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Guernsey funds 'resilient' in the face of global market turmoil

The adverse performance of the global markets is the primary reason that the value of Guernsey funds fell by £1bn (0.5%) during the final quarter of last year.

This change took the total value of funds under management and administration to £200.4bn at the end of 2008. It represents an increase of £22.2bn (12.5%) year on year.

Peter Niven, Chief Executive of Guernsey Finance – the promotional agency for the Island's finance industry, said: "Global market conditions meant it was inevitable that we would see an overall reduction in the value of our business during the fourth quarter. We were fortunate that it was only a decrease of 0.5% and this demonstrates the resilience of our funds sector but clearly there will be further falls until market confidence returns, which is unlikely to be before the end of 2009."

Guernsey open-ended funds fell in value by £2.1bn (3.2%) over the quarter to reach £63.6bn at the end of the year – a decrease of £5.6bn (8.1%) since the end of December 2007.

The Guernsey closed-end fund sector grew by £5.6bn (6.5%) over the quarter to reach £91.5bn at the end of December 2008 – up £15.1bn (19.8%) from 12 months previously.

Non-Guernsey schemes, for which some aspect of management and administration is carried out in the Island, decreased by £4.5bn (9%) over the quarter to leave their value at £45.3bn at the turn of the year. This figure is an increase of £12.7bn (39%) since 31 December 2007.

Mr Niven added: “We may have seen an overall decrease in asset values but in fact looking more closely you can see that there is continue growth in the closed-ended sector. This is where the principal strength of our business is now and the area that we are most heavily marketing and promoting Guernsey as a funds jurisdiction.”

In recent months the Island has made several legislative amendments related to funds business and introduced a new set of fund rules.

The main result is that now both Guernsey open and closed-ended funds can be established as authorised or registered funds. Authorised funds are regulated by the Guernsey Financial Services Commission (GFSC) and subject to closer supervision than registered schemes, which are not authorised by the GFSC.

These changes and their implications will be explored in more detail at a masterclass, entitled ‘Guernsey’s new fund regime under the microscope – an exceptional regime for exceptional times’, which takes place from 5pm on Thursday 5 March at the America Conference Centre in London.

Contact Jennifer Baudains on j.baudains@guernseyfinance.com or +44 (0) 1481 720071 for more information or to book a place at this event.

Release Ends