

Investment Funds outlook for the Channel Islands in 2017

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If 2016 was all about bad news and uncertainty, there's every reason to start this year with a much more optimistic frame of mind – especially from the perspective of the investment funds industries in the Channel Islands, which see conditions set for a very positive 2017.

Last year saw statistics showing growth of 12.3% in the net asset value of funds under management and administration in Guernsey, and a corresponding figure of 6.3% in Jersey. 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 to City firms mean that we're always likely to be a cheaper option.

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 Jersey or Guernsey instead of London, operational and overhead costs will be lower, and savings can be passed back to clients.

In addition, the launch of the new manager-led product and private investment fund regimes – the manager-led product was launched in Guernsey last year, and is expected to arrive in Jersey this year – demonstrate that the islands' legislatures and regulators are not standing still where new opportunities arise.

Both developments may help streamline the set-up of investment fund vehicles, while also

keeping costs down and adopting a risk-based approach to investor protection and regulation.

The manager-led product and private investment fund developments are just two examples of the way that the investment funds space is changing in terms of innovation and regulation – and that pace of change is itself changing the role of lawyers in the investment funds industry in particular.

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. Increasingly, they're 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 would find plenty of reasons to be cheerful about the next 12 months.

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