# New vehicles for Singapore funds

*Speaking at Hubbis' Indian Wealth Management Forum 2017 in August – Sunil Iyer of The Iyer Practice explains that the S-VACC vehicle seeks to address the difficulties faced by investors in raising funds.*

While many investors in South-east Asia are comfortable with Singapore as a jurisdiction, it is not an easy place from which to raise funds. Indeed, most of money managed from there tends to be in vehicles based in the Cayman Islands, Mauritius or Luxembourg.

According to Sunil Iyer, director at The Iyer Practice, the current regime for funds offers only three options; unit trusts, private limited companies, or limited partnerships.

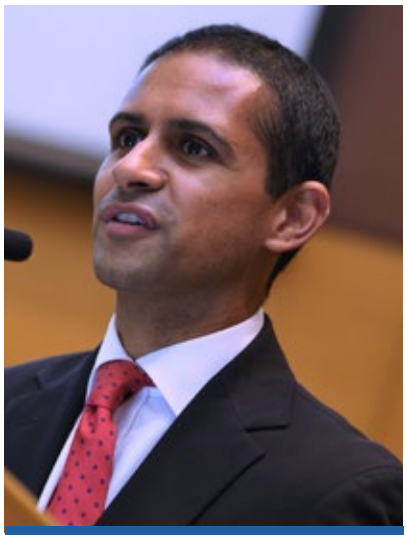
Each of these has its pitfalls, he explains. Unit trusts, for example, are suitable for retail investors but are expensive to run because one has to appoint a trustee, which drives up costs. Limited partnerships, meanwhile, are rare.

And the close-ended option, such as private equity and venture capital funds, generally has to be a company, rather than a fund.

This is why the Singapore government has put in place a new mechanism to make raising funds easy, says Iyer. The new S-VACC vehicle is targeted at increasing Singapore's competitiveness as a fund jurisdiction. It will generally be able to redeem shares at the fund's NAV and to pay dividends from capital. Plus, there is no requirement to disclose financial statements or shareholder registers.

But it may not be the perfect vehicle yet, adds Iyer, saying it must be managed by a Permissible Fund Manager (this may disqualify single family offices), and an approved custodian must be appointed.

In terms of the availability of an umbrella fund structure, a cellular structure is proposed where sub-funds can operate as separate cells (each having different investments/investors). This might also lead to lower cost and operational efficiency. ■



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