

PRESCIENT

PRESS RELEASE

30 DAYS LEFT FOR SELF-MANAGED IRISH UCITS AND ALTERNATIVE INVESTMENT FUNDS TO DECIDE ON THEIR SUBSTANCE PLANS

Fund Management Companies, which include self-managed UCITS and internally managed Alternative Investment Funds (AIFs), must finalise their action plans by 31 March detailing how they will address the substance requirements set out in the [Central Bank of Ireland's Letter of 20 October 2020](#).

DUBLIN, 1st March 2021: There are now only 30 days left for Irish-domiciled UCITS, structured as Self-Managed Investment Companies (SMICs), and Internally Managed AIFs to finalise and approve their action plans. For those fund managers without a plan in place, the clock is ticking but there is still time to act.

In a letter sent out to SMIC and other Fund Management Company chairpersons in October 2020, the Central Bank of Ireland (CBI) explained to the industry that it would expect all Fund Management Companies in Ireland to have at minimum three suitably qualified and senior employees and required plans to be in place detailing how they intend to address this and other substance requirements that arose as part of its thematic review of Fund Management Companies in Ireland.

“Currently there are a number of options open to SMICs and Internally Managed AIFs, including the not inconsiderable investment of three or more full time employees with associated office space and other overheads in Ireland,” said Rob Childs, Head of Business Development at Prescient Fund Services Ireland. “Other options include using a Third-Party Management Company (ManCo) solution or moving to a dedicated fund platform.”

Analysis carried out in [Prescient's February 2021 white paper](#) on the economics of Irish SMICs and Internally Managed AIFs indicates that the use of a fund platform remains the most cost-effective solution.

“There is well-established legislation in Ireland enabling the movement of a sub-fund from one umbrella to another umbrella, under the same regulatory regime, through the creation of a new, legally segregated sub-fund, which then acquires the assets of the original sub-fund. The original sub-fund is subsequently shut down,” Childs explained. “The move to a platform, such as Prescient's UCITS or AIF platform, with the full ManCo infrastructure in place, resolves the substance challenges raised by the CBI, while potentially reducing the fund's TER quite significantly. Importantly, the investment manager can carry forward the track record into the new fund.”

Prescient estimates that Third-Party ManCo costs could raise the total expense ratio for a fund by 5-20bps for a \$50-\$100m fund, depending on complexity. Some Third-Party ManCos will charge additional fees for associated services (for example, the provision of a Money Laundering Reporting Officer, or risk management). Prices will also vary according to the size of the proposed fund being migrated.

Prescient also estimates that fund overheads (including directors' fees, audit, ongoing legal advice, company secretary and regulatory costs) could be reduced by between 50 and 75% on a vanilla \$50-\$100m fund, simply by switching to a platform model.

Prescient Fund Services manages turnkey UCITS and Alternative Investment Fund platforms in Ireland as well as offering a Third-Party ManCo solution on a standalone basis. It has an experienced team of full-time staff in Dublin serving its international client base and is further supported by the wider resources of the Prescient financial services group. For more information visit www.prescient.ie or email info@prescient.ie.

Ends.

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Note to editors

“Fund Management Company” refers to a UCITS management company, an authorised Alternative Investment Fund Manager (AIFM), a self-managed UCITS investment company and an internally managed Alternative Investment Fund which is an authorised AIFM.

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About Prescient

Prescient Fund Services (Ireland) Limited is a limited liability company incorporated under the laws of Ireland having its registered office at 35 Merrion Square East, Dublin 2, Ireland and is authorised by the Central Bank of Ireland as a UCITS management company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. 352 of 2011) as amended and as an AIFM pursuant to the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended). As of January 31, 2021, Prescient Fund Services had assets under administration or management of over USD 30 billion globally, of which Prescient Fund Services (Ireland) Limited had over USD 4 billion. Prescient Fund Services has over 120 employees globally. www.prescient.ie

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