

**GUERNSEY INTERNATIONAL MANAGEMENT  
COMPANY LIMITED  
("GIMCL")**

Appointed as the Principal Manager to:

**THE OFFSHORE MUTUAL FUND PCC LIMITED  
("TOMF")**

INFORMATION & SERVICE OFFERING GUIDE

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## **1 GUERNSEY INTERNATIONAL MANAGEMENT COMPANY LIMITED**

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GIMCL's primary function is to;

**Establish, act as manager and administer offshore fund structures on behalf of investment managers and advisors and other properly appointed authorities.**

GIMCL is a licensed Principal Manager in Guernsey and is registered and regulated by the Guernsey Financial Services Commission ("GFSC"). GIMCL is the principal manager of The Offshore Mutual Fund PCC Limited ("TOMF"), a Protected Cell Company ("PCC"), which provides sub cells that may be rented by investment managers / advisors wishing to establish their own offshore investment funds without having to invest in onerous requirements such as substantial time, human expertise and the prohibitive capital requirements needed to establish and operate an offshore investment fund. The rented cell (or sub-fund) may invest into international collective investment schemes or any other agreed to and approved instruments as stipulated in the Scheme Particulars.

GIMCL is a 100% owned subsidiary of Automated Outsourcing Services (Pty) Ltd ("AOS"), an independent third party financial services outsource company based in South Africa.

## **2 SERVICE OFFERING**

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GIMCL, together with its strategic partners, provides the following professional fund establishment and administration services to offshore mutual funds and other fund structures;

- Fund establishment
- Global custody services
- Trustee services
- Transfer agency services
- Fund accounting & pricing services
- Compliance services
- Company secretarial services
- Fund structuring
- Fund listing
- Project management

## **3 BENEFITS OF AN OFFSHORE FUND STRUCTURE**

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An offshore fund structure's key benefit and most common use is to provide an umbrella scheme for the formation of collective investment schemes. Such a structure also provides ancillary benefits such as:

- A convenient and cost effective means of managing existing assets for an institution, high net worth individual or family trust.

- An opportunity for the promoter to brand and promote their investment capabilities and offerings combined with all the benefits of a Guernsey regulated fund (all branded marketing material must be approved by BNP the Custodian and GIMCL the Manager of TOMF before being utilised).
- A structure through which investment services could be offered to potential investors or access given to existing structures such as;
  - Mutual Funds
  - Traditional Linked Insurance Products
  - Managed Portfolios
- Online access to statements and transaction enquiries for financial intermediary's and investors.

Conversion into a cell of a PCC is simple as existing securities can be switched into the new structure with minimum cost and inconvenience (it is however recommended that independent advice be sought from tax advisers on any tax implications for individual investors).

Enjoying Designated Territory Status, Guernsey provides an excellent jurisdiction in which to domicile collective investment schemes and enjoys a first class reputation supported by highly respected regulators. Guernsey funds can be distributed widely and has implemented AIFMD Rules allowing any fund to take advantage of a 'dual regime' which caters for marketing outside the EEA and through an AIFMD compliant regime. Distribution of TOMF to South African investors is limited through FSB approval of each cell, however should wider distribution and marketing be a requirement this can be explored.

#### **4 CHARACTERISTICS OF TOMF**

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- TOMF is an open-ended investment company registered with limited liability in Guernsey as a Class B Collective Investment Scheme.
- It is an umbrella fund constituted as a protected cell company under The Companies (Guernsey) Law, 2008 as amended ("Companies Law").
- The Companies Law enables a company to create one or more cells for the purpose of segregating and protecting the assets within those cells so that the liabilities of the company attributable to one cell can only be satisfied out of the assets of that cell.
- As TOMF is an open ended PCC it is legally required to have a custodian. The custodian is BNP Paribas Securities Services SCA, Guernsey Branch ("BNP").
- The detail of each of the cells such as dealing days, liquidity constraints, investment objectives and restrictions will be contained in the Supplemental Scheme Particulars ("SSPs") and may differ from each distinct cell.
- Marketing material may be cell specific and need not refer to other cells.

- TOMF is managed by GIMCL.
- The promoter may be the appointed investment adviser, or name an adviser of their choice if they prefer.
- Cells are registered as roll-up funds, but provision can be made in the SSPs to enable a dividend declaration should it be required.
- Cells will generally deal once a week or less frequently if required.

## **5 GUERNSEY, THE JURISDICTION OF CHOICE**

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Guernsey is one of the foremost offshore financial centres in the world. It enjoys a reputation world wide as a preferred jurisdiction for establishing offshore funds and other financial instruments. Total funds under management and administration in Guernsey are stated to have a combined net asset value of £225 billion. *[Source: GFSC website, Investment Division, Third Quarter 2015 Investment Statistics]*

The vast majority of Guernsey funds are marketed outside of the Island, illustrated by the fact that schemes are promoted by institutions in more than twenty countries from all regions of the world including Hong Kong, Switzerland, North America, Japan and the UK. Further details can be obtained at [www.gifa.org.gg](http://www.gifa.org.gg).

The GFSC are continuing to develop recognition in other jurisdictions and have been particularly successful in a number of the countries within the European Community. Full details of the countries with which Guernsey has an agreement may be obtained from the GFSC web site ([www.gfsc.gg](http://www.gfsc.gg)).

## **6 KEY BENEFITS OF ESTABLISHING A GUERNSEY BASED OFFSHORE FUND**

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- Stability of government and internationally compliant standards
- Flexibility of structure and regulation
- Tax Neutral
- Access to the Channel Islands Securities Exchange Authority Limited (CISE)
- Guernsey has signed Tax Information Exchange Agreements (TIEAs) with over 50 jurisdictions which can be viewed at <http://theoldsite.gov.gg/tiea>.
- Developed marketing agreements with many other jurisdictions including the U.K., South Africa, Switzerland, Japan, Australia, Belgium, Ireland, Hong Kong, Sweden and The Netherlands.
- Good communications and a convenient time zone.

- Guernsey lies within the geographical region of Europe but remains outside the EU and the EEC. It does however lie within the OECD through its association with the UK.
- Excellent infrastructure including local access to many of the world's leading legal and accounting practices who are experienced in the formation of fund structures and all other regulatory matters.

## **7 AVAILABLE FUND STRUCTURES**

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Guernsey has a choice of fund structures which is dependant on the requirements of the investors. Funds in Guernsey can be structured as limited liability companies, protected or incorporated cell companies, unit trusts or limited partnerships. Guernsey makes a fundamental distinction between open ended funds and closed ended funds. Guernsey fund investments encompass a wide range of asset classes, from traditional equity and bond funds through to hedge funds, private equity, property, structured products and latterly niche asset classes such as fine wine, art and timber.

For over a decade the PCC structure has been widely used by fund managers and promoters / sponsors, particularly in connection with umbrella or multi-class funds.

Guernsey funds have the ability to invest in almost every country in the world allowing for foreign investment in most conceivable instruments.

As noted above these schemes are permissible subject to the GFSC's approval and provided there are suitable disclosures / risk warnings within the prospectus, or similar.

## **8 REGULATION**

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Full details of the legislation and standards pertinent to the Finance Sector as produced by the GFSC can be found in the "Legislation" section on their website.

Collective investment schemes which are established in Guernsey under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, fall into two principal categories of schemes (funds), namely open and closed-ended schemes.

The following summary provides an overview of the legislation:

- Open-ended schemes are investment vehicles that offer for sale without limitation, or have outstanding, securities which investors are entitled to redeem on demand, subject to any applicable notice period.
- Closed-ended schemes normally have fixed capital, and investors have no absolute entitlement to redeem their shares or units.
- Both of these schemes are normally constituted as investment companies or unit trusts. Guernsey law facilitates the convenient formation of either of these structures.

- Legislation permitting PCCs and Incorporated Cell Companies ("ICCs") to include fund structures with more aggressive investment strategies such as currency and derivative funds was introduced in February 1997.

## 9 MANAGEMENT & PROMOTION

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All persons promoting, managing, administering or acting as Custodian for a collective investment scheme require a licence. All open-ended schemes must have a Designated Manager and may have a principal manager and a Custodian (or in the case of a unit trust, an Independent Trustee), who must be incorporated and registered in Guernsey unless otherwise agreed by the GFSC.

Prior to 1 February 2007 approved new management groups were normally required to incorporate a Guernsey resident company, which would be the manager of the fund appointed under the principal documents. Such management companies require a license from the GFSC and are known as "Principal Managers". The Principal Manager appoints a "Designated Manager" to provide the fund administration services.

The GFSC determined that with effect from 1 February 2007 there will not be any Guernsey regulatory requirement to establish a Principal Manager in connection with an authorised open-ended collective investment scheme. The requirement for a 'Manager' under law would therefore be fulfilled by the direct appointment of the Designated Manager.

## 10 TAXATION

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### Investors

**Prospective investors should seek their own advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, shares in the places of their citizenship, residence and domicile. The tax consequences for each investor of acquiring, holding, redeeming or disposing of shares will depend upon the relevant laws of any jurisdiction to which the investor is subject. Prospective investors should seek their own professional advice as to this, as well as to any relevant exchange controls or other laws and regulations.**

### Taxation in Guernsey

- (a) TOMF has applied for exempt status for Guernsey income tax purposes under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 as amended ("the Ordinance"). Under the provisions of the Ordinance, exemption is granted by the Guernsey Income Tax Authority on an annual basis, provided the Company continues to comply with the requirements of the Ordinance and upon the payment of an annual fee, which is currently fixed at £1,200. It is the intention of the Directors to conduct the affairs of TOMF in order to ensure that it retains such exempt status. Once

exempt status has been granted, TOMF will be treated as not being resident in Guernsey for the purposes of liability to Guernsey income tax.

- (b) In response to the review conducted by the European Union Code of Conduct Group, the States of Guernsey decided on 30 June 2006, and has since enacted law, that from January 2008:
- certain businesses (i.e. specified banking and credit facility activities) will be subject to income tax at 10%, and certain trading activities regulated by the Office of Utility Regulation and income arising from land and buildings in Guernsey will be subject to tax at 20%;
  - the basic rate of income tax on all other companies will be zero per cent;
  - resident individuals will continue to pay income tax at 20% on assessable income; and
  - wealth taxes such as inheritance and capital gains taxes will not be introduced.
- (c) Accordingly, a new tax regime called "Zero 10" came into force on 1 January 2008.
- (d) Along with the other Crown Dependencies, Guernsey is currently undertaking a review of its corporate tax strategy. However, it is anticipated that the exempt company regime for investment funds will be protected. As such, on the basis that TOMF retains its exempt status, forthcoming changes to the corporate tax regime should have no impact.
- (e) As such, open and closed-ended funds may continue to apply for exempt status. Dividends or similar distributions paid by schemes with exempt status are regarded as non Guernsey source income. Consequently, non Guernsey resident investors are not subject to Guernsey income tax on this income. A further advantage of obtaining exempt status is that the new "deemed distribution" rules will not apply to TOMF, and thus the Directors will not need to manage the onerous obligations applying to Guernsey resident Shareholders owning 1% or more of TOMF.
- (f) Guernsey does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration.
- (g) No stamp duty is chargeable in Guernsey on the issue, transfer or switching or redemption of shares.
- (h) Shareholders resident for income tax purposes in Guernsey are liable to income tax on the amount of dividends received. No deduction will be made from any dividend payable to any such taxpayer. However, the recipient will be liable to income tax at the standard rate of 20%. TOMF is required to claim exempt status on an annual basis and when doing so it



must provide details of the names, addresses, and gross amounts of dividends paid to Guernsey resident shareholders during the previous year.

- (i) Dividends payable to any Shareholder not resident for income tax purposes in Guernsey and who does not carry on business in Guernsey through a permanent establishment situated therein will not be liable to Guernsey income tax. Such dividends may be paid and received free of Guernsey income tax.

## **11 STRATEGIC PARTNERSHIPS**

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GIMCL provides innovative offshore fund services and solutions by harnessing the combined experience of its strategic partners and can therefore establish structures in other approved jurisdictions.

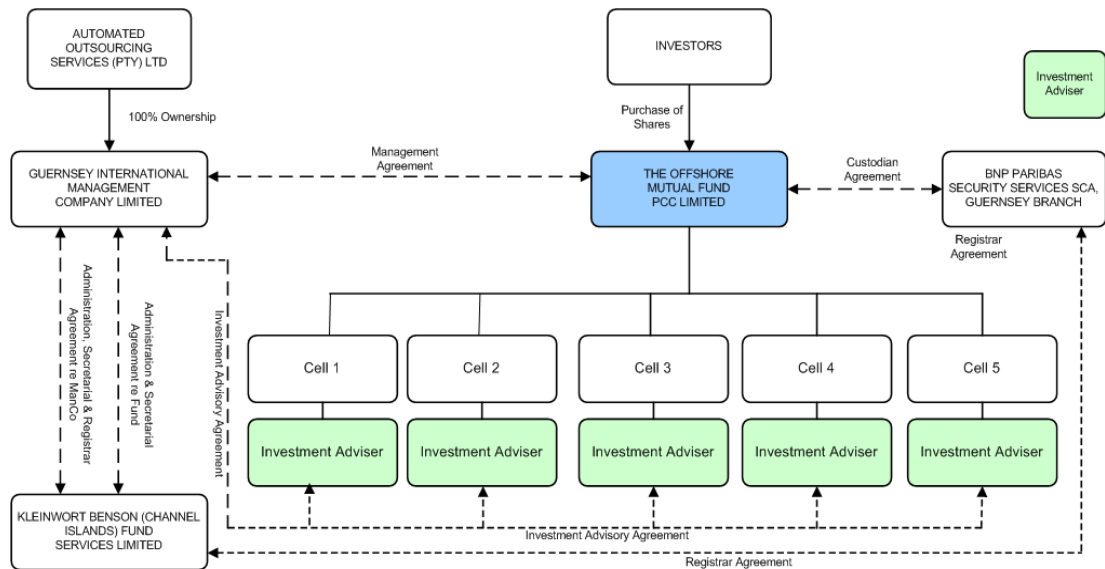
JTC Fund Solutions (Guernsey) Limited is the appointed Administrator, Secretary, Registrar and Paying Agent. Custodial Services are provided by BNP Paribas Securities Services SCA, Guernsey Branch ("BNP"). The auditors are BDO LLP ("BDO").

The strategic relationships between the business partners of GIMCL foster a combined service based on collective experience and proven globally recognised administration systems and services. The approach taken between GIMCL's strategic partners seeks to add value by simplifying processes and optimising reporting and output to support both effective administrative processes resulting in satisfactory service to its clients as well as meeting the needs of the Guernsey regulatory framework.

GIMCL provides its clients with corporate governance, company secretarial and corporate administration services, and co-ordinate board meetings through its strategic partners. It is also able to consult and assist on technology matters including data links, telecommunications and data integration, as well as the provision of online access to reporting via its internet based enquiry and reporting systems which allow the fund promoter to effectively service their own intermediaries and investors online.

GIMCL aims to develop its client relationships in the spirit of a strategic partnership by working closely with its clients and understanding their objectives. GIMCL can also provide training on the specific requirements of Guernsey administration and regulations.

## 12 TOMF – EXAMPLE STRUCTURE CHART



## 13 MANAGEMENT AND COMPANY SECRETARIAL SERVICES

These services may include;

- Liaison with and assisting TOMF and its sub-funds' promoters and advisors with the preparation of the information circular, scheme particulars, third party branding, and investment agreements as well as other documentation required to form and maintain the funds in Guernsey.
- Management of the general business of TOMF as a legal entity including the provision of officers, registered office, corporate secretary, preparation of minutes of statutory meetings, regulatory filings and all other matters to ensure good stewardship within the appropriate laws.

## 14 FUND ADMINISTRATION SERVICES

### Automated Outsourcing Services (Pty) Ltd

AOS is a leading independent third party financial services outsource company based in South Africa.

### JTC Fund Solutions (Guernsey) Limited

The JTC Group is a leading provider of Institutional Client Services with over 450 employees operating from 18 locations around the globe. JTC Fund Solutions is a highly regarded fund administration company based in Guernsey.

The combined services may include:-

- All day to day administration, correspondence and business of the fund.
- Receive subscription monies in respect of sub-fund shares in a client account pending acceptance or registration by GIMCL as the Manager of the application to which such monies relate and transfer such monies to the sub-fund, or return to the applicants as appropriate.
- Provision of registrar and transfer agent facilities for investors including issuing confirmations of subscriptions, redemptions and conversions (all shares in the sub-funds of TOMF are held in non certificated form in accordance with TOMF's Scheme Particulars).
- Maintain the shareholder register in multi currency or multi sub fund form as required.
- Valuation of the bid, offer and net asset values of units on a frequency as agreed.
- Maintenance of the accounting and financial records required by the fund issuers and Guernsey law.
- Preparation of financial statements for the fund in conformance with accounting policies as specified for TOMF and each of its sub-funds.
- The preparation, approval, printing and dispatch to investors of all notices, directors' reports, financial statements and other reports of the fund on a frequency as agreed.
- Dealing with and replying to all correspondence and other communications addressed to the fund's registered office whether in relation to subscriptions, transfers, redemptions or otherwise.

## **15 CUSTODIAL SERVICES**

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### **BNP Paribas Securities Services SCA, Guernsey Branch**

These services may include (upon receipt of valid instructions from the Manager, Investment Advisor or other properly appointed authority as appropriate):-

- Execution of buy and sell orders, receipt of, safe keeping and delivery of securities utilising sub-custodians as appropriate.
- Registration of securities in safe keeping in registered nominee form.
- Collection of all income and taking appropriate measures regarding all corporate actions.
- Payments on all purchases, subscriptions, conversions, rights, warrants or other payables.

- Vote all proxies for securities owned.
- Maintain records of all receipts, deliveries and locations of securities together with current inventory thereof.
- Account to TOMF in full for all receipts and payments and provide statements of securities held on an agreed frequency.
- Such other services as may be required and may include full banking facilities, treasury management and securities dealing.
- In appropriate circumstances the custodial function may be delegated to a sub-custodian with closer proximity to the market or exchange.

## 16 ADVISORY SERVICES

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### **BDO LLP**

BDO is one of the largest independent firms of Chartered Accountants and Business Advisers in Guernsey, providing a mix of traditional accounting services and a broad range of business, taxation and accounting systems advice. BDO are the auditors of GIMCL and TOMF.

## 17 FEES & COSTS

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Establishment costs will depend on the complexity of the sub-fund and may be charged to the sub-fund if required. Ongoing fees will depend on detailed discussion regarding the nature of investments to be held, number of funds and investors, frequency of investor transactions, frequency of valuations, underlying assets and asset size of sub-fund.

Guidelines can be provided for further discussion and direction from GIMCL's strategic partners once GIMCL has defined the details of the scheme in collaboration with the applicant.

<b>FEE TYPE</b>	<b>DESCRIPTION</b>
Regulatory Fee	Paid to the GFSC which covers annual and application fees for the scheme and additional funds
Set-up Fee	Paid to GIMCL for the set-up on the administration platforms
Legal Fee	Paid to the Legal Advisers for the inclusion of the cell in the current fund scheme particulars and for dealing with the GFSC
Administration & Manager Fee	Paid to GIMCL monthly in arrears in the form of an asset-based fee linked to a minimum charge together with transaction charges if applicable
Custodian Fee	Paid to BNP for custodial services in the form of an asset-based fee linked to a minimum fee together with transaction charges

Directors' Fees	Paid by the sub-funds to the directors of the Company for services rendered
Audit Fees	Paid by the sub-funds to BDO for the audit of TOMF and the sub-funds
Petty Costs	Paid by the sub-funds – such as Printing & Stationery

## 18 CONTACT DETAILS

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### Physical Address

Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT, Channel Islands

### Postal Address

PO Box 156, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 4EU

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## 19 ACRONYMS, TERMS & ABBREVIATIONS

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AOS	Automated Outsourcing Services (Pty) Ltd
BNP	BNP Paribas Securities Services SCA Guernsey Branch
BDO	BDO LLP
EC	European Commission
EEC	European Economic Community
GFSC	Guernsey Financial Services Commission
GIMCL	Guernsey International Management Company Limited
OECD	Organisation for Economic Co-operation and Development
PCC	Protected Cell Company
POI	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
(PTY) LTD	Proprietary Limited Company
SSP	Supplemental Scheme Particulars
TOMF	The Offshore Mutual Fund PCC Limited
UK	United Kingdom