

mourant

Global Funds Update

June 2020



Mourant Global Funds Update

Welcome to our first Mourant Global Funds Update, which aims to share with you the latest international legal, regulatory and tax developments impacting the funds industry in each of our jurisdictions.

In this edition, given current world events, we have included a link to our growing collection of COVID-19 related articles. These explore some of the implications arising from doing business during the pandemic, and how to overcome them from an offshore perspective. We've also included a link to our latest webinar on the Fund financing and LP liquidity issues entitled - Is it fake news? and referenced our recent funds whitepaper which has been contributed to by 18 of our partners globally, and sets out our opinion on the latest trends, insights and our predictions across the full lifecycle of an investment fund with a spotlight on private equity and real estate, across all our jurisdictions.

We regularly provide training sessions and updates on market developments to various fund teams we work with and these can be tailored to any of our jurisdictions. If this is of any interest please get in contact your relevant Mourant contact or get in touch with our Business Development Manager, eleanor.mulligan@mourant.com

If you would like to discuss any of the below in more detail please do get in contact.

We hope you are well and keeping safe.

Kind regards,
Your Mourant Team

The spread of Coronavirus (COVID-19) has had a significant impact on – and sparked uncertainty in the global economy

We've pulled together our insights on some of the key offshore issues affecting our clients in a growing catalogue of advice. These aim to set out both the legal implications and practical considerations at this time. [Click here](#) to view our COVID-19 Information Hub.

Jersey, Guernsey & Cayman as jurisdictions for fund liquidity solutions

There are many things for a fund manager to consider once they've identified a need for liquidity and/or additional capital in their funds or portfolios. Jurisdiction selection for a co-investment or a continuation vehicle may not necessarily spring to mind at first but there are compelling reasons to consider an international finance centre, even if the fund in question is domiciled elsewhere. In our latest Update, we take a look at those reasons and give some simple examples of the benefits that can be obtained by using an international finance centre. [Click here](#) to read our Update.

Fund Financing and LP liquidity issues – is it fake news?

Our team in Hong Kong recently hosted a webinar with Allen & Overy, which challenged recent media headlines on LP defaults, and discussed the impact of COVID-19 on fund financing and the Asia Pacific PE market. We polled our 150 attendees from across the Asia-Pacific region - over 90% said they have not yet seen any LP defaults and, of those, around half do not expect to see any; whilst the other half anticipates some in the next six months. While not quite fake news, it would seem from this that the impact of COVID-19 on LP defaults in fund financing has yet to materialise. [Click here](#) to watch the webinar or [here](#) to review the findings from the survey.

Economic substance in the Cayman Islands

The International Tax Co-operation (Economic Substance) Law (2020 Revision) (as amended, the Substance Law) imposes economic substance requirements on companies and LLCs in the Cayman Islands. The Substance Law was introduced in response to concerns of the EU Code of Conduct Group regarding favourable tax regimes facilitating offshore structures that generate profits without real economic activity. The Substance Law also reflects Cayman's commitment as a member of the OECD's Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and, in particular, BEPS Action 5. [Read](#) our full Update.

What's in store for Cayman Funds in 2020 – pragmatic considerations

The current COVID-19 pandemic has given rise to a series of unique circumstances and challenges to society as a whole. The measures taken to minimize the impact of the virus, including quarantine requirements and restrictions on travel and social gatherings, have also caused both social and economic uncertainty. Whilst the overall impact of COVID-19 is yet to be fully understood, this Update sets out a summary of our general observations on the funds market, as well as thoughts on the pragmatic considerations that may be immediately relevant to funds that are established in the Cayman Islands specifically. [View](#) our full Update.

Top Take Aways from the Guernsey Funds Forum 2020

The annual Guernsey Funds Forum from WE ARE GUERNSEY took a new digital format this year. The forum speakers shared some interesting and timely issues such as the immediate response to COVID-19 in the industry, how businesses are carrying on as usual, the challenges and opportunities ahead and how Guernsey remains a leading choice for funds. [Read](#) our top takeaways.

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Global Funds through an offshore lens 2020

As a firm with a presence in multiple jurisdictions, we have a unique global perspective on the investment funds industry, filtered through an offshore lens. In this white paper, partners across our practice areas examine the trends which they have observed in recent months with a particular focus on the private equity and real estate markets, and contemplate the developments which they anticipate for the remainder of 2020, particularly in light of the COVID-19 crisis.

Examining the full lifecycle of an investment fund, we have provided our insight and predictions on fundraising, fund finance, downstream investment and M&A activity, credit funds and restructuring and insolvency in our white paper. [Read our White Paper.](#)

Jersey Funds updater - Webcast

Our Jersey funds team recently hosted a funds updater tailored to the local industry. Hong Kong partner, Danielle Roman, joined Jersey LP Partners Joel Hernandez and Alistair Horn to provide insight on global funds trends, with a focus on the developing reaction of the asset management industry to COVID-19 across the asset classes. The team explored the areas in which fund formation activity has been continuing, where managers have been seeking our team's specific advice and the impact on investments in the asset classes key to Jersey. The session also covered specific 'hot' topics, including transaction management, managing completions with the use of electronic signatures and economic substance considerations at a time of unprecedented dislocation. [View our webinar.](#)

Recent deal global highlights

CVC Capital Partners

Advised CVC Capital Partners (CVC), in connection with the establishment of CVC Strategic Opportunities II. The fund exceeded its €4 billion target, reaching total commitments of €4.6 billion, reflecting the growing demand from large investors for long-term opportunities in stable, high-quality businesses.

Hong Kong real estate investment fund launch

Advised the family office of one of Hong Kong's "Big Four" families on the second successful launch of a new real estate investment fund and its first two UK acquisitions. Mourant's global team provided Jersey structuring and banking to the Hong Kong based investments advisor.

iCON Infrastructure

Advised iCON an independent investment group focusing on privately held investments in infrastructure assets in Europe and North America on its new \$1.9 billion infrastructure fund launch in Guernsey. Icon Infrastructure Partners V beat its fundraising target within three months of starting fundraising.

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IG4

Advised IG4 on the successful final close of its latest fund IG4 Capital Private Equity Investment II, focused on special opportunities in Latin America. The fund raised \$231.5 million in commitments. IG4 is a Brazilian alternative asset manager focused on private equity and private capital investments and the fund is IG4's second private equity fund.

DoubleBlue Capital Management

Advised DoubleBlue Capital Management, our longstanding client, and its US counsel to establish and launch its offshore fund. DoubleBlue Capital Management a minority-owned alternatives manager focused on private investments, opportunistic special situations and multimanager hedge funds with \$157 million in Regulatory Assets Under Management (RAUM).

L Catterton

Advised leading private equity firm, L Catterton, in connection with that launch of its ninth flagship fund. The fund has been closing on a rolling basis and as involved the negotiation with multiple institutional investors.

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