



Irish Domiciled Funds Structuring Options

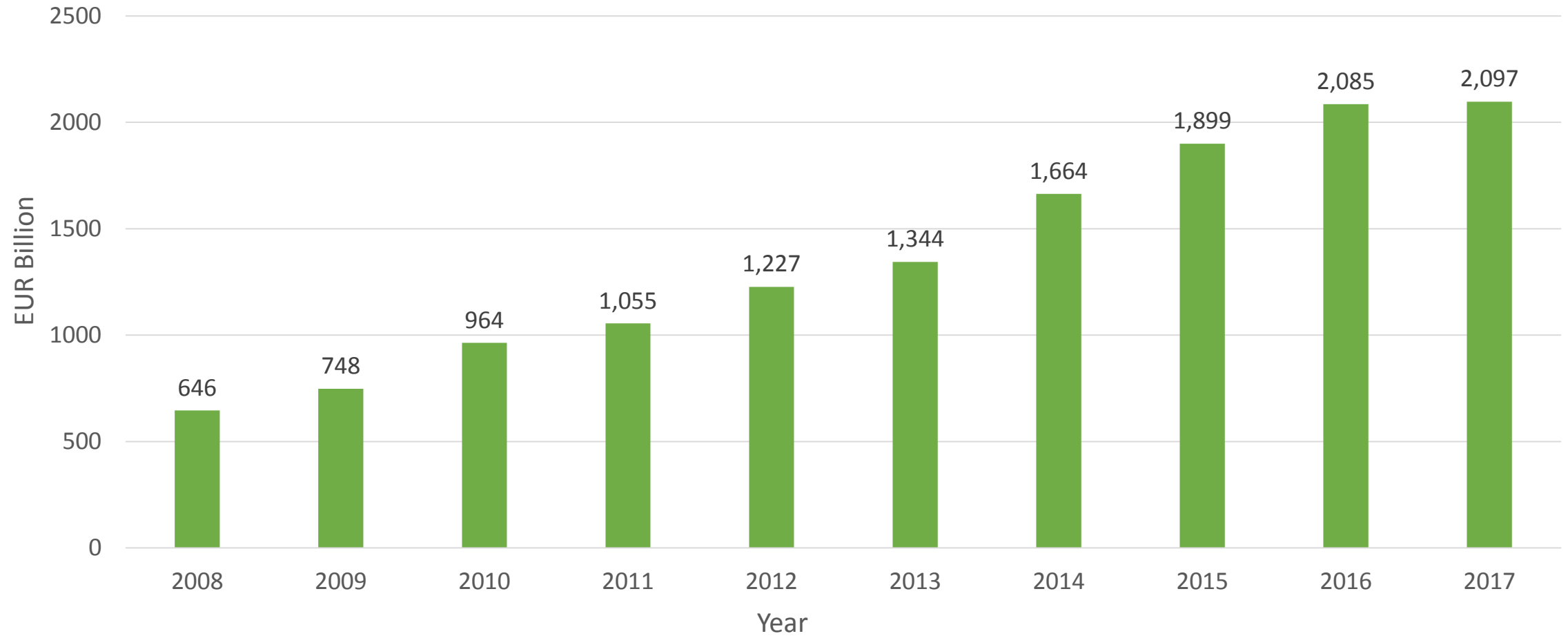
Independence – Commitment – Expertise

Introduction

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Irish Domiciled Funds Total Net Assets





Structuring Options Overview

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Overview

- Key fund structuring considerations
- Fund structuring variables;
 - Domicile, Regulatory status, Legal form, Liquidity, Share class design
- Principle fund structuring options
- Relative merits of the structuring options
- Pension fund opportunities - Why Common Contractual Funds are gaining traction

Key Structuring Objectives

- Support investment strategy
- Support distribution strategy
- Achieve operational efficiencies

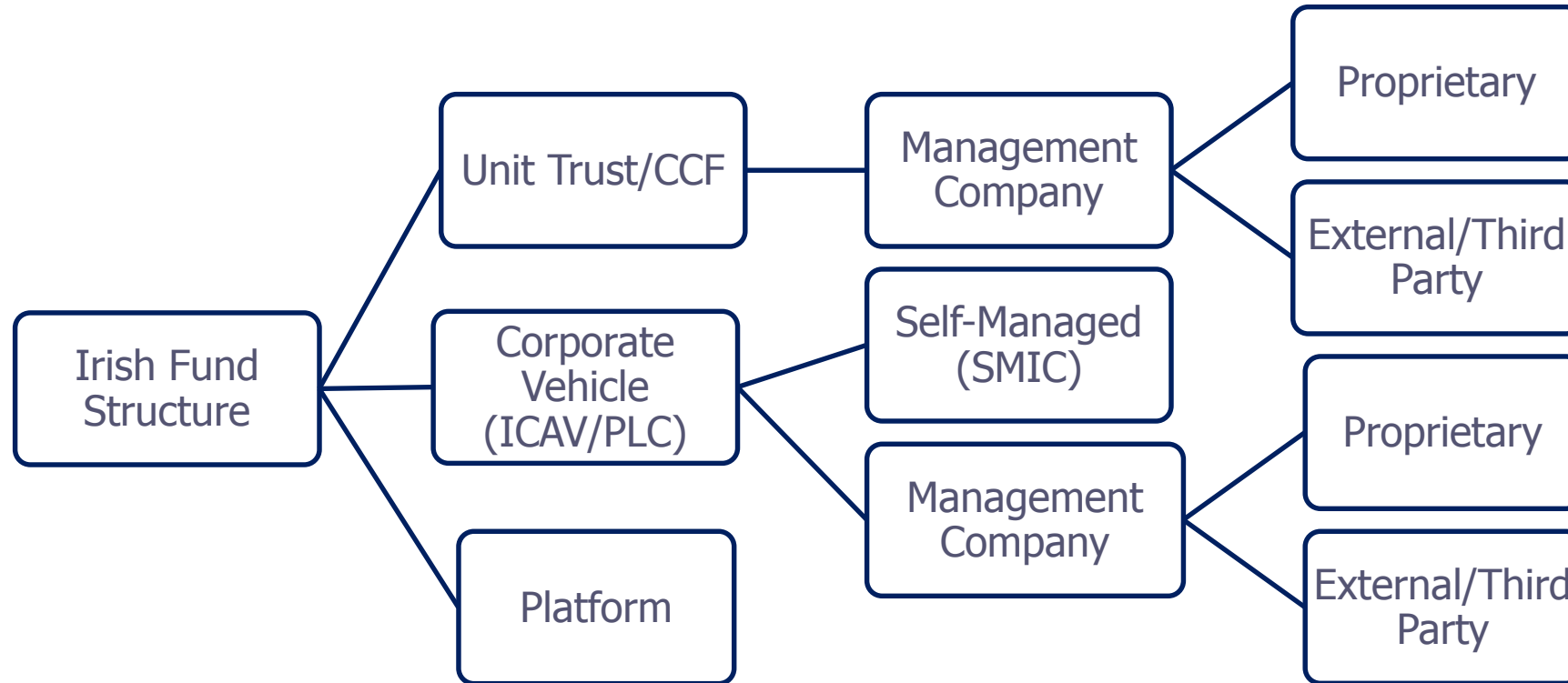
Fund Structuring Variables - Domicile

- Key Jurisdictions
 - Cayman
 - Ireland
 - Luxembourg
- Requirements of institutional versus retail investors
- Manager considerations
 - US/UK Managers have a traditional preference for Ireland as a European domicile

Fund Structuring Variables - Regulatory Status

- UCITS
- AIFMD
- Non-UCITS/Non-AIFMD

Fund Structuring Variables – Legal Form



Ireland's Bespoke Corporate Fund Structure – The ICAV

- Ability to “Check the box” for US tax purposes
- Avoids the need for compliance with Irish company law requirements
- May produce sub-fund by sub-fund financial statements
- Ease of change to constitutional documents - investor approval not required

Fund Structuring Variables - Liquidity Terms

- UCITS
 - Daily
 - Weekly
 - Fortnightly
- AIFMD
 - A function of the asset class
 - Daily/Weekly/Monthly/Semi-Annual/Annual (limited liquidity)

Fund Structuring Variables - Share Class

- Requirements differ between Retail and Institutional
- Differentiating factors
 - Fees
 - Currency
 - Hedged v unhedged
 - Accumulating v distributing
 - Minimum investment amount

Principle Fund Structuring Options

- External/third party management company
- Proprietary management company
- Self-managed structure
- Platform

Relative Merits of the Structuring Options

External/third party management company advantages

- Ease and speed of establishment
- Elements of risk transferred to an outside party
- No capital required

Proprietary management company advantages

- Clear demonstration of control
- Clear demonstration of substance

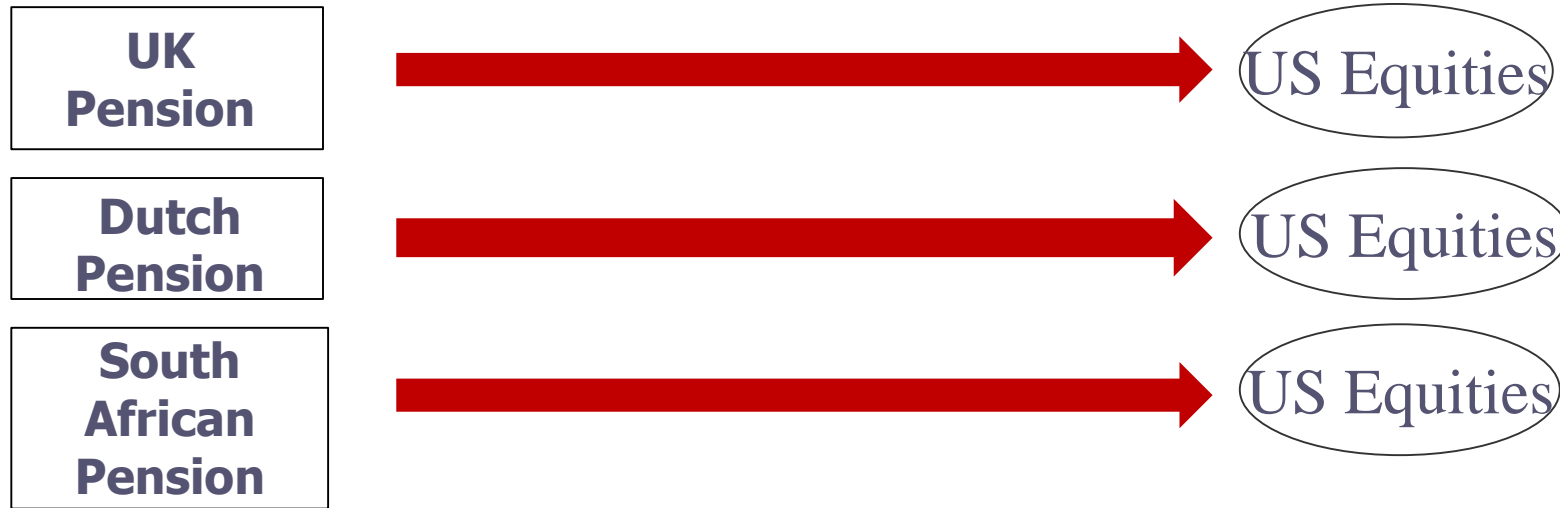
Self-managed funds advantages

- Cost efficient
- No external control issues

Pension fund opportunities- Why Common Contractual Funds are gaining traction

- Irish regulated asset pooling fund structure available since 2003
- Unincorporated body established under a deed where investors are “co-owners” of underlying assets which are held pro rata with their investment into the CCF, facilitating the application of tax treaty benefits at the investor level
- The UK equivalent is the TTF and the Luxembourg equivalent is the FCP
- Benefits from Ireland’s competitive tax regime providing certainty, stability and transparency
- Can operate under AIFMD or UCITS
- May not be sold to natural persons

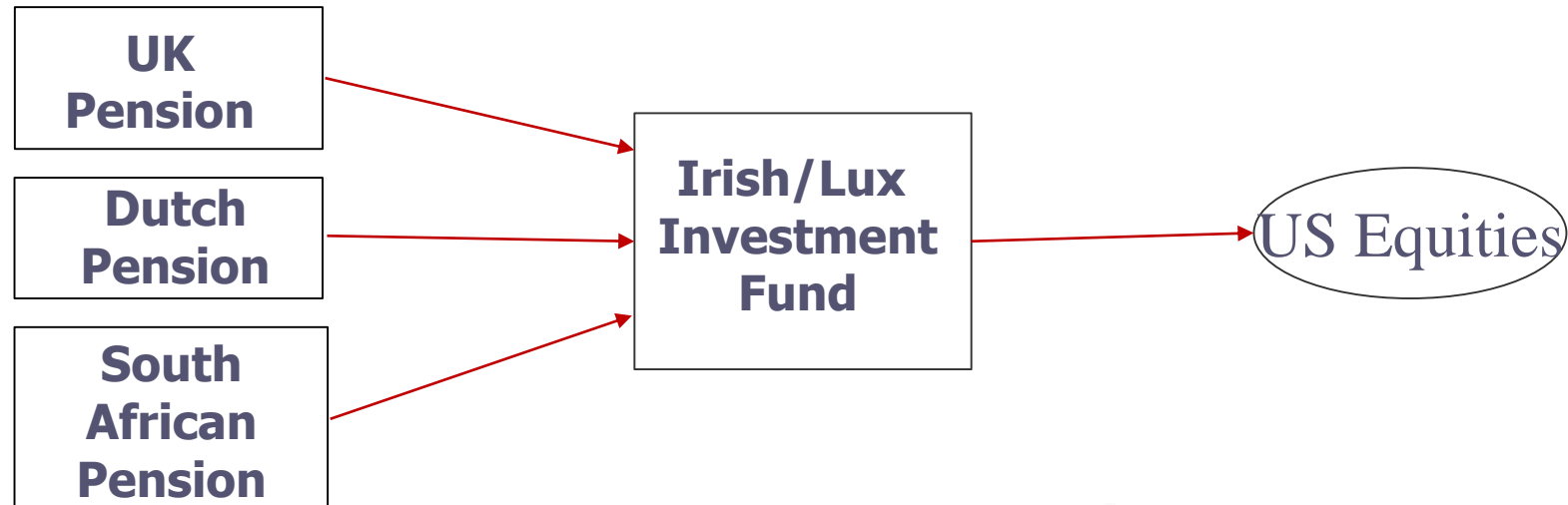
Existing Separately Managed Accounts/Funds



- Operationally Inefficient:**
 - Multiple Structures
 - Multiple Manager Appointments
 - Multiple Service Providers (Admin, Custody, Tax & Audit)

- Tax Efficient:**
 - UK/US Preferential WHT Rate
 - Dutch/US Preferential WHT Rate
 - South African/US Preferential WHT Rate

Traditional Pooling



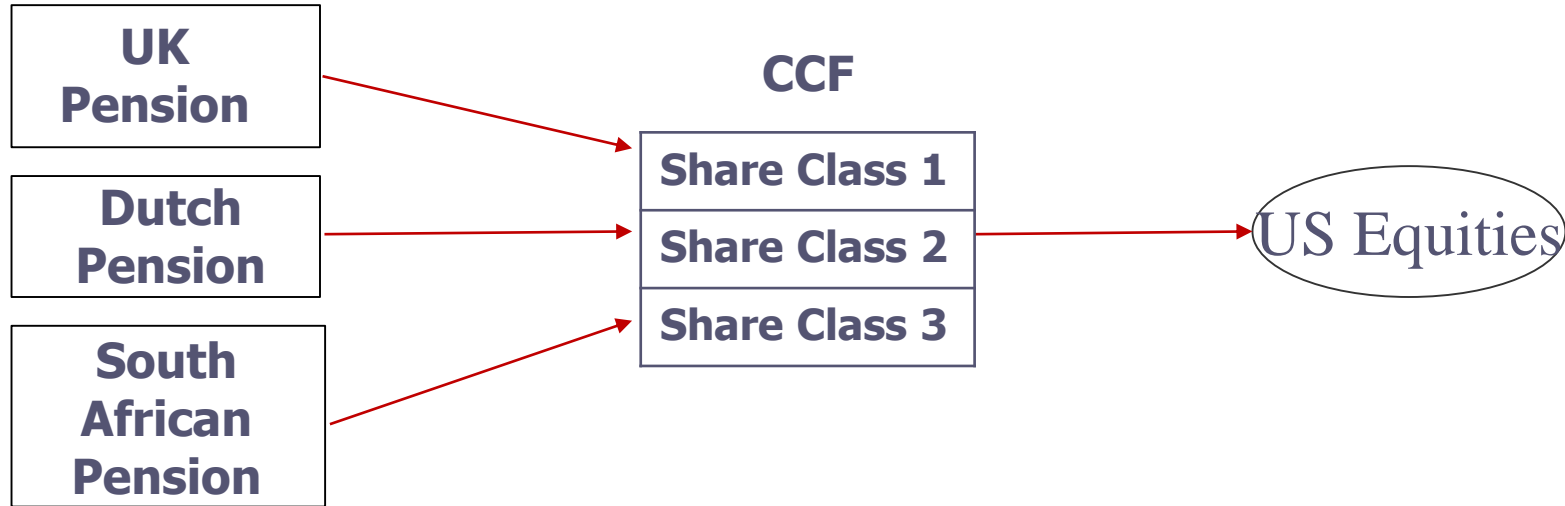
Operationally Efficient:

- Single Structure
- Single Manager Appointment
- Single Set of Service Providers (Admin, Custody, Tax & Audit)

Tax Inefficient:

- US WHT Rate @ 30%

Solution – The CCF



- **Operationally Efficient:**
- Single Structure
- Single Manager Appointment
- Single Set of Service Providers (Admin, Custody, Tax & Audit)

- **Tax Efficient:**
- UK/US Preferential WHT Rate
- Dutch Preferential WHT Rate
- South African/US Preferential WHT Rate

Conclusions

Key Considerations when establishing a fund product:

- Appropriate legal and regulatory framework
 - Investor requirements and investment strategy
- Financial and tax factors
 - Tax efficiencies and cost of doing business
- Market and Distribution factors
 - Reputation, experience and efficiency of the fund domicile

Platform or Open Architecture ManCo

Moderator:

Mike Kirby, Managing Principal, KB Associates

Speakers:

Richard Grant, Chief Operating Officer, Veritas Asset Management

Tom Berrigan, Managing Director, Davy Investment Fund Services

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Closing Remarks

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