



*cutting through complexity*

# Ready for the Next Wave

Alternative Investment and  
Private Equity Services

[kpmg.com/channelislands](https://kpmg.com/channelislands)

## Our values

We lead by example

We work together

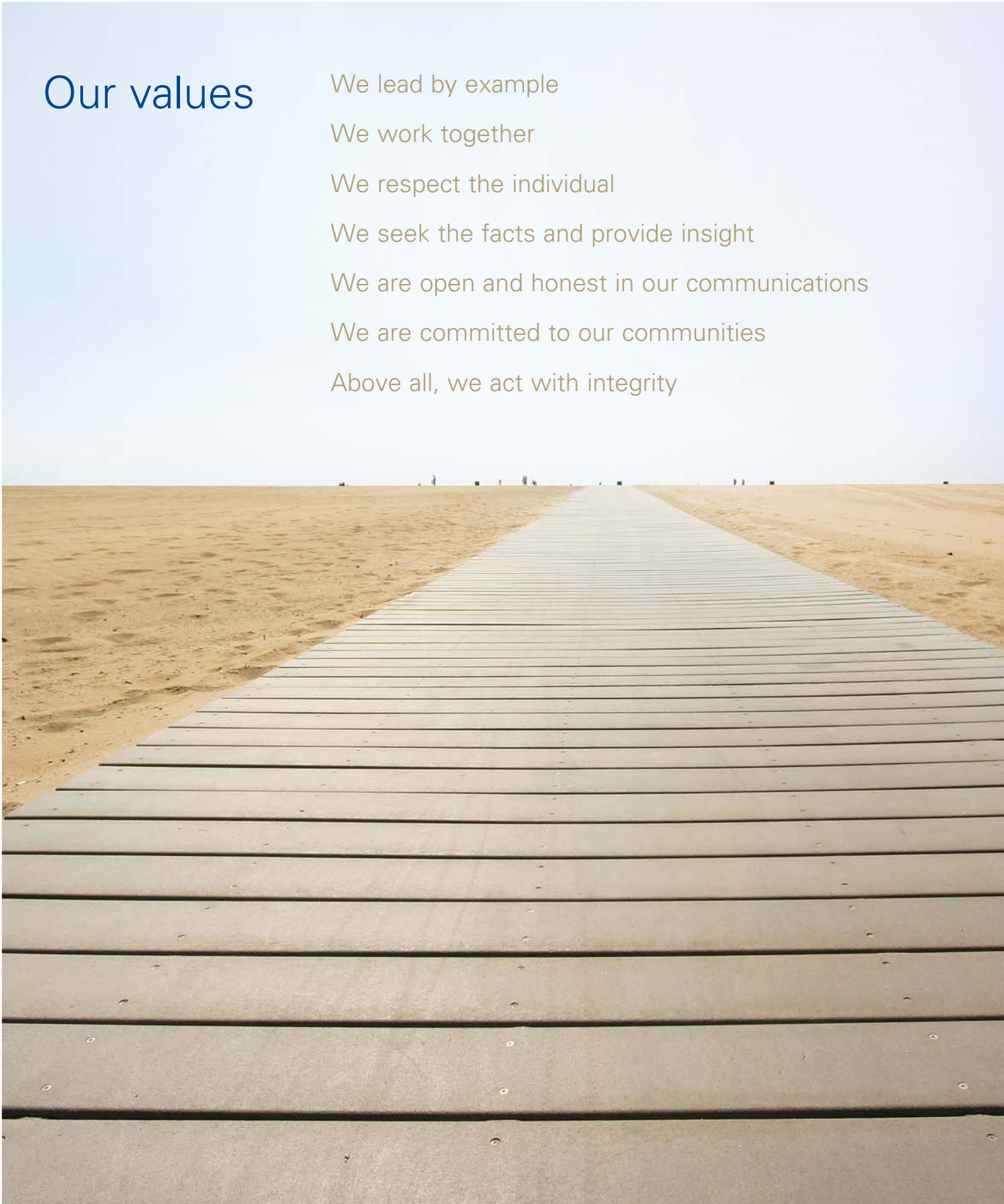
We respect the individual

We seek the facts and provide insight

We are open and honest in our communications

We are committed to our communities

Above all, we act with integrity





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After nearly four years of economic stagnation, many businesses continue to face a level of uncertainty not seen for many years, if not decades. The economic recovery is in the balance and growth may continue to falter for some time to come. The pace of change in the global alternative investment industry, however, will not. Fund managers and their advisers should, more than ever, seek to stay one step ahead of that change and be ready for the next wave in the investment cycle. They will have to anticipate the diverse issues and opportunities that will ultimately define fund performance.

# Thinking business

## SECTION ONE





Everyday KPMG people around our global network of member firms seek to strengthen our capabilities to support our clients' needs as well as being committed to delivering quality in everything we do.

During these defining times, understanding the issues our clients face is critical to being able to deliver our Audit, Tax or Advisory services. As a multidisciplinary business, we look to have deep industry knowledge embedded within our individual service lines. In the Channel Islands, we have developed in-depth specialist knowledge of the alternative investment and private equity sectors for the benefit of our clients.

**Heather MacCallum**

*Executive Director  
KPMG Channel Islands, Jersey*

In this credentials brochure we provide information about our capabilities and the services we offer, details of our client service team in the Channel Islands, and examples of existing KPMG clients in the alternative funds sector. **We believe that the team we have assembled has the experience, energy and commitment to provide an outstanding service.**

Should you consider engaging an accountancy firm for the delivery of Audit, Tax or Advisory services, we believe that you will find KPMG in the Channel Islands to be a positive change.

**Rob Hutchinson**

*Executive Director  
KPMG Channel Islands, Guernsey*

In this document we highlight our alternative investment and private equity services.

# Overview

SECTION TWO





**We have given significant thought to what is expected from an independent accountancy firm and we believe that our clients realise significant value from a relationship with KPMG.**

#### Client service offerings

With the support of KPMG's global network of member firms, we are able to provide a range of alternative investment and private equity services from within the Channel Islands including:

- Audits of financial statements in accordance with the three main GAAPs – UK, USA or International – for both fund and fund management vehicles centred in the Channel Islands, London, or other jurisdictions.
- Issuance of bespoke assurance opinions, for example in respect of track record reviews, carried interest calculations, loan covenant compliance, quarterly fund valuations and other investor reporting.
- Services and opinions around the effectiveness of third party controls under the three major standards: SSAE, 16 (formerly SAS70), ISAE 3402 and AAF.
- USA, UK and other jurisdictional tax advice and compliance services for both fund clients and their investors. This includes the preparation of statutory tax filings including Form K-1 and PFIC tax reporting for USA investors.

- A wide range of advisory services for fund industry clients, such as investment valuation appraisals and pre-transaction due diligence. This includes a bespoke portfolio valuation service provided by professionals who specialise in the application of the International Private Equity and Venture Capital Valuation Guidelines, as well as other complex modelling and valuation techniques.

#### About KPMG

KPMG member firms are among the leading providers of audit, tax and financial advisory services. With a global approach to service delivery, KPMG firms respond to clients' complex business challenges with consistent methodologies and common tools across industry sectors and national boundaries. Fundamental to KPMG's approach is our focus on the various industry sectors, such as the alternative investment fund industry. We believe that we can only add value for clients if we truly understand their industry, which is why we invest in continuously improving our knowledge of the industries we serve.

KPMG is a worldwide network of independent member firms, comprising 138,000 people located in 150 countries. KPMG in the Channel Islands has 12 Executive Directors and 200 employees.

# The Channel Islands – A global home for alternative investment



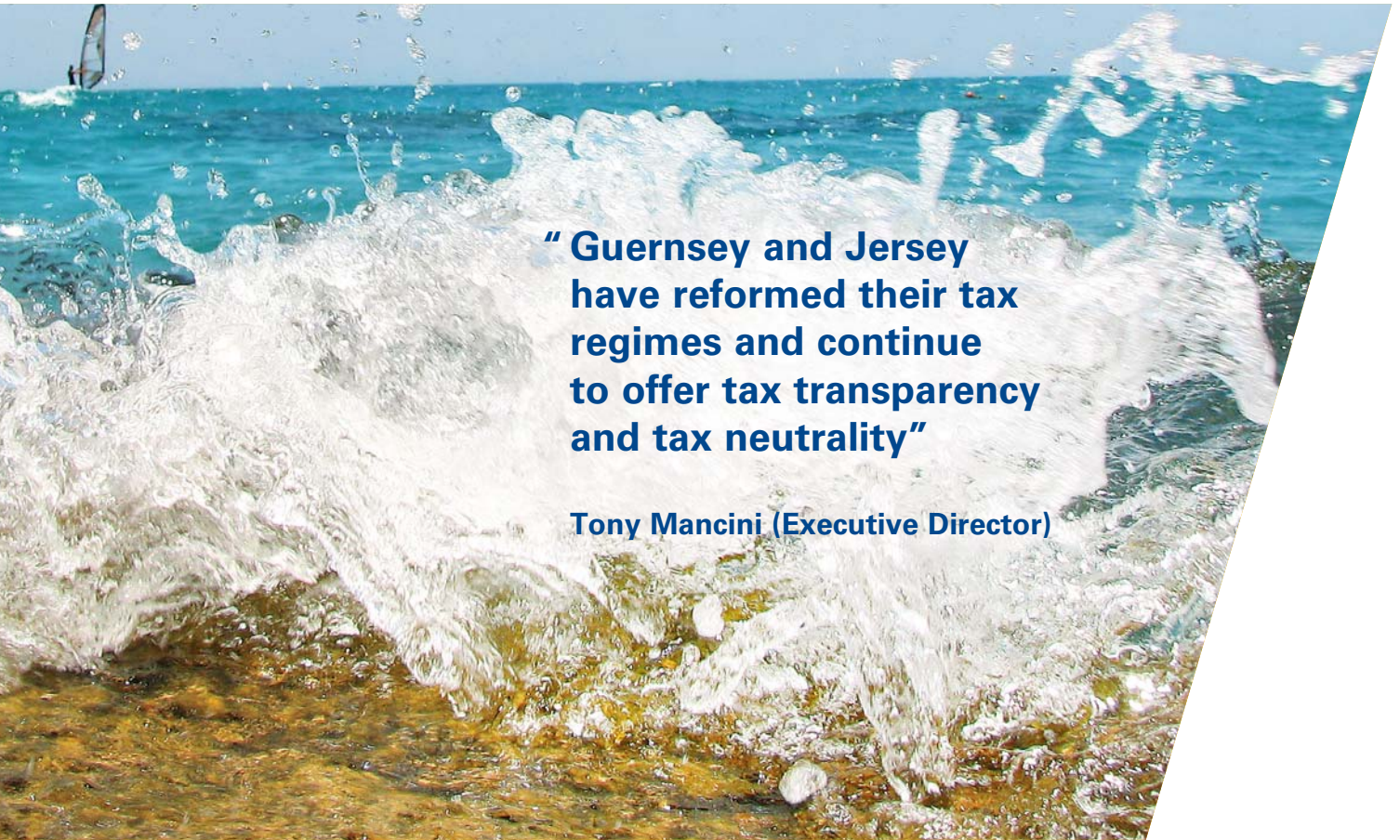
## SECTION THREE

The specialised skills and in-depth experience which have been developed in the past few decades places the Channel Islands in a strong position to meet the diverse needs and opportunities facing fund managers service providers and investors.

Over recent years the Channel Islands have grown and matured into a leading financial centre. Jersey and Guernsey regulators have taken great strides to create a strong and cooperative business environment. The result is a system built on effective and transparent regulation, but with flexibility for fund managers who are looking to locate to a tax neutral domicile.

### **An internationally recognised financial centre**

For an offshore centre such as the Channel Islands, a robust regulatory system is of paramount importance. Financial regulatory bodies within the Islands have successfully sought to prevent major issues such as fiscal crime and money laundering. The regulators in both Islands work with and lead various international standard setting bodies to combat financial crime and further enhance the Channel Islands' reputation as a safe financial centre through which to invest. The dedication shown in both Jersey and Guernsey has been acknowledged at an international level by bodies such as the OECD's Financial Action Task Force and the International Monetary Fund.



**“Guernsey and Jersey have reformed their tax regimes and continue to offer tax transparency and tax neutrality”**

**Tony Mancini (Executive Director)**

**Tax neutrality for alternative investment funds**

Guernsey and Jersey continue to offer tax neutrality or tax transparency that fund promotion requires. As a result fund vehicles, such as limited partnerships and their general partners, continue to be taxed at a general rate of zero percent. This simple tax regime also enables the wider tax arrangements of the fund manager (for example in relation to management fees, performance fees and carried interest) to be structured as efficiently as possible.

**An attractive domicile for fund managers**

Fund management personnel located in the Channel Islands are able to receive the benefits of a low personal tax rate, making it an attractive centre in which to reside and to place their investments. The absence of capital gains tax or inheritance tax creates

an environment where wealth can be created and passed on generation to generation tax free. Both islands also allow tax capping arrangements for fund managers with substantial international income.

**An industry built on quality**

Within the Channel Islands there are a large number of service providers who have been licensed by the financial regulators in Jersey and Guernsey to offer services, such as fund administration. In order to gain a license they must achieve a high standard of compliance and be committed to strong internal controls and continuous training. The Channel Islands also offer a wide range of financial services providers, including highly regarded offshore law firms, each of the ‘Big Four’ accountancy firms and an array of investment advisers, banks, custodians and stock brokers.

**A strategic and prime location**

The Channel Islands are seen to be attractive due to their location proximity to Europe and fiscal stability. Located in such close proximity to Europe’s financial centres, the Channel Islands is little more than a one or two hour flight from many major cities within Europe. With this in mind, many fund managers are able to gain the benefits of locating their funds and fund management vehicles offshore while at the same time remaining within easy reach of their onshore operations and key business relationships in the UK and mainland Europe.

KPMG member firms have dedicated considerable resources to become some of the leading service providers to the alternative investment industry, from private equity, to hedge, property and infrastructure funds. Key to KPMG's capabilities are our established global private equity and alternative investment practices, of which KPMG in the Channel Islands is a part.

# Why KPMG?

## SECTION **FOUR**



Locally, KPMG is ideally placed to service the audit, advisory and taxation needs that our firm's clients may have, whilst being dedicated to delivering a quality local client service in the offshore environment. As testament to this, KPMG in the Channel Islands is one of the leading auditors of investment funds in Guernsey and Jersey, as detailed in the 2010 Reuters/Lipper Fitzrovia Survey. However this would not have been possible without KPMG's global private equity and alternative investment practices – two highly integrated global initiatives operating across our global network.

### **KPMG's Private Equity Group**

KPMG's Private Equity Group is a multi-disciplinary group providing coordinated services to the private equity industry. In a relatively short period of time, private equity has become an established global industry. The number of private equity houses operating internationally has grown exponentially and with it comes a focus on many emerging markets throughout Asia, Latin America and the CEE.

The current market conditions present new opportunities for the PE community – focusing on working their portfolio, establishing new routes to market and taking advantage of competitively priced assets. KPMG's Private Equity Group is ideally placed to help our firms' clients capitalise on this situation – working as an international network and able to support our clients throughout the investment lifecycle, from fundraising, deal sourcing, performance improvement and realisation.

"Private equity is a priority for KPMG", says Rustom Kharegat, Global Head of Private Equity. "We are totally focused on our objectives of building trusted and deep relationships with our firms' clients and delivering quality output through exceptional project teams. Our enthusiasm, commitment and dedication to private equity spans geography, industry sector and service line."

### **KPMG's Alternative Investment Group**

The demand for assets and investment opportunities means the barriers between traditionally separate sectors are breaking down. Hedge fund and private equity investors are increasingly looking at investing in physical assets, such as real estate and infrastructure, as well as other more esoteric asset classes including precious metals and gems, artwork, fine wines and antiques to name a few. Such asset classes are increasingly seen as safe havens during times of uncertainty due to their lack of correlation to traditional equity and debt markets. In response to this trend, KPMG firms have brought together their hedge fund, real estate and infrastructure businesses to form the Alternative Investment Group.

Whether fund managers are expanding their existing alternative funds, require assistance for start ups or need help in performing due diligence on new investments, KPMG's Alternative Investment Group can provide dedicated and knowledgeable, local and international, resources in meeting clients' challenges.

Many members of the Channel Islands team are members of these Groups and thereby have access to considerable resources and industry experience.

To demonstrate our experience, we have included on the following page a selection of our significant alternative investment clients.

# Existing clients

## SECTION FIVE



Aberdeen Asset Management	Consulta	Rathbone Brothers
Apax Partners	CVC Capital Partners	Rothschild
Alcentra	ETF Securities	Skandia Investment Management
Arminius	EQT	Terra Firma
Ashmore	Fortis Investment Management	3i
Aviva Investors	Gartmore	
AXA	Helvetica	
Babson Capital	Henderson	
BC Partners	HSBC	
Baring Asset Management	Insight Investment Management	
Blakeney	Investec Asset Management	
Bluecrest	Investindustrial	
BNY Mellon	Invista	
Brevan Howard	Lathe Investments	
Bridgepoint	Lloyds Banking Group	
Candover	M&G	
Capita	Nordic Capital	
CBRE	Old Mutual Asset Management	
Citigroup Alternative Investments	Pantheon	
Clerical Medical	Partners Group	
Cogent Partners	Polygon	
Collins Stewart	PPF Partners	

While a firm's credentials are important in your choice of professional services provider it is the people you will be working with who can really make the difference in professional relationships.

# Service team and relevant experience

## SECTION SIX

We believe what sets us apart at KPMG in the Channel Islands is our unusually high ratio of signing directors to professional staff. With a total of 20 directors, we are able to provide the level of personal services that our clients seek. In addition to this, our experienced client service team offers the following key attributes.

### **A focus on what really matters**

We focus on the competitive challenges and technical issues facing your firm and the wider alternative investment and private equity industries.

### **Personal commitment**

We have the commitment to develop and maintain trusted and strong working relationships by providing valued business advice.

### **Forward thinking**

We pride ourselves on a forward thinking 'no surprises' approach for our clients and to our markets.



**“ KPMG in the Channel Islands have an expanding team of dedicated professionals who operate at the forefront of industry trends and best practice”**

**Heather MacCallum (Executive Director)**



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