

Growth of private wealth and private investment funds

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Ogier Jersey Group Partner Emily Haithwaite spoke to Business Life magazine about the growth of private wealth in Jersey and extracts of the interview below were first used in the November 2019 to January 2020 edition.

The amount of private wealth has been growing fast in recent years, outstripping overall economic growth around the world. Have you seen any particular trends in terms of how and where this wealth is being deployed? For example, moves away from volatile equity markets towards areas such as private equity, real estate and debt?

Reports looking into global asset allocation by family offices clearly show a move away from traditional equities in favour of private equity and real estate, where returns are outpacing the public markets. In addition, there is a growing trend towards direct investing rather than via pooled vehicles managed by third party managers. We have established numerous proprietary investment structures for wealthy families investing in these asset classes as well as joint ventures and co-investment structures.

How has the Jersey Private Fund regime fared since it was set up? Have they had much impact on the market, and led to any changes in terms of private capital deployment?

Jersey Private Funds have had a huge impact on the Jersey funds market. This is borne out by the latest statistics released by Jersey Finance which show that the number of JPFs has grown to 257, an increase of 25% over the half year to the end of June 2019, with assets under management at £43 billion (more than double the value at the end of 2018). JPFs are very popular vehicles for the deployment of private capital because they are quick and cost-effective to establish and authorise, no formal offer document is required and there are clear parameters regarding family and employee investment vehicles. It is also possible to create highly bespoke structures for professional and sophisticated investors as JPFs are not subject to any prescribed concentration limits.

How do you expect the private wealth sector to evolve in the coming years? And what do firms that offer services to private investors need to do to respond to these trends?

Private wealth is increasing. Wealthy families are getting even wealthier and the number of single and multi-family offices is increasing. As a firm, we offer a complete range of cross disciplinary services to private investors including estate planning, governance, succession planning, family office set-up, investment structuring and private funds. It is extremely important that we continue to think about the issues that are important to our clients. For example, areas which matter increasingly to new generations are philanthropy, sustainable investing and impact funds. We have specialist teams focusing on each of these and how we can meet our clients' needs.

Has the growth in the number of private investors had much impact on professional services already? Have you seen new roles, responsibilities or ways of working starting to emerge to cater for this?

It is increasingly necessary for professional firms to put together specialist teams which understand the needs of private investors. These are usually multi-jurisdictional and cross-service line teams. The approach is very different to institutional investors which will have a number of internal functions - such as legal or compliance - supporting them, and so the starting point is not the same.

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