

WRITTEN BY ANDREW HARDING

HITTING THE SWEET SPOT

16 AUGUST 2018

Guernsey's core funds messages have been given a global boost with the publication of a [new report on Guernsey Fund Services](#), produced with Global Fund Media. The report identifies Guernsey as a leading jurisdiction for both start-up managers and established funds. Here, Appleby (Guernsey) Group Partner Andrew Harding discusses why Guernsey is so good at funds.

Ahead of the World Cup The Economist ran an article entitled 'What makes a country good at football?' The journal explored the various components of a successful national side, taking account of GDP, population size and the popularity of the game in each country

Wealth, size and popularity of the game were all found to be correlated with success, but these elements made up less than half the story. Centralised schemes to promote the game were found to significantly improve performance, and were much easier to establish in smaller countries such as Uruguay and Iceland. To thrive at the World Cup a country also needed to be able to tap a pool of creative talent (both local and global) that was properly prepared for the tournament.

It follows that one joy of the World Cup is that while size and wealth are significant factors, smaller countries can also be very successful. In similar fashion, the offshore world has long punched above its weight when it comes to acting as a conduit for international investment. So what makes a smaller jurisdiction like Guernsey so good at funds?

It goes almost without saying that the regulatory framework, distribution channels, fund infrastructure and taxation regime are all key considerations for promoters and LPs. Guernsey has GBP263 billion of funds under management and administration which speaks for itself. However, that is not the whole story. In terms of a centralised agency, Guernsey Finance is a joint industry and government initiative that is constantly working to find ways to innovate and encourage new products tailored to fund promoters' requirements.

One initiative that demonstrates Guernsey's responsiveness is the Private Investment Fund (PIF), launched in November 2016. The PIF is the perfect solution to those investment projects where the manager and investors are known to each other and all know what they want to achieve, but where the participants would draw comfort from a relatively low-cost regulatory solution which requires oversight from a regulated third-party administrator and an independent annual audit.

Originally designed for start-up managers and club deals, the PIF has also gained a following with large private equity managers who appreciate the reduced requirements for marketing documentation and the speed to market allowed by the fast-track Guernsey Financial Services Commission (GFSC) registration process, taking one business day.

The PIF is limited to no more than 50 investors, but the number of potential investors it can be marketed to is not restricted. Every PIF must appoint a Guernsey licensed manager who is responsible for making certain representations with respect to the ability of investors to suffer losses. If there is no existing manager, then the licence for the manager can be dealt with by the GFSC at the same time as the PIF's registration.

To set up a PIF it will be necessary to engage with specialist fund services providers in Guernsey. In terms of a pool of creative talent, there is real expertise in the concentration of investment advisers, managers, administrators, legal advisers and tax and audit firms in Guernsey. Many Guernsey firms are international and able to draw on an international pool of talent if needed. For example, Appleby is a law firm based in Guernsey, but also has offices in the other Crown Dependencies, plus Bermuda, Cayman Islands, BVI, Hong Kong, Shanghai, Mauritius and Seychelles, thereby providing legal expertise around the clock.

With the development of the PIF, Guernsey has adopted the right tactics and arguably hit the sweet spot for private investment funds. This desire to innovate has given rise to further initiatives such as the Guernsey Green Fund (GGF) designation. In building on Guernsey's existing reputation, the PIF and the GGF will enhance the

island's offering on the world stage.

An original version of this article first appeared in The Global Fund Media special report on Guernsey fund services, July 2018. [Click here to access the full report.](#)

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

