

Key Facts Fund Services

Funds in Mauritius are commonly structured as Corporate or Partnership vehicles with a Category One Global Business Licence ("GBC1") under the Mauritius Companies Act 2001 and the Financial Services Act 2007.

Corporate & Legal Structure

A fund is defined as an entity that's business consists of investing mainly in securities, with the aim of investment risk and giving members of the company the benefit of an independent management team to manage the pooled funds.

A fund vehicle can take the form of:

- A closed-end fund which has a fixed committed capital/corpus. Investors do not have the right to call for their shares to be redeemed by the fund. The fund may have a limited life after which the assets are distributed to investors on a winding up.
- An open-end fund which has variable capital. Investors are allowed to redeem their shares at predetermined times, in accordance with the constitutive documents. The NAV is usually calculated daily, weekly, monthly or fortnightly.

It is also possible to constitute an umbrella fund or a Multi Class Fund under each of the foregoing structures:

- The umbrella fund or Multi Class Fund will comprise two or more sub funds and investors subscribe for shares or units in specific sub funds.
- Each sub fund has its own investment policy.
- Each sub fund has its assets segregated and accounting records kept separately.

Investors can switch their investment from one sub fund to another without redeeming their shares or units, and generally without transaction costs.

A Mauritius Investment Fund can also be set up as one of the sub fund of an umbrella fund not established in Mauritius as well as a cell of a Protected Cell Company.

Registration Requirements

A fund needs to be approved by the Financial Services Commission ("FSC") before it commences business. The application procedure is done in stages as below:

Initial Review Stage

Submission of a written outline memorandum or private placement memorandum or term sheet, and draft constitutive documents containing the following information:

- The track record and credentials/KYC documents of the promoters, the investment manager team, custodian and administrator;
- The fund's structure;
- The objectives of the fund;
- The investors and the market targeted;
- The types of investments/securities the fund will be dealing in; and

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- The compliance with regulations in third countries, as appropriate (e.g., SEBI's approval if investment is to be made in India).

The Technical Committee of the FSC, upon receipt of the incorporation application pack, will examine the documents submitted and if satisfied will issue an "in principle" approval so as to enable all constitutive documents to be finalised and the company to be incorporated.

Document Review Stage

The list of the draft constitutive documents of the fund to be lodged with the FSC are as follows:

- Information documents – Prospectus, Private Placement Memorandum, Information Memorandum or Term Sheet.
- The fund's agreements – Shareholders/Partnership Agreement, Management/Advisory Agreements.
- The material contracts to be concluded with the different functionaries (i.e., investment manager, custodian, administrator, investment adviser).
- A legal certificate from a Mauritius lawyer certifying the conformity of the constitutive documents with Mauritius Laws.
- Detailed CVs and Personal Questionnaire of the persons to be involved in key positions and due diligence documents.
- The Regulator generally looks for comfort on sensitive items such as:
 - Credibility/integrity/independence of the fund manager team.
 - Calculation of the Net Asset Value of the fund.

Taxation

- Funds can be structured as an exempt Partnership whereby the structure is completely transparent and not taxed in Mauritius.

- Funds can be structured as a Corporate or Partnership with a GBC1 Licence to avail benefits from Double Tax Avoidance Agreements ("DTAAs").
- With the GBC1 status the Funds are liable to tax at a rate of 15% on their net income with an option either to have a tax credit of 80% of the tax payable or tax credit for the actual foreign tax paid from foreign source income. The effective tax rate will therefore be 0% to 3% on business profit.
- Funds can be registered as a Domestic vehicle whereby the Fund Manager has to be a Domestic vehicle as well. The fund is taxed at 15% on business profit but can claim credit on foreign tax paid. Capital gains are exempt in Mauritius and DTAA benefits are possible.
- Furthermore it should be noted that there is no withholding tax on dividends, capital gains and interests in Mauritius. Subject to proper structuring, the Fund may benefit from DTAAs hence minimising taxes on dividends and repatriation of income and is chargeable at source.

Fund Manager

- The fund manager can be structured as a Mauritius GBC1 vehicle or as a licenced fund manager in an equivalent jurisdiction.
- Where a fund is a partnership with a GBC1 Licence or a domestic vehicle, the fund manager has to be structured as a Mauritius vehicle.
- The Mauritius fund manager vehicle can be set-up with a CIS manager (obligation for open-end funds/ optional for closed-end funds) or an Investment Adviser (Unrestricted) Licence.
- The CIS Manager Licence specifies that the fund manager shall be engaged solely in the business of management of collective investment schemes, unless otherwise authorised. It has to demonstrate that it has suitably qualified staff with the appropriate expertise and experience to carry

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out the functions of a CIS manager. The minimum unimpaired capital is 1 million Mauritius rupees (approximately USD 34,000).

- The Investment Adviser (Unrestricted) Licence specifies that the fund manager will only be authorised to manage, under a mandate, portfolios of securities and give advice on securities transactions through printed materials or any other means and have a minimum unimpaired capital of 600,000 Mauritius rupees (approximately USD 20,000 – USD 25,000).
- A fund may be allowed to be managed by its own board of directors, provided that the board of directors performs the functions of a CIS/fund manager and that such directors are jointly bound and responsible to perform the functions of the CIS manager. It would be a self-managed fund.

Reports

Funds are required to file with the FSC a non-audited quarterly management accounts and yearly audited financial statements. These reports must include, at least, the following:

- A statement of assets and liabilities, including the net asset value;
- The number of shares outstanding;
- The net asset value per share; and
- Details of the investment portfolio and the movements in the period, disclosed by types of securities and type of market.

The financial statements must be audited in accordance with International Financial Reporting Standards/International Accounting Standards.

Supervision

The FSC has the right to inspect or to cause inspection of the books and records of the fund and request certificate copies of all due diligence documents in conformity with the Anti Money Laundering Act.

Listing

A fund may seek a listing on the Mauritius Stock Exchange. There may be tax advantages to a Mauritius listing. Mauritius registered investment funds can be and are generally listed on numerous exchanges around the world, the most popular being London and Dublin.

Fees

Please complete our Fund Establishment Worksheet which provides a summary of the administration services that we offer. On the basis of a completed worksheet and proposed offering memorandum we will provide you with a fee estimate for the establishment and annual administration costs of the fund. Please note that our fees are based on the extent of our administration and not on the value of the assets in the fund.

Please do not hesitate to contact us should you have any questions regarding our fund administration services and the completion of the worksheet.

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