



Ireland ILP

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COST EFFICIENCY & SPEED

ILP brings swift and cost-efficient launch of sub-funds

FLEXIBILITY

New structure accommodates broad range of asset classes

INDUSTRY GROWTH

Private funds pegged for expansion in Ireland

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Enhancing efficiency and time-to-market

Interview with Paul Whelan & Liam McHugh

Managers looking to take advantage of the new structure launched in Ireland, the Investment Limited Partnership (ILP), will be able to maximise cost efficiency and time-to-market. The Irish legislation allows the adoption of an umbrella structure, meaning managers can launch sub-funds swiftly and save on legal and audit fees.

“A General Partner (“GP”) can have sub funds in the LP, which have segregated liability between them. This offers speed to market for those sub-funds since the manager will have the legal structure and the necessary service providers all lined up for the umbrella fund. Therefore, adding a sub-fund will not take long,” explains Paul Whelan, CSC Global Managing Director, Head of Depositary Services, “it also offers cost efficiency because it’s much cheaper to have an umbrella with

multiple sub funds than setting up segregated funds. You avoid fee duplication, although there will be some additional cost, these will not increase exponentially with increases to the number of sub-funds within the umbrella.”

GPs can use sub-funds when they want to create a new category of investors or add an investment class. For example, they could have infrastructure, private equity, private debt, real estate and credit sub-funds all under one umbrella, with different investors in each. Further, the assets and liabilities of the sub-funds are ring-fenced.

The ILP is particularly attractive to US managers looking to break into the European market. Whelan comments: “For the first time, Ireland is on a level playing field when it comes to limited partnership legislation and will be a very attractive option for US

managers coming to Europe. They are very familiar with the limited partnership structure for real assets and this new legislation now means it's easy for managers to set up a fund in Ireland. In fact, we expect to see a significant increase in the number of US managers establishing real assets funds in Ireland."

Liam McHugh Managing Director, European Fund Administration, notes: "If you look at the funds industry in general, you can see that the percentage of global ETFs and hedge funds administered and serviced from Ireland is in excess of 40%. When you consider closed ended, private equity and real estate funds, that figure drops off significantly.

"We have had the servicing infrastructure in place for a while and that has been proven to work for these other fund structures. However, we've been missing that legislative infrastructure piece which we now have as a result of the ILP.

"The industry has witnessed significant growth in the area of limited partnership and real assets funds over the recent years. We see the potential for the Irish industry in this regard is significant. The fact that these types of funds are starting from a relatively low base means you're going to see significant spike in growth over the next number of years. This is until it stabilises and we'll see more regular growth in the markets," McHugh outlines.

From its perspective, CSC has set itself up to cater for this growth. Whelan elaborates: "We are a specialist provider in the space. Our fund services business is set up to specifically focus on real asset managers and have brought in very experienced people to run it. We have developed a model which is very flexible and pragmatic and meets the needs of our clients.

"It's important that as the professionals running the depositary, we understand the manager's product. It's important to know the asset class, the fund structures and also be aware of how the managers operate. This allows us, as a



Liam McHugh
Managing Director, Fund Administration, CSC



Liam McHugh is the managing director of Fund Administration for CSC Global Financial Markets. He is responsible for building the European regional fund administration offering and liaising with CSC teams across Asia-Pacific and the United States. Liam relocated to Dublin in 2020 from our Singapore office where he served as managing director for Fund Administration for the APAC region. Prior to joining CSC, Liam served as regional head of operations at Apex Fund Services, following the acquisition of Equinox Alternative Investment Services, where he previously served as regional CEO for Asia. Liam is a member of the Association of Chartered Certified Accountants, having qualified in 2007 in Ireland, and he served as vice chairman of the Singapore Fund Administration Association from 2015 to 2017. Liam holds a bachelor of business studies (specializing in finance) from Dublin City University.

depositary, to build a model which fits in with the managers operations, rather than imposing a checklist driven model which wouldn't serve our clients well."

Direct manager outreach

McHugh discusses the specific outreach CSC has been doing in relation to the ILP: "We have been going through an exercise of preparing to communicate the ILP and its benefits to our US client base and network. As the largest corporate services provider in America, we have a sizable client base among alternative asset managers in the US. We have been going through the process of bringing this message to them, through webinars and directly through our sales teams and business leaders."

The firm is also collaborating with other service providers in Ireland, in legal, tax and other areas. This will help provide a combined offering for US or non-European managers as they look to break into the Europe market.

Whelan elaborates: "We have spent a lot of time talking to law firms, consultancy firms and distributors to understand what they're doing and how. This way we have built a list of key contacts who we can introduce to managers looking to domicile their fund in Ireland."

"Once travel bans are lifted, we will spend a significant amount of time speaking directly to US managers to understand their needs and provide them with solutions beyond just selling our fund administration, depositary and capital market services. We want to explain the process of establishing funds in Europe, discuss different options and utilize our extensive network to introduce trusted contacts in the audit, legal and distribution spaces who can provide expert advice and guidance."

"Ultimately, all managers coming to market with a new product or a new fund want to launch their fund in a timely manner, once capital is raised and they have investors on board. They want their funds to be serviced to the highest possible standards and that is what we aim to provide." ■



Paul Whelan
Managing Director, Depositary, CSC



Paul Whelan is the managing director of Depositary Services for CSC Global Financial Markets (GFM), establishing CSC's Depositary services in Ireland, designing and launching complementary product offerings in all European locations, including Luxembourg and the Netherlands, as well as liaising with clients in the US as they look to invest in Europe. Previously, Paul served as managing director and global head of Depositary and Custody services at the European Depositary Bank and prior to that, at Deutsche Bank as head of depositary services. Paul is a seasoned leader whose wealth of experience and technical expertise from over 20 years in the funds industry will play a key role in shaping the vision and future of CSC's Fund Services business. Paul is a graduate of Dublin City University where he received a Bachelor of Business Studies, specializing in finance.