

# STRENGTH OF GUERNSEY'S FUNDS INDUSTRY ON SHOW IN NEW RESEARCH

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Guernsey's funds industry has enjoyed a positive and diverse year, according to the latest edition of the Guernsey Fund Report.

The 23<sup>rd</sup> edition of the report by independent fund researcher Monterey Insight reveals that the number of serviced schemes had increased from 990 to 1,018 for the year to the end of June 2017, while the total number of sub-funds had risen from 1,317 to 1,363. The value of fund assets serviced in Guernsey is also on the rise and now stands at \$396.6 billion - an increase of 2.8% compared to the end of June 2016.

At sub-funds level, 180 fund and sub-funds were launched during the year accounting for \$22.3bn in assets. 75 of those funds were private equities, with total assets of \$13.6bn, representing 61% of the new product launches.

Karine Pacary, Managing Director of Monterey Insight, said it had been a good year for the Guernsey funds sector.

"It is encouraging to see positive returns for the Guernsey fund industry which continues to be an attractive and influential financial centre despite a challenging European funds environment," she said.

"While private equity is a crucial element to Guernsey's success, we have seen that other types of products launched during the year have a more accelerated growth rate in comparison to private equity. This reflects Guernsey's ability to offer a variety of expertise and tailored fund services for a range of financial products."

For fund administration services of both domiciled and non-domiciled funds, Northern Trust continues to head the rankings as the largest administrator by total net assets (\$63.9bn), with Ipes (\$48.9bn) and Apax Partners (\$40.3bn) ranked second and third. Aztec Group and Heritage International Fund Managers were fourth and fifth respectively. For funds under custody services of both domiciled and non-domiciled funds, Northern Trust also maintained its lead position with \$23.8bn, but there was a change in the rankings for second place with BNP Paribas Securities Services (\$9.3bn) ahead of Kleinwort Benson (\$8.2bn). State Street and RBC Wealth Management were fourth and fifth respectively.

Belinda Aspinall, Chief Executive of Northern Trust in the Channel Islands, said: "As Guernsey's largest administrator, custodian and transfer agent by total net assets we are committed to pioneering new solutions for the industry as demonstrated by our launch of the first commercial deployment of blockchain technology for the private equity market earlier this year. This global first was a collaborative initiative led by Northern Trust and supported by a range of Guernsey based stakeholders to bring the innovation to market."

Among legal advisers, the ranking remains the same as Carey Olsen keeps its lead offering legal advice to 729 funds, followed by Mourant Ozannes (220) and Ogier (88).

Ben Morgan, Partner and Head of Carey Olsen's Corporate and Finance Group in Guernsey, said: "These are excellent results for Guernsey and Carey Olsen, which demonstrate the resilience of the island's fund industry and the embedded loyalty of the managers and referrers who regularly select Guernsey as their preferred jurisdiction.

"As a firm, we have increased our share of the market, and continue to hire widely to ensure we deliver the high standards of service which our clients expect of us. The service delivery standard and responsiveness of Carey Olsen, Guernsey's auditors, administrators, the Registrar and the financial services regulator is a key differentiator for the jurisdiction. There has also been a big increase in managers looking to build out their operations here, which is also an exciting new development."

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Among fund management companies, the largest promoter of funds serviced in Guernsey is Apax Partners with \$41.3bn. A switch in the ranking took place for the second and third position, as this year Cinven took the second place with \$21.4bn ahead of Partners Group \$19.1bn.

PwC has maintained its position as the leading fund auditors in Guernsey, auditing 372 funds. This puts the firm ahead of KPMG (298), EY (133) and Deloitte (127).

Roland Mills, Partner at PwC Channel Islands, said: ““We're delighted to have retained our leading position, and by an even wider margin than in 2016, as the largest auditor of Guernsey serviced funds. Guernsey has a thriving investment management industry and is recognised as a global centre of excellence for private equity, providing appropriate structures, a robust regulatory environment and first class professional services.”

Transfer agents were a new addition in the rankings this year, with Northern Trust taking first position with a total of \$50.7bn followed by Ipes with \$48.9bn and Aztec Group in third position with a total of \$31.2bn. Capita Registrars and Alter Domus were fourth and fifth respectively.

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