

if irish  
funds



# Irish Funds Singapore Seminar



19 September 2019

## Welcome Address

**H.E. Patrick Bourne**

Ambassador of Ireland to Singapore

# Irish Economic Update

**Gerard Whitty**

IDA Ireland

## 2019 Performance (mid June 2019)

**13,500**

Number of Jobs Approved

↑ **+19%** on same period 2018



**5,200**

outside of Dublin

↑ **+15%** on same period 2018

**140**

Number of Projects Approved



**48**

outside of Dublin

## Regional Performance

Up to end 2018     **407** projects secured for locations outside Dublin.

Jan – June 2019     **48**

Total     **455**

.....

**27,000** new jobs on the ground in locations outside Dublin between 2015-2018.

.....

**47%** of IDA Ireland clients are located outside Dublin.

.....

**58%** of total employment in IDA Ireland client companies is outside Dublin.

All regions have seen  
**employment growth**



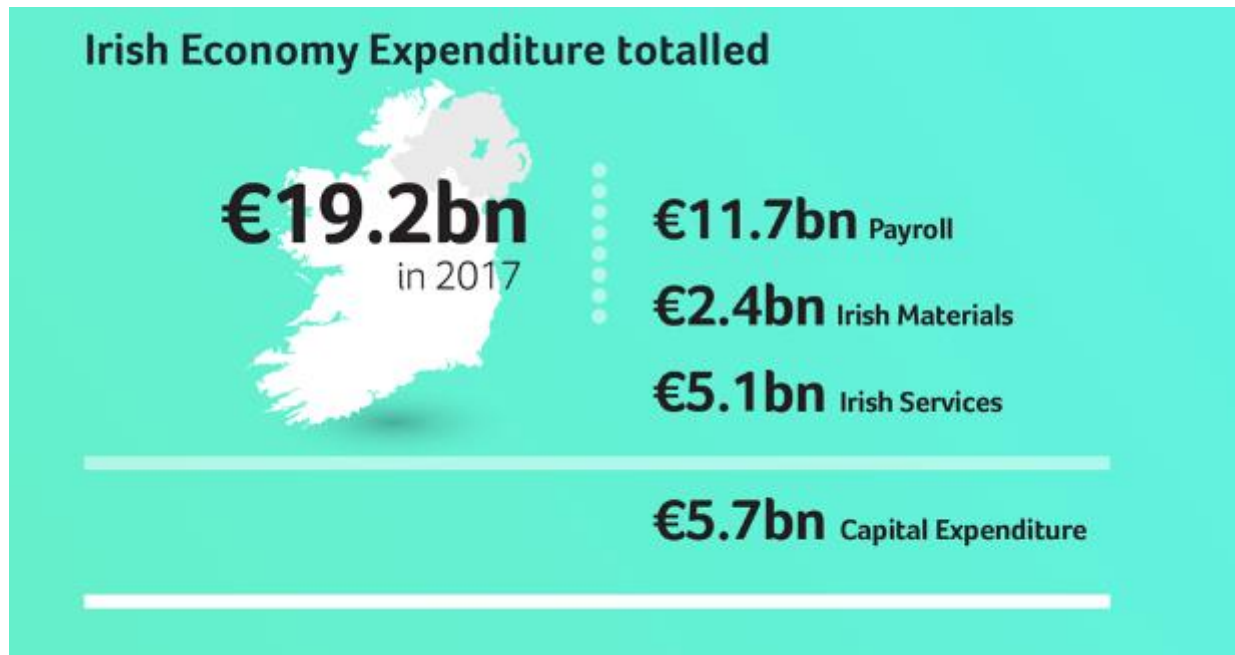
# Announcements 2019



# MNCs make a substantial contribution to Irish economy

Significant spillovers from IDA client companies across the country

- Direct expenditure in Irish economy of €19.2bn plus €5.7bn in capital investment
- In-house R&D €1.8bn; 69% of Business Investment in R&D in Ireland
- Major source of Ireland's tax revenue, accounting for 66% of corporation tax receipts
- Export orientated; account for 67% of national exports





# Irish economy the fastest growing in Europe

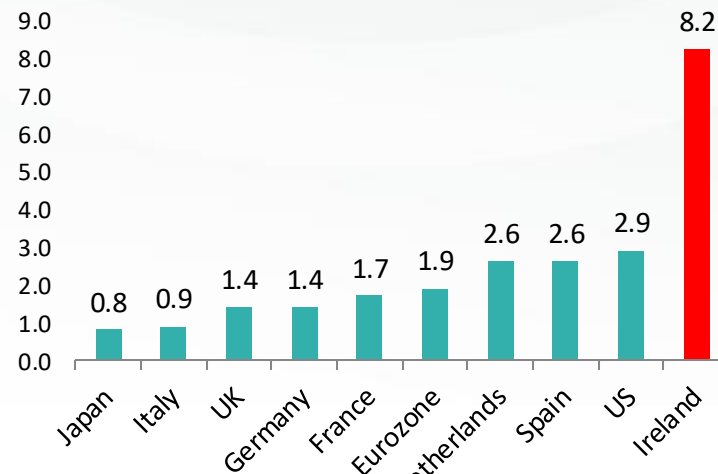
## Fastest growing economy in the EU in 2018



- GDP growth of 8.2% in 2018
- Broad based growth across the economy
- Continued strong performance forecast in 2019 and 2020, a hard Brexit remains the biggest downside risk to forecast growth
- Economy grew 6.3% year on year in Q1 2019

GDP Growth 2018  
% change year-on-year

GDP Forecasts (%)	2019	2020
Central Bank of Ireland	4.2	3.6
Department of Finance	3.9	3.3
European Commission	4.0	3.4
IMF	4.1	3.4
OECD	3.9	3.4
ESRI	4.0	3.2

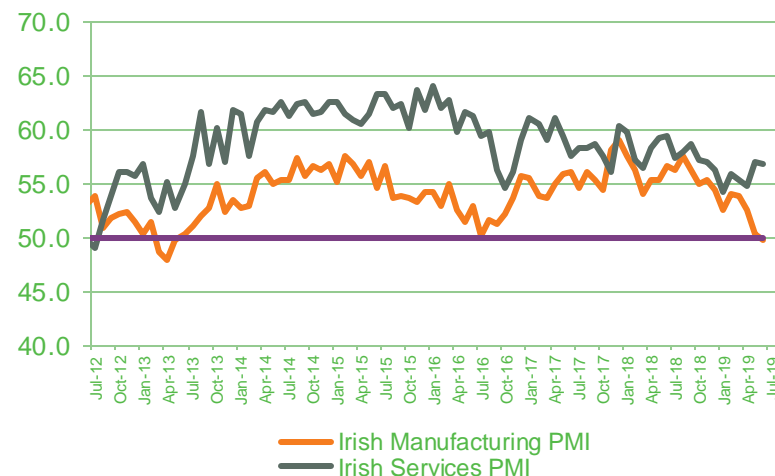


# Domestic economy performing strongly despite uncertainties

- Modified domestic demand now above pre-crisis peak level\*
- Personal consumption, which accounts for around half of domestic demand, up 3.4% in 2018.
- Consumer sentiment resilient and mood among consumers broadly positive.
- Purchasing Managers Index (PMI) point towards continued strong activity in services into Q3 2019
- Slight slowdown in manufacturing reflects global uncertainty and Brexit stockpiling.

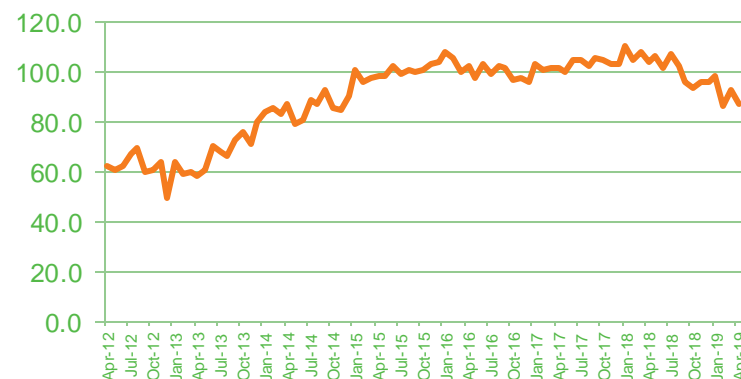
\*domestic demand excluding investments in leased aircraft and on-shored IP

Purchasing Managers Index (PMI)



Source: AIB/Markit Economics

Consumer Sentiment



Source:  
ESRI/KBC

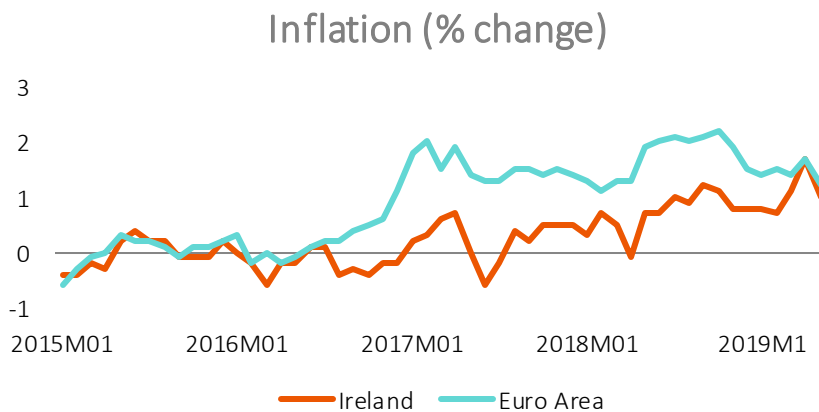
# Ireland: “A” grade from all major credit rating agencies

Rating Agency	Long-Term	Short-Term	Outlook/Trend	Date of Last Change
S&P	A+	A-1	Stable	Jun-15
Fitch Ratings	A+	F1+	Stable	May-18
Moody's	A2	P-1	Stable	Sep-17
DBRS	A (high)	R-1 (middle)	Stable	Mar-16
R&I	A	a-1	Stable	Jan-17

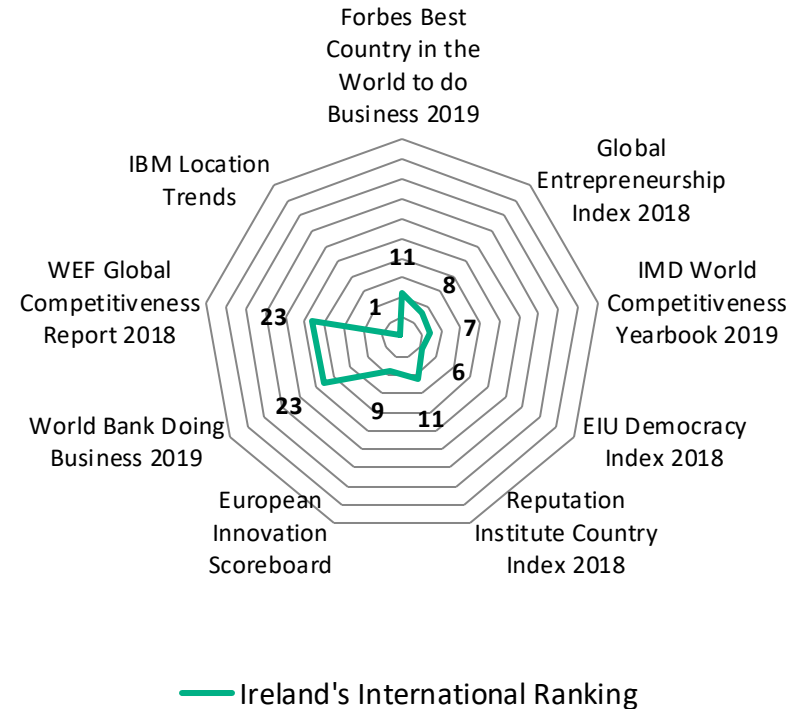
Source: NTMA, July 2019

# Ireland is one of the most competitive countries in the world

- Ireland ranked amongst the top countries in the world to do business
- 7<sup>th</sup> most competitive country in the world and 2<sup>nd</sup> most competitive in the EU according to IMD 2019 ranking.
- Growing economy has not led to significant price increases
- Inflation consistently below or in line with euro area average, and supported by weak sterling since Brexit vote.
- Maintaining and improving competitiveness as the economy grows is a key government priority.

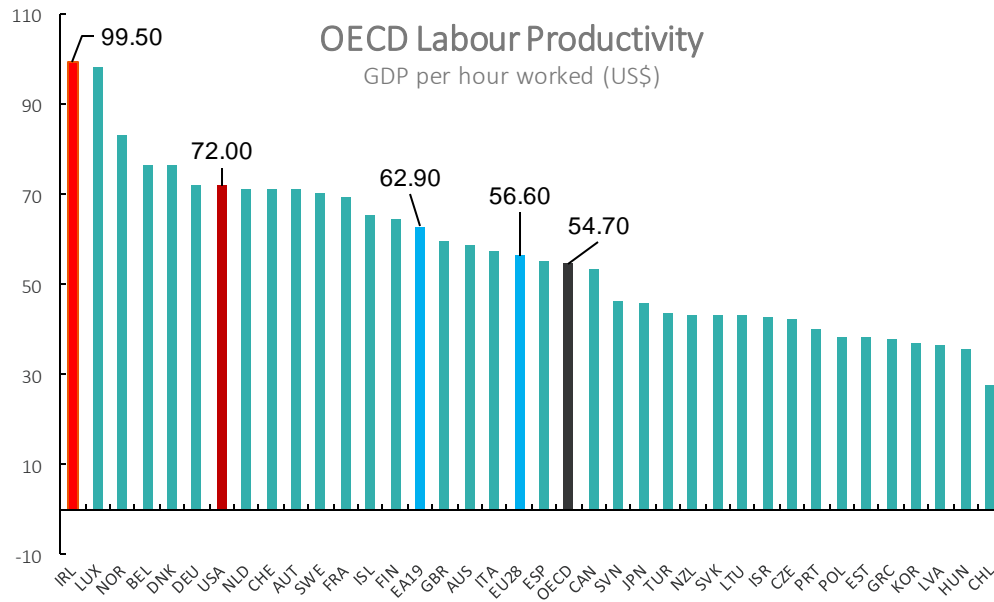


Source: Eurostat, CSO, July 2019  
Chart shows HICP measure of inflation

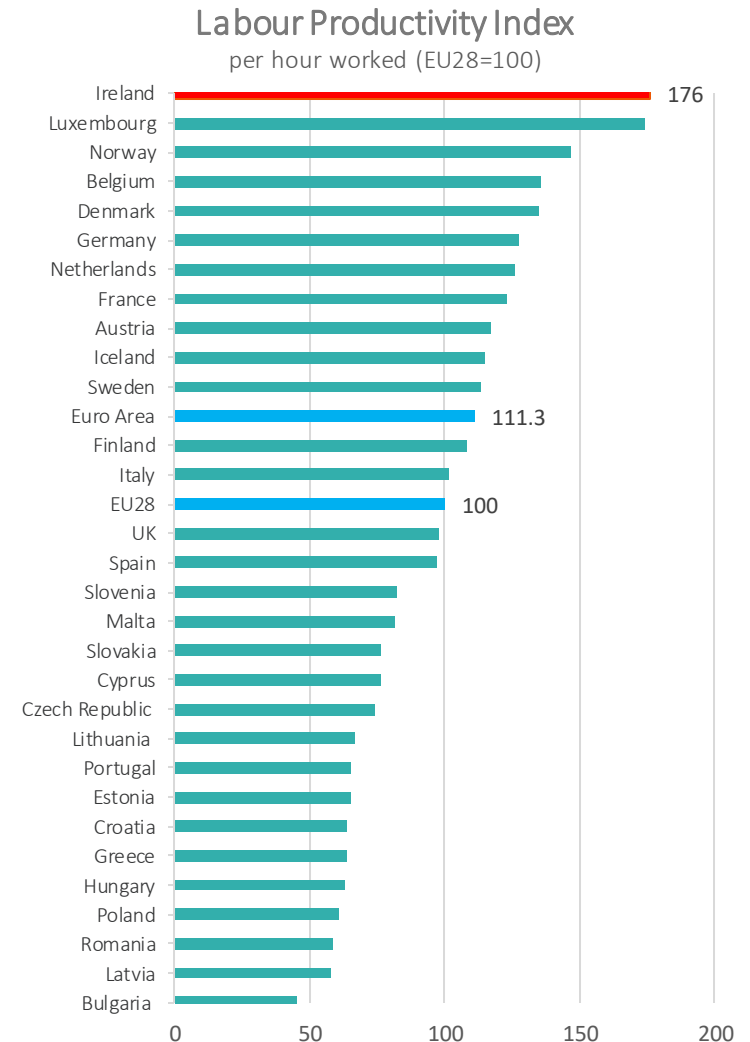


# Ireland is one of the most productive countries in the world

- OECD figures for 2017 show Ireland as first in the world for labour productivity.
- Irish labour productivity per hour worked is 76% above the EU28 average.
- Promoting productivity across the Irish economy is a core pillar of the Government's Future Jobs 2025 initiative.



Source: Eurostat/OECD data for 2017 (published 2018)



# Project 2040: Comprehensive Government plan to increase carrying capacity of the economy

- Ireland's economy continues to grow strongly and the country's population is forecast to grow by around 1 million over the next 20 years.

## National Planning Framework

- Core strategy to develop strong regions around key urban centres of scale.
- Comprises 76 national policy objectives including urban and regional population targets.

## National Development Plan

- Strategic investment priorities include education, housing, roads, public transport and the environment.
- Budgetary framework for €116 billion investment in public infrastructure and capital works over a 10 year period.

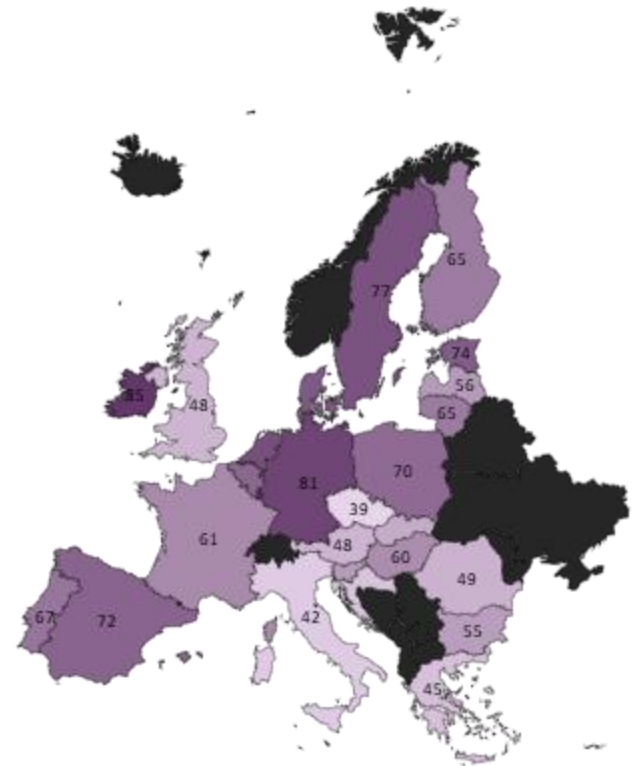


# Ireland at the heart of Europe

- Ireland an ideal destination from which to access the EU market.
- Clear understanding in Ireland of the benefits of EU membership



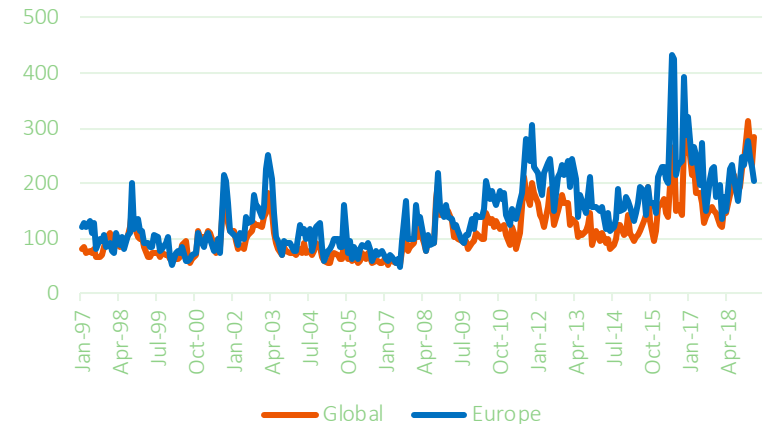
- 85% positive about EU membership (EU average 62%)
  - 92% say Ireland has benefited from EU (EU average 68%)
  - 84% support the euro (EU average 61%)
  - 86% support free movement (EU average 81%)
  - 82% see themselves as citizens of the EU (EU average 69%)
- Fully committed EU member since 1973.
  - Access to over 500m EU consumers.
  - European labour force of over 250m people.
  - Wide network of existing EU trade agreements
  - New trade deals with Canada, Japan and Mercosur.
  - Deals under negotiation with Australia and New Zealand.



# Ireland remains economically and politically stable in an increasingly uncertain world

- IMF and OECD both expect global growth to moderate in the near term.
- Downside risks to trade relating to protectionist sentiment, trade policy uncertainty and monetary policy tightening.
- Ireland's openness to investment, business and international talent is a core economic strength.
  - 1<sup>st</sup> in the world for attitudes to globalisation
  - 2<sup>nd</sup> in the OECD for export orientation
  - 7<sup>th</sup> biggest services exporter in the world
- Consistent pro-business environment in Ireland has been maintained by successive governments.
- Openness key to Ireland's success in winning FDI.
- Ireland is the 10<sup>th</sup> most popular destination world wide for FDI projects, despite accounting for only 1% of EU population.

Global Policy Uncertainty



Greenfield FDI Projects by Destination

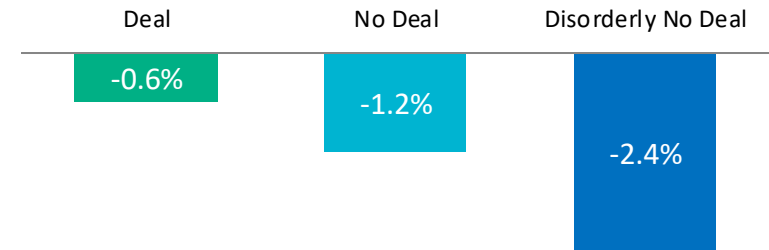
2018	Country	Share
1	United States	14.2%
2	India	7.3%
3	United Kingdom	7.1%
4	China	6.7%
5	France	3.3%
6	Mexico	3.2%
7	Spain	2.9%
8	Germany	2.8%
9	Canada	2.5%
10	Ireland	2.5%



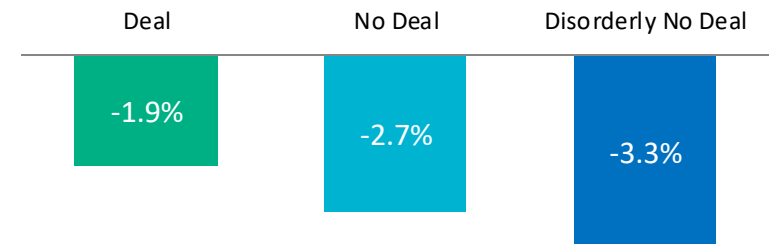
# Brexit forecast to have a negative impact on the Irish economy

- Brexit expected to slow the pace of economic growth in Ireland.
- Quantifying possible Brexit impact allows Irish Government to better understand the economic implications of Brexit and to design the appropriate policy response.
- Latest research by ESRI for the Department of Finance found that after ten years relative to a no Brexit baseline Ireland's GDP would be:
  - 2.6% lower in a scenario where a deal is agreed
  - 4.8% lower in a No Deal scenario
  - 5.0% lower in a disorderly No Deal Scenario\*
- Certain sectors are more exposed to Brexit than others, particularly those with deep linkages to the UK market (e.g. the agri-food industry).
- Limited Brexit risk among MNCs in IDA's client portfolio; areas of concern include future use of land bridge and EU-UK data flows.
- Regulatory divergence and resulting non-tariff barriers to be the among biggest contributors to additional trade costs and GDP impacts.
- Uncertainties about the outcome of the Brexit process and the unprecedented nature of the UK's exit can make forecasting economic impacts challenging.

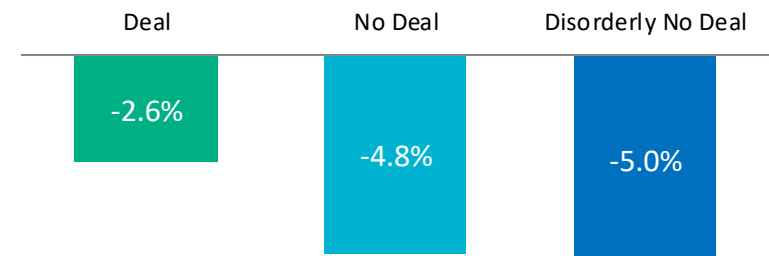
## GDP % change from baseline in 2021



## % change from baseline in 2024



## % change from baseline in 2029



\*this refers to a scenario where there is additional disruption to trade in the short-run, above that considered in the No Deal scenario

# Brexit: Extensive Government planning and engagement

- Extensive engagement at political and official level across the EU.
- Also engagement with key domestic stakeholders:
  - 5 plenary dialogues and 20 sectoral dialogues within framework of All-Island Civic Dialogue
  - 17 meetings of Brexit Stakeholder Forum since September 2017.
- Dedicated measures taken to date include:
  - €300m Brexit Loan Scheme for Business
  - €3m to State Agencies incl. IDA and EI to secure new investments and promote market diversification.
  - €25m loan scheme for agri-food sector
  - Additional resources for our teams in Brussels, London, Berlin and Paris.
  - New resident diplomatic missions in Chile, Colombia, Jordan, Vancouver and Mumbai.
  - Further measures in Budget 2019 incl. €25m for customs requirements
- Key Government strategies addressing Brexit implications:
  - Action Plan for Jobs 2018, Enterprise 2025, Ireland Connected, Project Ireland 2040



# **Brexit: IDA response focused on risks and opportunities**

## **Overall approach**

- To identify and manage risks among existing clients, and to identify and leverage opportunities that may arise as a result of Brexit.


## **Support current clients to prepare for Brexit**

- Ongoing engagement with and analysis of existing clients exposure to Brexit.
- Limited risks to Brexit within IDA portfolio, continuing to monitor and re-engage.
- Brexit Toolkit available to clients (Business Development Programme, Training Grants, International Marketing and Lean Programmes, Global Sourcing Initiative)

## **Promoting Ireland as an attractive investment destination post-Brexit**

- 80 Brexit related investments won to date.
- Investments associated with 5,300+ jobs.

## **Ensuring IDA structure supports post-Brexit trading environment**

- Continental European business now managed from Frankfurt.
  - UK treated as a separate territory to the rest of Europe.
  - Targeting opportunities in existing and new, non-traditional FDI markets.
- 

# Brexit

80 Brexit related investments across all sectors employing 5,300 people

breglobal



Bank of America

BARCLAYS

beazley

Chaucer  
INSURANCE

citigroup

Legal &  
General

• APTIV •

EVEREST

J.P.Morgan

FRAGOMEN

KBRA KROLL BOND  
RATING AGENCY

NORTH  
SERVICE. STRENGTH. QUALITY

S&P Global

THOMSON REUTERS

TD Bank

W  
Wasdell  
Group

XL  
XL GROUP

TD Securities

EQUILEND

Simmons  
&  
Simmons

coinbase

# Brexit: Future EU-UK trading relationship remains uncertain

- Talks on a future EU-UK trade agreement will commence after the UK's withdrawal from the EU at the end of the Article 50 process.
- Shared EU-UK ambition to have future relationship in place by end of transition period.
- Direction of future relations mapped out in a legally non-binding Political Declaration that accompanies the Withdrawal Agreement.
- Declaration points towards an ambitious, wide-ranging and balanced EU-UK economic partnership post-Brexit covering key areas of importance to Ireland such as trade, transport, and energy.
- Non-binding nature of the Political Declaration means its scope and ambition can be adjusted depending on the political consensus in the UK.
- EU has consistently stated that any agreement must protect the integrity of the Single Market and have the correct balance of rights and obligations. The two main elements to this are:
  1. Continuing unity of the EU 27: the UK cannot be better off outside of the EU than inside it.
  2. No cherry picking: the 4 freedoms are not divisible (goods, services, capital, people)

## Political Declaration – at a glance

### Goods – tariff free access

- Free trade area underpinned by level playing field provisions (state aid, fair competition etc.)
- No tariffs, fees, charges or quantitative restrictions in any sector
- Extent of checks and controls will depend on degree of UK alignment with EU rules

### Services – more restrictive access

- Market access under host state rules
- Temporary entry and stay of persons for defined business purposes
- Equivalence for Financial Services based on regulatory autonomy, transparency and stability

### Labour Mobility – more restrictive, but not between Ireland & UK

- Freedom of movement between EU and UK will no longer apply
- Both parties will aim to provide visa free travel for short term visits
- Common Travel Area (CTA) between UK and Ireland unaffected

# IDA Ireland, Your Partner On Your Investment Journey



- + Introductions to Peer Companies
- + Access to Government System
- + Introductions to Industry Associations
- + Collaboration With 3<sup>rd</sup> Level Institutions
- + Design and Hosting of tailored Fact-Finding Site Visits
- + Information Gathering, Analysis and Evaluation
- + RFIs (Requests for Information)
- + IDA Funding Programmes & Incentives
- + Public Relations & Media Support
- + Employment Permits & Visas
- + Property Solutions

# Spotlight on the Asset Management Industry in India

Moderator:

**Enwright De Sales**, PwC Ireland

Panellists:

- **Ashish Pithawala**, Edelweiss
- **Manish Khandelwal**, UTI International Singapore
- **David Fowler**, SANNE

# Presentation: A Year in Review; Facts and Figures from Distribution in 2018

**Armin Choksey**

PwC Singapore





# Key Industry distribution drivers in Asia-Pacific

01

## ***Government Initiatives & Regulatory Push***

Creating the right regulatory infrastructure for increased confidence in systems.



Systematic risk



Increasing Regulation



Liquidity risk

02

## ***Market Integration & Product Innovation***

Trends towards passporting of fund products within the region



Innovations such as S-VACCs, CCIV, OFC



Connecting markets thru passports



Increased market access

03

## ***Digitisation & Utility***

Improved efficiencies in distribution and in technology.



E-Commerce

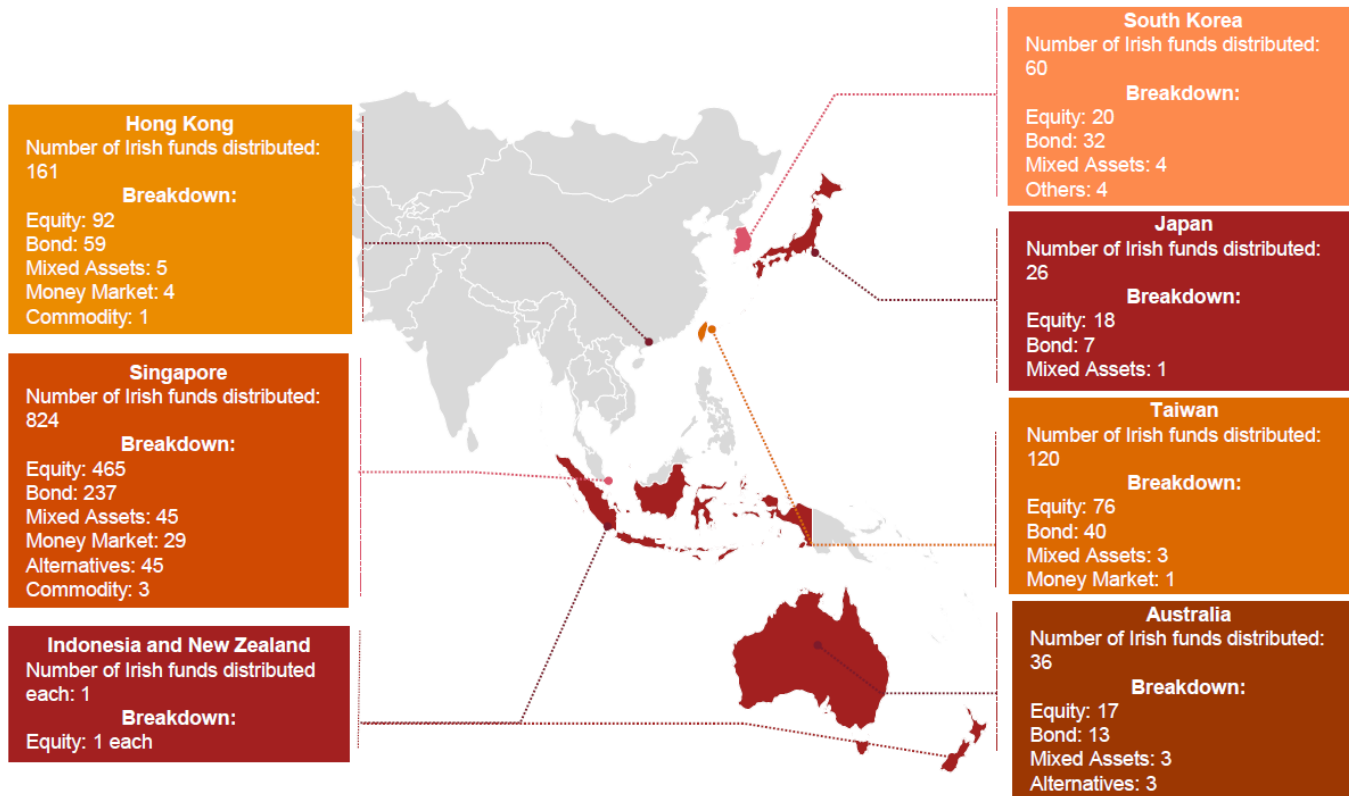


Automation & Utility



Robo-Advisory

## Number of Irish funds available for sale in Asia

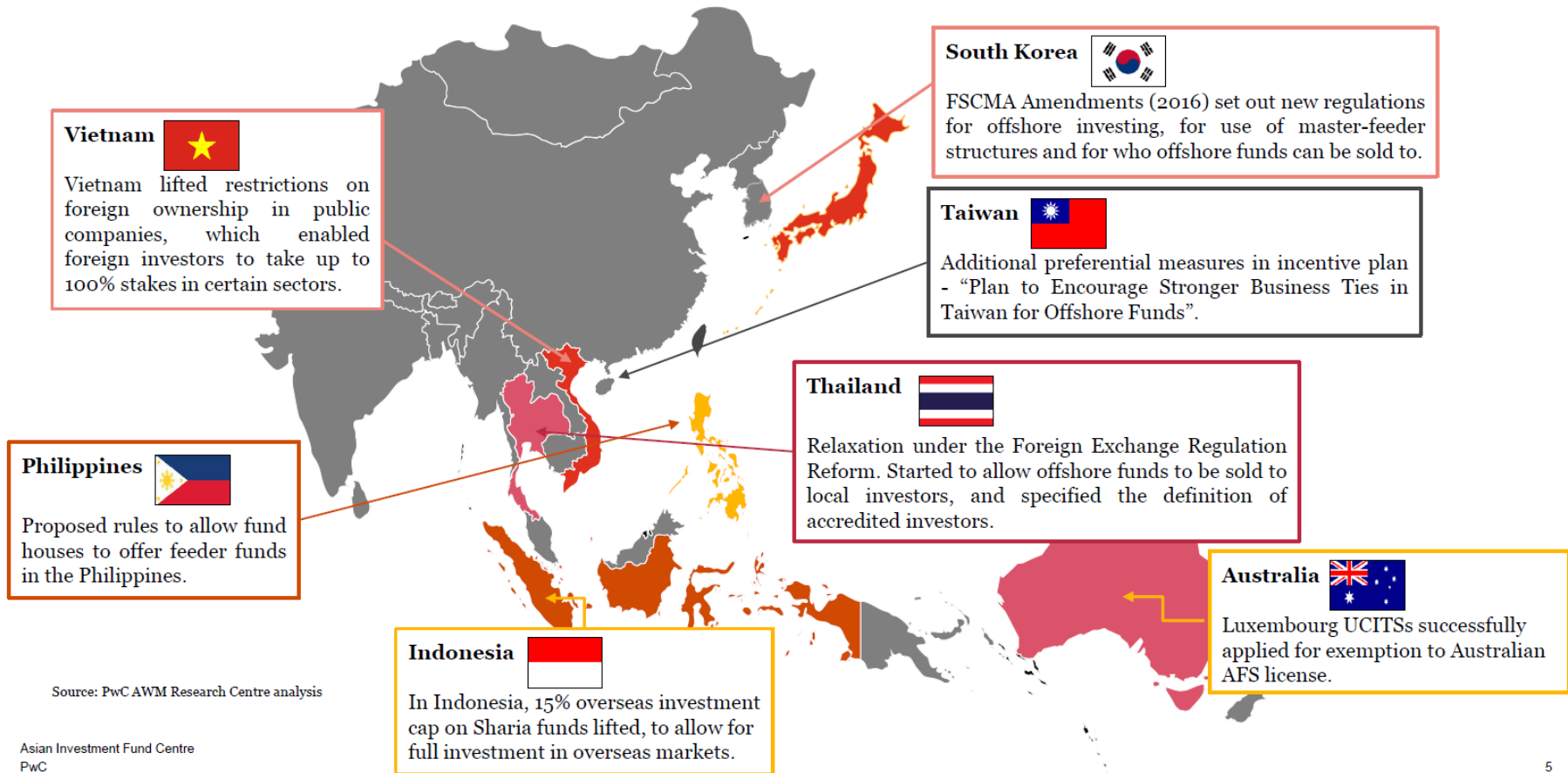




## Regional Connectivity

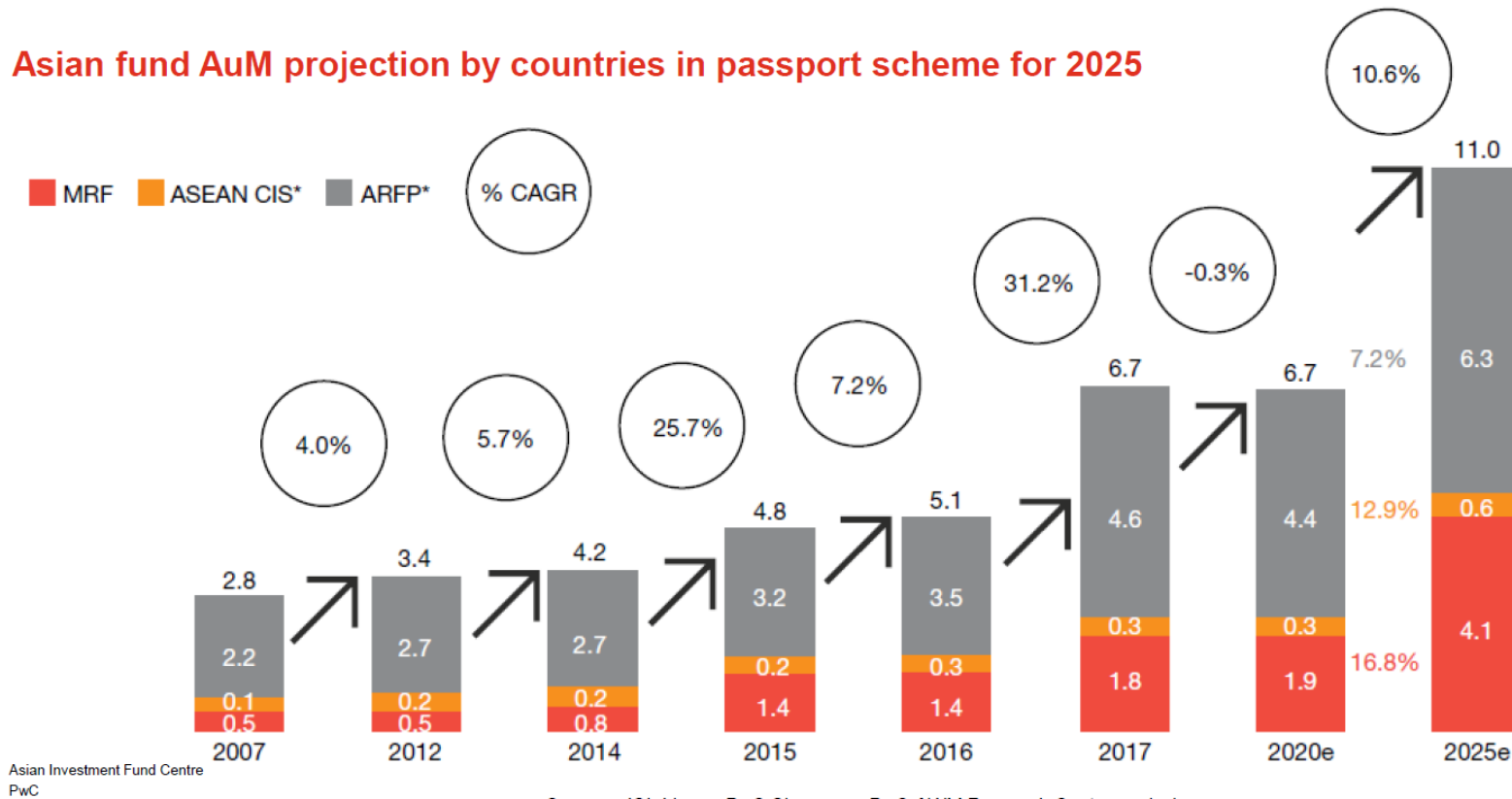
- Passporting
- Mobility of talent
- Investment vehicles

# Markets across Asia are already opening up access








# Scale of growth provides real opportunity for a pan-Asian funds distribution solution

## Asian fund AuM projection by countries in passport scheme for 2025





# Fund form innovations – VCC, OFC and CCIV

	  <b>Singapore</b>	  <b>Hong Kong</b>	 <b>Australia</b>
<b>Legal framework</b>	Variable Capital Company Act	Securities and Futures (Open-ended Fund Companies) Rules	Corporations Act 2001
<b>Regulatory authority</b>	MAS/ACRA	SFC	ASIC
<b>Status</b>	Enacted in Nov 2018 with effect from Q4 2019	Live from July 2018	Corporate Collective Investment Vehicle Bill under consultation



# Overall framework

The VCC has its own legal framework that enables it to be used as an alternative or traditional investment fund and also allows for both closed- and open-ended strategies. It is on par with corporate form funds in the global fund centres as it can issue shares and debt instruments. The Hong Kong and UK legislation is part of the investment fund laws of their jurisdiction. The Australia, Luxembourg, Mauritius and Cayman Islands legislation is the corporate law or an extension of the corporation law of their jurisdiction.

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC

## Legal framework

Variable Capital Companies Act 2018	Irish Collective Asset-management Vehicles Act 2015 ("ICAV Act")	Irish Companies Act 2014 ("Companies Act")
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## Status

Awaiting effective date of the legislation	Enacted
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## Regulatory Authority

MAS/ACRA	Central Bank of Ireland
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## Judicial system

Common Law	Common Law
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## Types of securities that can be issued

Shares, debentures	Shares, debentures
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# Governance

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC

## Number of directors required

3 directors required	1 executive director and must have at least 1 independent director	3
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## Are directors required to be independent of fund manager?

Independent directors would be required only in case of Authorised VCCs (retail funds)	No	Not required by the law Irish Funds voluntary corporate governance code requires a minimum of 1 independent director
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## Are fund manager directors required?



Yes	Minimum 1	No
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## Must directors be resident?

1 Director must be resident	2 Directors must be resident
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# Fund manager

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC



## Location of fund manager

Singapore	Singapore only	Must be based in EU, or approved in equivalent non-EU countries	
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## Minimum capital requirement of the fund

N/A	N/A	<p>Minimum subscription for QIAIF is EUR 100,000</p> <p>Self managed funds minimum capital of EUR 300,000</p>	<p>No minimum subscription for a UCITS</p> <p>Minimum subscription is EUR 100,000 for a QIAIF</p> <p>Self managed funds minimum capital of EUR 300,000</p>
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# Reports and registers

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC

Can FS be prepared at sub-fund level?

Yes	Yes	Yes	No
-----	-----	-----	----

Financial Statements GAAP

Presentation as per the Code of Collective Investment Schemes RAP7 <sup>^</sup>	SFRS, IFRS, US GAAP	IFRS, US GAAP, Irish GAAP, Japanese GAAP and Canadian GAAP	
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Are Financial Statements publicly available?

No	No	Yes
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Financial statements provided to which authority?

ACRA only, not publicly available	Central Bank of Ireland	Central Bank of Ireland & Companies Registration Office
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Are Shareholder lists publicly available?

No	No
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<sup>^</sup>Specific presentation for retail mutual funds based on principles of IFRS



# Check the box and Redomiciliation

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC



Check-the-box election?

Yes	Yes	No
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Redomiciliation allowed?

Yes	Yes
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# Tax treaties

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC

Number of tax treaties in the jurisdiction

86



74

Can the fund access the tax treaties?



Yes

Depends on the country

# Reports and registers

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC
Company secretary			
Yes		No, but registered office in Ireland	
Administrator			
Yes However, only via the tax incentives	Yes However, only via the tax incentives	Yes	
Custodian			
Yes, should meet the same eligibility requirements as set out in the Code of Collective Investments Schemes	Yes, Singapore registered Custodian  Not for private equity and real estate funds	IFRS, US GAAP, Irish GAAP, Japanese GAAP and Canadian GAAP	
Auditor			
ACRA only, not publicly available		Only an approved statutory auditor or audit firm under Part 4 of the Audits Regulations is eligible for appointment as auditor of an ICAV	Only an approved statutory auditor or audit firm under Part 4 of the Audits Regulations is eligible for appointment as auditor of an Irish Company established under the Companies Act 2014

# Listing, AGM, Cross sub-fund limit

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC

Listing ability ?

Yes	Yes	No
-----	-----	----

Are shareholder meetings required?

Can be dispensed	Can be dispensed	Yes
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Segregation of assets and liabilities for umbrella fund legislatively provided

Yes	Yes
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Cross sub-funds investments

Yes	Yes
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Are there cross sub-fund investment restrictions?

No	No
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# Others

Singapore 		Ireland 	
Authorised VCC	Restricted/ Exempt VCC	ICAV set up as QIAIF	VCIC

## Number of tax treaties in the jurisdiction

Yes	<p>An Irish authorised fund must register for investment undertaking tax ("IUT") with the Irish Revenue Commissioners.</p> <p>Once registered for IUT an Investment Undertaking will be allocated a tax reference number by the Revenue Commissioners and this will allow the required bi-annual IUT Returns to be made in respect of the Investment Undertaking.</p> <p>To the extent there are Irish resident investors (other than certain categories of exempt Irish investors) tax must be deducted by the Investment Undertaking on distributions made to such Irish resident investors. The purpose of the bi-annual IUT Returns is to facilitate the collection of any such taxes (appropriate tax) that are due.</p>
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## Distribution of European Funds

### Moderator:

**Michelle Lloyd**, Maples and Calder (Hong Kong) LLP

### Panellists:

- **Seamus Fox**, DMS Capital Solutions
- **Ciara Houlihan**, HSBC
- **Simon Hopkins**, Milltrust International
- **Cyril Delamare**, MontLake



## Closing Comments

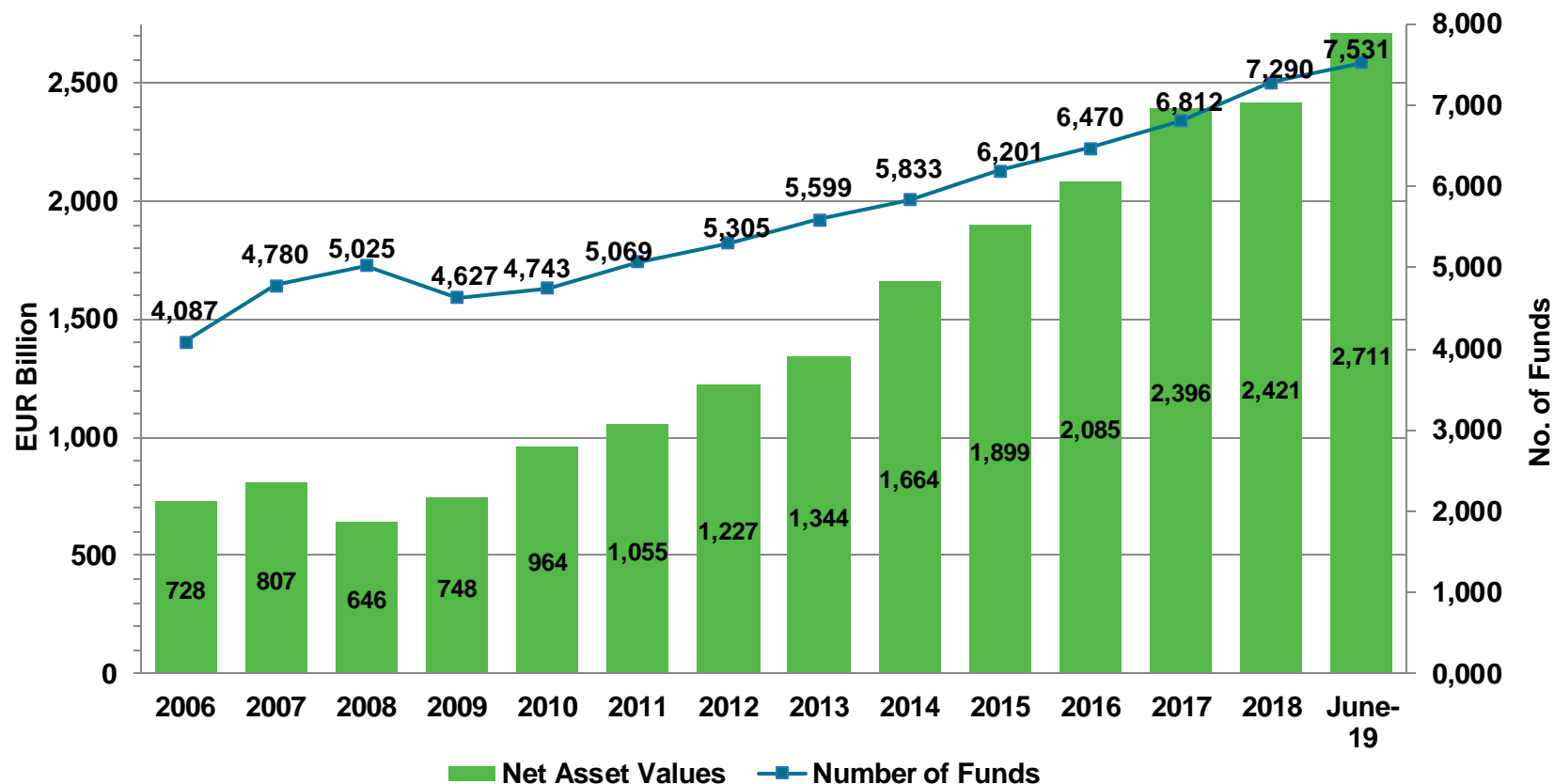
**Kieran Fox**

Irish Funds

# Total Domiciled Fund Assets

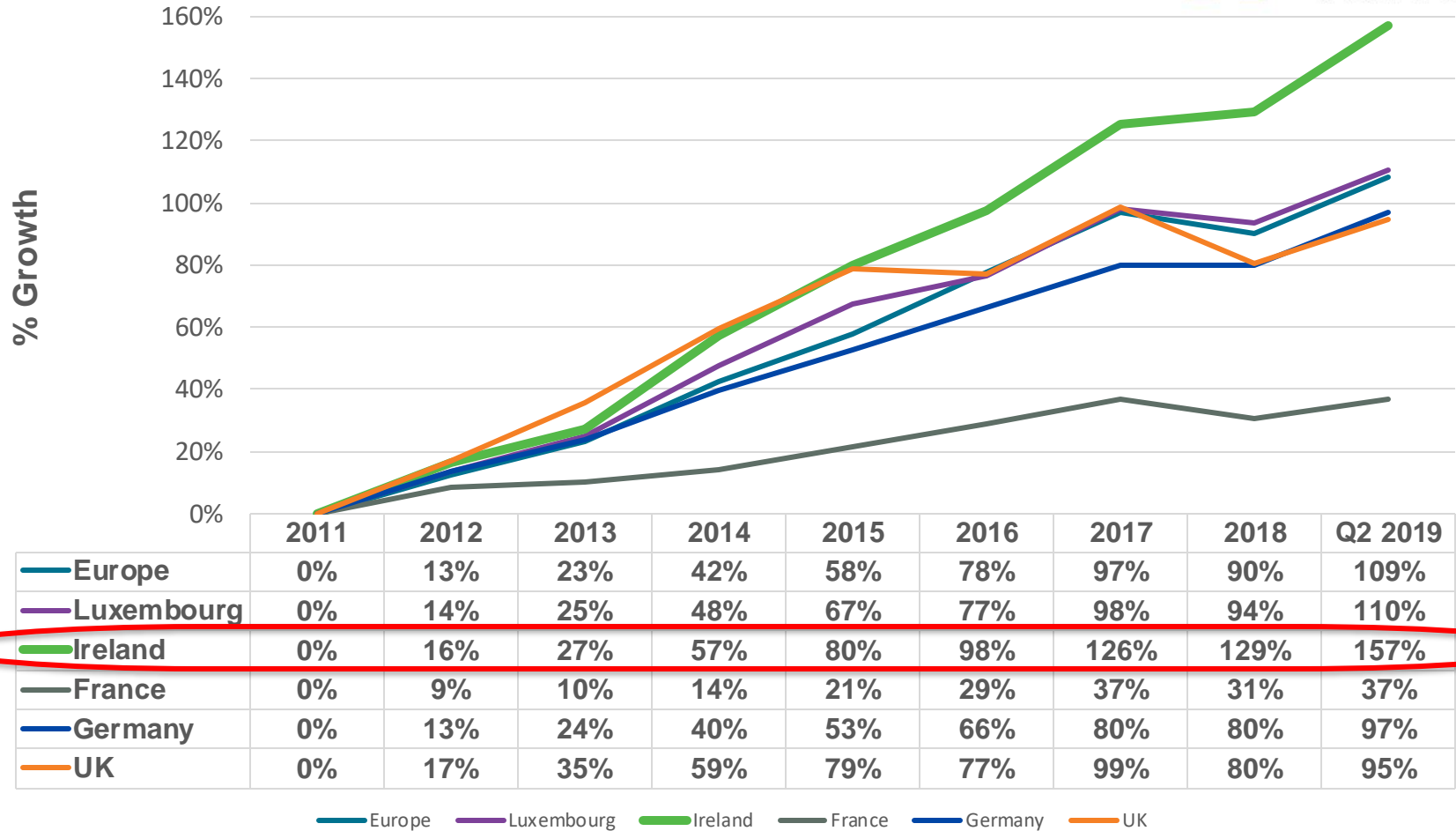


## Irish Domiciled Funds Total Net Assets & No. of Funds



Source: All data sourced from Central Bank of Ireland

# Fastest Growing of Largest European Fund Domiciles



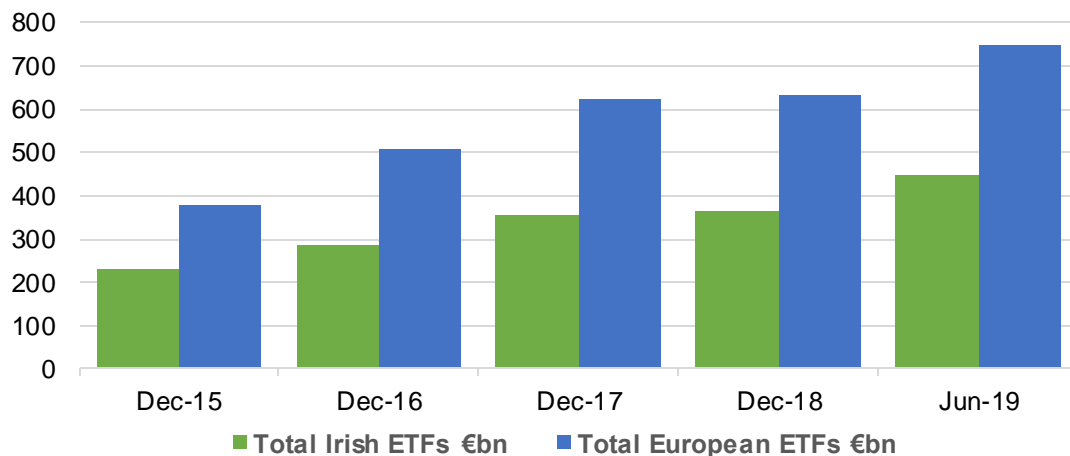
**Source: EFAMA Statistics**

Growth in domiciled assets from 31.12.2011 to the end of each period expressed as a %.

# Ireland's share of European ETFs

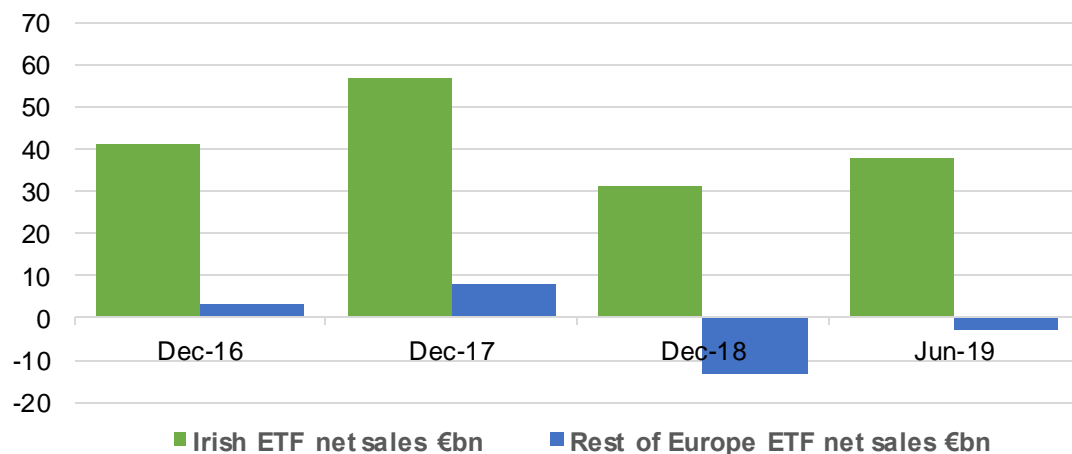


Irish ETFs as % of European ETFs by Assets



- Ireland has consistently been the largest ETF domicile in Europe, with around 60% of European ETF assets

Net Sales into Irish & European ETFs



- And dominates net sales into European ETFs

Source: Central Bank of Ireland, EFAMA

# Conclusion



EU Member & Strategically Positioned

+

International Hub for Globally Distributed Investment Funds

+

Unrivalled Experience and Expertise & the Widest Range of Fund Structures



COME TO IRELAND  
AND WE'LL CONNECT YOU  
TO THE WORLD

# Irish Funds Singapore Seminar



19 September 2019