

## The Asset Update

### Gibraltar may be Asian funds' new gateway to EU

23 Sep 2015 by Darryl Yu

Gibraltar, a British overseas territory, may just be the Asian funds' new gateway to Europe.

For years, Asian-domiciled alternative funds encounter difficulty accessing European capital due to strict European Union (EU) regulation on funds that are not domiciled in Europe.

EU's Alternative Investment Fund Managers Directive (AIFM) says that hedge funds and private equity fund managers must have an AIFM license before they can raise money in the EU. This compelled many non-EU managers to domicile their funds in hubs including London, Dublin and Luxembourg to gain access to the EU capital.

Entry to such hubs, however, is proving difficult for the smaller Asian funds.

"If you are in Asia or anywhere else, if you want to be in the European Union, we find that anything under US\$100 million means that we are not really welcomed there. If you go to Ireland or Luxembourg anything under US\$100 million is not going to get you through the door," says Stephen Knight, chairman of the Castle Trust Group.

But, an opportunity recently presented itself to Asian funds. British Overseas Territory of Gibraltar, which sits on the south coast of Spain, has opened its doors to foreign managers wanting to domicile their funds in its territory to gain access to investors in the EU.

Following the launch of its stock exchange early last year, the Gibraltar has ambitions to become a location for many Asian funds. It offers easier access to smaller funds.

"Gibraltar can offer something that is cost effective," says Knight. He highlights that interested Asian fund managers could either set up an onshore fund that has EU authorization or establish an EU feeder fund to collect investor money to be placed in an Asian fund.