eight places up the rankings to 15. We were also ranked fifth for new business by total fund assets, and expect similar AUM growth over the next 12 months as we continue to enhance our technology.

One of the factors contributing to our performance has been the massive growth of infrastructure funds, an area in which Guernsey has something of a specialism. The iCON V fund, for example, is already 50% committed despite only launching in autumn last year. Equitix is experiencing similar growth. There is a lot of interest in infrastructure funds at the moment which is something we in Guernsey are benefiting from.

Intertrust was involved in two of the top 10 funds launched from Guernsey in 2020 – Bansk Group launched a private investment fund and we also supported the establishment of the first Omani infrastructure-focused fund, Rakiza.

Digital Guernsey

Guernsey has proven to be resilient over the past 12 months, with strong infrastructure allowing for a smooth switch to virtual meetings. The Guernsey Financial Services Commission also introduced a fast-track regulatory approval regime for migrations of investment funds and their managers to Guernsey. The island is also set to update the rules of its Private Investment Fund, expanding the fund regime with two additional models. This will remove the requirement for manager involvement and provide a streamlined route to market for managers not looking to a large investor base.

Going green

Another trend we expect to see continue into 2021 is the rise in client demand for environmental, social, and corporate governance (ESG) reporting in relation to funds. Even though it is a small area compared to other funds, it is gaining momentum quickly and we are accelerating what is possible in reporting by building databases and portals for clients to have access to real-time ESG data.

Guernsey has a strong commitment to green and sustainable finance. In 2018 the island launched the world's first regulated Green Fund product with its Green Fund Rules to assure investors that their portfolio is helping mitigate environmental damage and climate change – a significant step for the local funds industry and one that helps clients navigate an increasingly complex area.

There is no doubt that technology is the driving force behind the future success of the funds industry. The tech takeover is happening with speed, and innovative jurisdictions like Guernsey will be in high demand.

With a customer-centric approach and futureproof technology, we are optimistic that Guernsey funds business will continue to go from strength to strength.

WE ARE GUERNSEY is the brand under which Guernsey Finance promotes the island's financial services sector internationally. Guernsey Finance - the promotional agency for the island's finance industry internationally - is a joint industry and Government initiative responsible for the promotion of Guernsey. Under the leadership of Chief Executive Rupert Pleasant, the agency ensures that the core values and competencies of the island's finance sector are accepted and respected by the global community and that financial business development flows are enhanced.

PO Box 655, St Peter Port,
Guernsey, GY1 3PN

+44 (0)1481 720071

INFO@WEAREGUERNSEY.COM

