



Fund structuring 101 – Considerations for Wealth Managers

.....plus a little more

Kelvin Sng, ZEDRA
Head of Fund Services



kelvin.sng@zedra.com



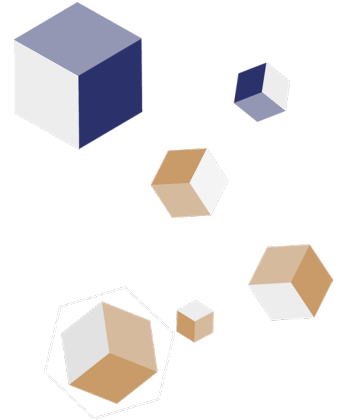
+65 9724 6720

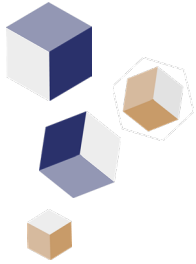


Z E D R A

Learning Objectives (30 minutes)

- Comparison of separately managed account (SMA) vs collective investment scheme/funds (CIS)
- Provides participants an overview of various fund structures available to managers (e.g. unit trust, VCC, private company)
- Provides participants with an understanding of the differences of various fund structures
- Important considerations when deciding on the fund structure





Collective investment scheme (CIS) vs Separately managed account (SMA)



单独/独立客户管理帐户

集体投资计划

S M A

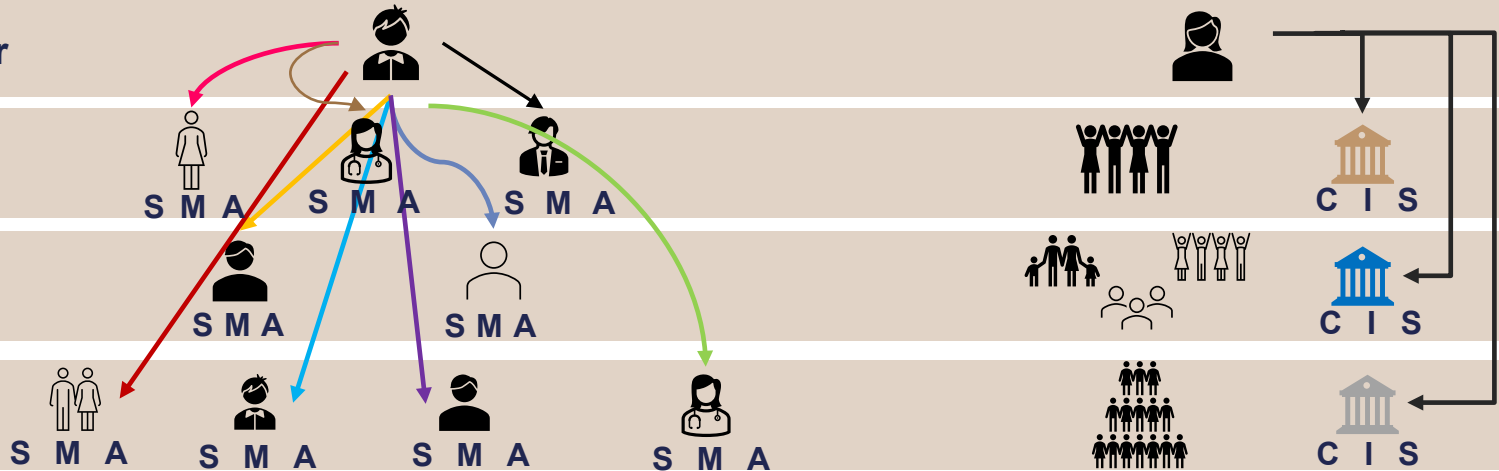
C I S

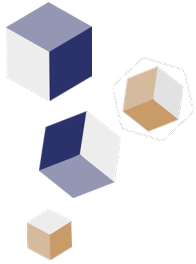
Wealth Manager

Fixed Income Strategies

Global Macro Strategies

PE/VC Strategies





Who, What, Why, How

HOW

Solutions – investment research, portfolio management, transaction executions i.e. how to effectively deliver the solutions in a cost-efficient manner

WHAT

Governance and control - Investment book of records, investors reporting, reconciliation, portfolio valuation

WHO

Professionals and specialists in their fields - e.g. portfolio managers, middle-office executives, banks/custodians, fund administrators, lawyers, tax agents, auditors

WHY

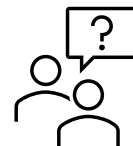
Implement investment strategies - meet expectation of risks/returns, in a cost-efficient manner

Fund structures and considerations

| |
|-----------------------|
| VCC |
| Unit Trust |
| Pte Co |
| SPC-SP JPF |
| GP/LP |

Tax – both chargeable income and withholding tax

Cost – both one-time set up and annual running cost



Time to market – how long does it take to set up the fund; to open bank account





Management control – who operates the fund

Flexibility – e.g. adding new strategies

Regulation – e.g. AML/KYC especially overseas jurisdictions

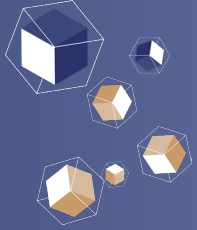


Fund structures and considerations*

| | Manager appointment | Investor ownership | Control | Regulation | Cost | Tax scheme | Flexibility |
|-------------------|----------------------|--------------------|------------------|---------------|-----------------|--------------|---|
| VCC | Invst Mgmt Agreement | Shares | Board Mgmt share | ACRA VCC Act | 30% grant \$30K | Yes |  |
| Unit Trust | Trust deed | Units | “Hybrid” | Agreement | Depends | Yes Maybe |  |
| Pte Co | Invst Mgmt Agreement | Shares | Board Mgmt share | ACRA | Lower | Yes |  |
| SPC-SP | Invst Mgmt Agreement | Shares | Board Mgmt share | Registry CIMA | Higher | Yes |  |
| GP/LP | GP | LP | GP | Agreement | Depends | Flow through | |

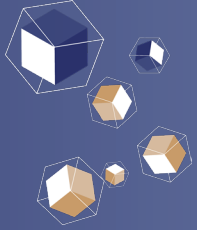


*Please seek Legal and Tax advice



Bonus

- *Investors \$ considerations* – enables them to invest fractions of assets \$ into your CIS investment strategy
- *Cost effectiveness considerations* – not just operational cost; what about transaction execution cost
- *Investors risks considerations* – exposure of investor's SMA vs CIS where it is typically limited to the amount of unpaid shares/units held by investors



Disclaimer

The contents of this document are made available for information purposes only. Nothing within this document should be relied upon as constituting legal or other professional advice. No ZEDRA companies, subsidiaries or affiliates accept any responsibility whatsoever for any loss occasioned to any person no matter howsoever caused or arising as a result, or in consequence, of action taken or refrained from in reliance on any of the contents of this document.

The document must be read in conjunction with our Legal and Regulatory notice at: www.zedra.com