



GET WHAT YOU PAY FOR

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Following a recent trip to South Africa, group partner and investment funds specialist, Paul Wilkes, explains what the Land Rover Defender has in common with Guernsey Funds.

I like Range Rovers. New ones. Big, black, tinted-windowed, shiny-wheeled, leather-trimmed, electrified-everything marvels of engineering. You can take them practically anywhere. But they are not cheap – buying them hurts and so does running them.

The irony is, most Range Rover owners only use them on the school run. The poor things have never even been driven on grass, let alone off-road properly. It is such a shame to waste all that potential.

The thing is, I also really like Land Rover Defenders. You know the ones – you see old ones on farms all banged up and rusted but still running, while the newer ones have tell-tale splashes of mud on the undercarriage. Defenders, so far as I know, can go anywhere (or almost anywhere) that a Range Rover can, but they cost a lot less to buy and less to run.

Why am I going on about cars? Well it occurred to me:

The Range Rover is to UCITS as the Defender is to a Guernsey fund. Let me explain...

Pump prices to rise yet again

Have you ever tried to establish a UCITS fund? My clients tell me horror stories of the 12 to 18 months it took. Those months do not come free – you get lots of zeros for that time and other numerals too, which sit right in front of those zeros. And ongoing costs? Well, just like the Range Rover, servicing a UCITS is not painless.

By comparison a Guernsey fund can be up and running very quickly. Four to six weeks is a good rule of thumb, assuming you use a good lawyer. Not to speak of the fast track options – a 24-hour turnaround is available from the regulator in certain circumstances. And much like a Defender, because the base model required by Guernsey law is, by comparison, so simple, the servicing costs are much lower too.

So we all know about the ability to passport a UCITS fund across the whole of Europe. A great thing, should you have the ability to market to retail clients across the continent. But do you know what can get you to all the places that you, if you are honest with yourself, *really* need to go? A Land Rover Defender. You probably don't *need* that Range Rover. And in terms of market access? A Guernsey fund. You probably don't really need that shiny new UCITS you keep hearing about.

Guernsey funds can and are marketed in the majority of key EU markets for raising capital – the UK and Ireland, Germany, the Nordics,

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and Benelux. Yes, there are hoops to doing so in some of these places – but those hoops are larger and easier to jump through than those you would face with a UCITS fund.

Don't forget – a UCITS fund does not grant you automatic access to any country outside the EU. Those countries have their own requirements and as it happens, a lot of them (and probably the ones you are interested in, to be honest) have and do grant access to both UCITS and Guernsey funds.

As an example, Guernsey is one of only three non-EU members to have signed an agreement with Switzerland allowing a fund to register for sale in the country. Closer to home, dozens of Guernsey funds appear on the list of approved Collective Investment Schemes published by the FSB in South Africa. And Guernsey is unique in having agreements in place with all three financial regulators in China, allowing investment into Guernsey funds.

Choose your perfect car

The value of a Guernsey platform is already well-known to established managers - Investec Asset Management have been in the island for over two decades, Peregrine are seeking to replicate their South African service offering from an offshore base in Guernsey, and Momentum are here too.

So this is where I ask you to be very honest with yourself. Do you *need* to access capital in Europe? If so, do you *need* to access capital in *every* country in Europe? The more precise you can be about your target markets, the more precise you can be with your fund structuring.

Maybe you need to sell to mums and dads in Slovenia and Bulgaria, for example. In which case, great – go get that UCITS. But if not, do not pay for access you do not need.

And anyway, Defenders are pretty cool if you ask me.

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