

Guernsey well-placed to capture uptick in private capital structuring

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A greater focus on diversification amongst private investors combined with an industry that is bringing private assets such as private equity and real estate increasingly into the mainstream is prompting an uptick in private capital structuring, and Ogier partners believe Guernsey is well-placed to capitalise on this trend.

With global personal financial wealth growing by 12% in 2017 to break through the \$200 trillion barrier (Boston Consulting Group, Global Wealth Report 2018) and as private investors and family offices have grappled with volatile equity and bond markets, a rising number of fund managers have in recent years looked to bring specialist private asset investment opportunities that have traditionally been the domain of institutional investors to the wholesale market.

Tim explains: "Market-volatility will likely be lucrative for some, but for private investors looking for somewhere else to put their money besides the bank, private assets can be a key part of their portfolio's construction.

"As time has gone on, private investors have increasingly looked for exposure to investments which may traditionally have been out of reach for most. Institutional investors and pension funds have been in this space for some time, but wealth managers eager to increase their own remuneration have paved the way for their clients to gain access too."

Whilst this sort of investment diversification poses some potential challenges for private investors, Tim believes a balanced approach can prove fruitful and that Guernsey, given its experience across the private wealth and alternative fund sectors, is in a good position to support this activity:

"These assets won't be for everyone – by their nature they may be illiquid and investors may have to wait a significant period if they can divest. That said, a listed vehicle investing in these types of assets can provide for the investment exposure investors want, coupled with liquidity should they want to sell. One has to remember that for ultra-high net worth investors, risk-adjusted

returns are often an added bonus – their key focus is capital preservation, which is brought into sharp focus with the volatility of equity and bond markets. It's easy to see why investors are increasingly growing their foothold in this area.

“Over many decades, Guernsey has built up considerable experience in enabling private investors to implement their wealth strategies and in structuring investment vehicles. The rise of private capital in the institutional space, including co-investment, club deals and family office activity, is a market that Guernsey is therefore perfectly positioned to support.”

Trends in the private capital structuring space will be one of the core themes at this year's 10th Guernsey Funds Forum, of which Ogier is a diamond sponsor. The event will also focus on green and sustainable finance.

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Meet the Author



[Tim Clipstone](#)

Partner

[British Virgin Islands](#)

[Guernsey](#)

E: tim.clipstone@ogier.com

T: [+44 1481 752265](tel:+441481752265)

Key Contacts



Bryon Rees

Partner

Guernsey

E: bryon.rees@ogier.com

T: [+44 1481 752312](tel:+441481752312)

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