

Prospects for fund managers and relocation to Guernsey in 2017

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If 2016 was all about bad news and uncertainty, there's every reason to approach 2017 with a much more optimistic frame of mind - especially from the perspective of the investment funds industries in Guernsey. Whilst it's clear that new fundraising in the wake of Brexit may be patchy, for the right asset classes and strategies there are still many opportunities.

Last year saw statistics showing growth of 12.3% in the net asset value of funds under management and administration in Guernsey, and Locate Guernsey dealt with 140 enquiries about moving to the island - those are numbers that give an encouraging message, and they're a strong base from which to start.

But there are also very specific reasons to think that 2017 will be a year that builds on that base.

The first is the pressure that fund managers and underlying investors are putting on service providers to reduce fees. Although it sounds counter-intuitive coming from an investment funds lawyer, that's good news for the islands - the lower overheads and costs here compared with many onshore providers mean that there are often (non-tax related) savings to be made when structuring vehicles in Guernsey, and there is no compromise on quality of service.

Over the last 12 months the investment funds industry around the world has seen a noticeable price squeeze from clients, which for local providers is a potential plus point - where structures permit set-up in Guernsey instead of London, operational and overhead costs will be lower, and savings can be passed back to clients.

In addition, the new manager-led product and private investment fund regimes launched in Guernsey last year demonstrate that the island's legislature and regulator are not standing still where new opportunities arise.

We have helped fund managers including Brevan Howard and Altis on moving to the Channel Islands - along with non-fund businesses including Heritage Oil, renewable energy firm Kesell Ltd and deep water drilling firm Ocean Rig - because they see the opportunities and depth of expertise that the islands offer.

Guernsey has all the infrastructure and expertise most businesses require with new office space under construction to add to that already available. Back office functions, IT, banking, compliance and accounting functions are all readily available and local professional advisers operate in a manner that would be familiar to anyone working in London and work to high standards of client delivery. It's also encouraging to see a rise of outsourcing by onshore service providers to their sister offices on the islands.

The backdrop of regulatory change means that we are being asked to provide advice that runs not just cradle-to-grave, but also with an international perspective. In a practical sense, clients are looking not just for help establishing vehicles and legal advice, but also business advice and input on structuring. With regulation permeating everything we do, more than ever there is a need for business and legal teams to work hand-in-hand. Increasingly, we see clients looking for commentary on what's happening in different jurisdictions, which is clearly good news for an adviser such as Ogier which has an international outlook.

A great deal of the focus in considering the prospects for 2017 has fallen on the uncertainty around BEPS and Brexit in particular - but any balanced view, and taking into account the often cyclical nature of investment, would find plenty of reasons to be cheerful about the next 12 months.

Craig Cordle joined Ogier's top-tier ranked Guernsey investment funds team as a Group Partner at the end of 2016 after working in the funds teams of two leading international law firms in London. Described in client feedback as "knowing the listed-fund space inside out" and as "having very strong technical capabilities" his City experience has focused on establishing offshore investment funds structures.

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