

Trends in fund domiciliation and capital raising

New research shows that the choice of fund domiciliation has become an increasingly salient issue for investors and fund managers, and that there are still enormous opportunities for driving capital in Africa.



Sandton, South Africa's financial hub [123rf.com](https://www.123rf.com)

The objective of the report, *[South African Fund Managers: Trends in Fund Domiciliation and Capital Raising](#)* is to explore the emerging global trends for fund domiciliation and capital raising, particularly as a route for private equity impact investing into the wider African continent.

It is partially for this reason that Africa has become a higher priority for investors. "The shifting geopolitics introduced by Brexit, Trumpism and now also, Covid-19, is reconfiguring Africa's place in the world and driving its rapid ascendancy. One important consequence is that Brexit and Trumpism have brought home some inconvenient truths that political risk is not idiosyncratic to Africa and so-called 'emerging markets' but rather, that they are features of markets everywhere," says Dr Desné Masie, author of the report, chief strategist at IC Intelligence, and editorial director at *African Business* magazine.

"This research highlights the fact that international finance centres (IFCs) which can demonstrate high standards of corporate governance and provide guaranteed and seamless market access, such as Jersey, will play an increasingly vital role in sourcing overseas capital securely and efficiently to help support economic growth and job creation in Africa," says Allan Wood, global head of business development at Jersey Finance, which commissioned the report.

Substantial capital opportunities

The report found that the opportunities for capital raising in Africa are substantial. It highlights how the past two years have seen unprecedented foreign direct investment commitments to Africa as the region becomes more economically and politically strategic.

To assist in facilitating this growth, the research suggests that IFCs must extend their financial expertise into these investments, alongside private and institutional investors, in a cost and tax-efficient setting – with support from development finance institutions (DFIs).

The choice of jurisdiction, however, still remains with investors and their portfolios are not limited to Africa. The research found that, despite any frictions identified, the managers and investors interviewed remained optimistic about opportunities in Africa: “For agile professionals and investors, there are many opportunities for those who can offer a credible value proposition balancing regulation, governance, cost and innovation. For IFCs, those who can facilitate capital flows while meeting all these requirements, there is an opportunity to do really well while doing an abundance of good,” says Elliot Refson, head of funds at Jersey Finance.

More than 60 C-suite or partner-level executives, investors and fund managers operating in jurisdictions worldwide and with a connection to South African managers were surveyed for the report.

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