

Snapshot: Jersey Private Funds in demand for private equity and venture capital

Insights - 05/05/2021

Statistics released by the Jersey Financial Services Commission (**JFSC**), as at 31 December 2020, support the trend we have seen over the past year – that of the continued popularity of the Jersey Private Fund (**JPF**) product alongside the growth of the private equity and venture capital asset classes.

In fact, alternative asset classes now represent 89% of total funds business in Jersey, with private equity and venture capital funds under administration growing 21% year-on-year to £164.6 billion. Furthermore, during the last year, despite the turmoil caused by the coronavirus pandemic, almost 100 new JPFs were registered, bringing the total number of JPFs in Jersey to over 400, the vast majority of which are Jersey domiciled structures.

Why are Jersey Private Funds in demand?

Private equity has always been a key asset class for Jersey funds. The growth in JPFs as a product has largely been driven, on the one hand, by the rise in managers raising first-time funds and, on the other, the increase in the number of funds with fewer investors but larger ticket sizes. JPFs are used to raise capital from a worldwide investor-base as well as investors located in the UK and in the European Union and invest in every conceivable industry. Investors range from institutions, sovereign wealth funds, pension funds, family offices and high net worth individuals.

It's easy to understand the demand for JPFs, given the regime's simplicity and flexibility. The key selling points of the regime include:

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With growth in venture capital funds fuelled by the pandemic, as living and working patterns were adapted, JPFs have served an important function in funding progress in technology innovation, in particular in the healthcare and education technology sectors.

Early-stage businesses and start-ups that can demonstrate fast growth rates or potential are attractive prospects for VC investors. For the reasons articulated above, we anticipate a continued appetite for venture capital funds using JPFs.

What makes Jersey an attractive funds jurisdiction?

For those engaged in the domicile debate and wondering 'Why Jersey?', here are some of the key considerations to bear in mind. As a funds jurisdiction, Jersey offers fund managers and investors the whole package:

Jersey is the perfect ten when considering the right jurisdiction for a new fund. We expect the post-pandemic recovery to drive further growth in the funds sector during 2021 and fully anticipate this to lead to a further increase in the use of JPFs in the context of private equity and venture capital funds.

For further information, please get in touch with Ogier's funds team in Jersey or your usual Ogier contact.

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