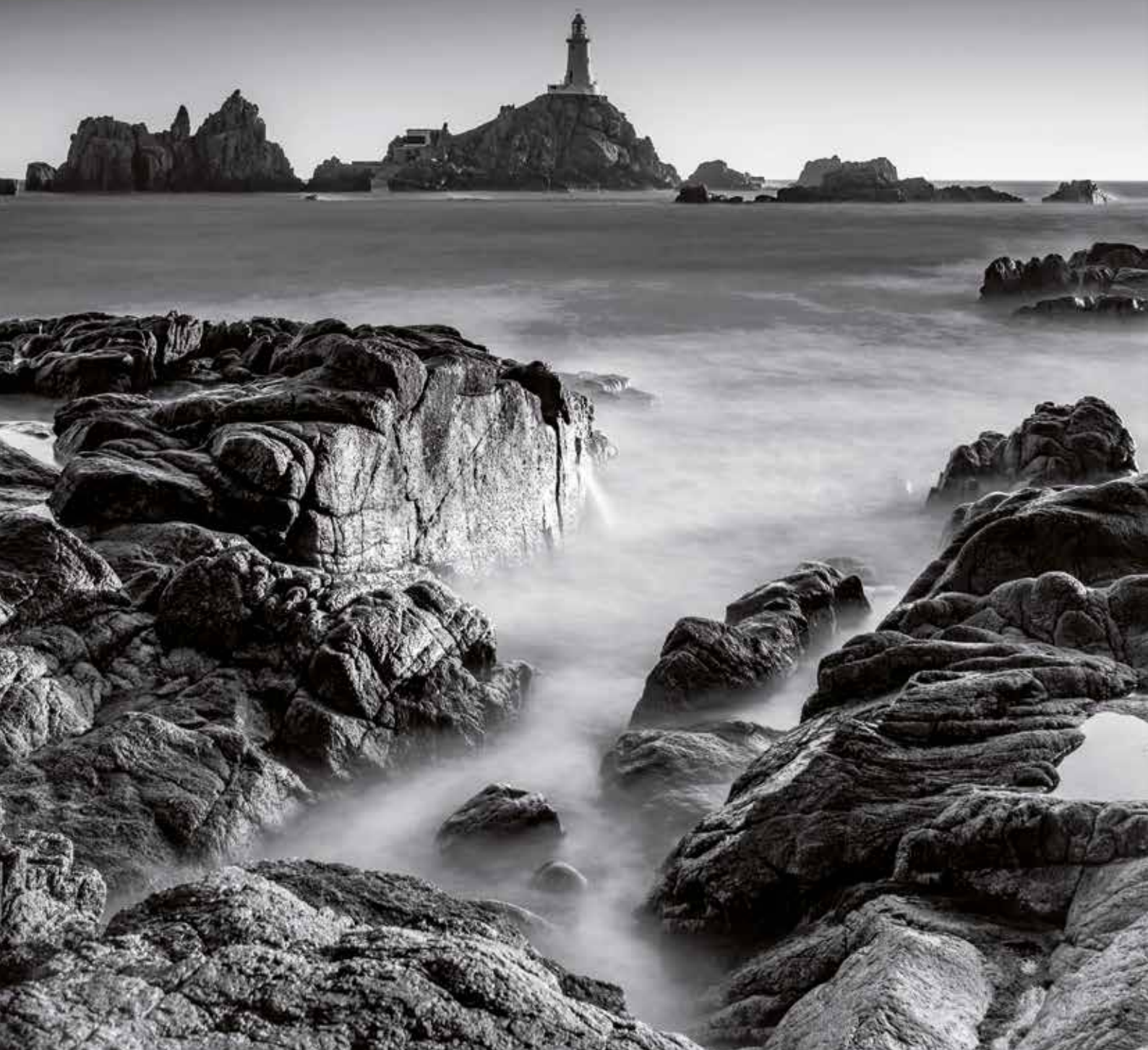
Gibson STRATEGY

Jersey Private Wealth Report 2021/22



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Foreword Welcome to the Jersey Private Wealth Report 2021/22

Dear Reader,

We are delighted to present the Jersey Private Wealth Report 2021/22. A total of 137 Jersey-based individuals participated in the independent research study, comprising 28 private clients, including High Net Worth individuals and families, Ultra High Net Worth individuals and families, High Value Residents and Single Family Offices, and 109 private wealth professionals, (trustees, investment managers, family office professionals, private bankers, insurance brokers, estate agents, lawyers, tax advisers and Independent Financial Advisers (IFAs)). All participants have taken part in qualitative interviews, sharing their expert views, insights and experiences in the context of Jersey private wealth.

We explored aspects of private client service providers in sectors such as private banking, investment management, trust company businesses, IFAs, family office services, legal services, tax and accountancy, private client insurance, real estate and private aviation.

Furthermore, we explored key private wealth themes in Jersey, such as family offices, next generational wealth transfer, ESG/sustainable investing, philanthropy and digital/technology in private wealth.

Finally, we asked private clients and private wealth professionals about the impact of the COVID-19 pandemic and their views on the future of the Jersey private wealth sector.

We would like to thank all the participants who kindly shared their insights and also our sponsors – *Brooks Macdonald, Carey Olsen, Cevalon, Crestbridge, Equiom Group, Itriom, Jersey Finance, Prospect Capital, Quilter Cheviot, Rathbones, Rossborough Insurance and Skipton International.*

We hope you enjoy reading the report and welcome your feedback. We are committed to assisting global private clients and global private wealth professionals with their private wealth strategy through thought-provoking insight.

If you require any further information, please do not hesitate to contact us. We look forward to working with you in the future.

Yours faithfully,



Dr Stuart Gibson CEO,
Gibson Strategy Limited



Introduction A private wealth sector to be proud of

2021 marked Jersey's 60th year as a forward-thinking international finance centre and a leading jurisdiction for private wealth management. Throughout its history, our island has kept pace with global standards, embraced new opportunities and shown great resilience during challenging times, not least in the face of the coronavirus pandemic and the widespread disruption it has caused.

We were better prepared than many when COVID-19 hit. Since 2018, every household and business in Jersey has benefited from some of the fastest broadband speeds in the world – so our island was ready for the seismic shift in the way people live and work. In particular, we were able to react swiftly to the pandemic's impact on the finance sector, which saw an acceleration, rather than a slowing down, in changes to the way international business is conducted.

There is no doubt that global economies are facing unprecedented challenges as a result of COVID-19. As the world looks to rebuild, Jersey's credentials as a reputable jurisdiction set us apart from other international finance centres – and put us in a strong position to support private wealth management in the years ahead.

As a jurisdiction that specialises in administering private capital, Jersey attracts a diverse range of clients, from Ultra High Net Worth individuals to NextGen family offices.

Our island's private wealth sector is flourishing, with an increasing number of people looking to relocate to Jersey in recent years, particularly since the outbreak of the pandemic.

Private clients want to be established within, or linked to, well-regulated jurisdictions with a stable infrastructure and access to advisers who have relevant expertise and specialist knowledge of working across multiple locations around the globe. Jersey's political and economic stability offers certainty to clients from less stable jurisdictions – and there is a high level of trust in our regulatory framework.

Another trend we have witnessed over the last two decades is a marked increase in the number of enquiries from family offices, which can be linked to a common set of shared aspirations around stability, wealth preservation, asset protection and entrepreneurial privacy. Jersey's finance community has consistently delivered world-class support to family offices for more than 60 years, providing a neutral, resilient location where business can be conducted with confidence.

In a world of constantly shifting regulatory norms, wealthy families find reassurance in our high standards and commitment to transparency. They see Jersey as a safe harbour, especially in today's turbulent economic climate, which explains why our island continued to attract private clients' enquiries from across the world during the pandemic.

One of the first jurisdictions in the world to make full fibre available to all broadband users, Jersey ranks first in the world for broadband speeds*, above Japan, the UK and the US. Our island's finance industry recognises the importance of digital innovation as a differentiator and an enabler. With financial services firms looking increasingly to technology-based solutions to provide better services for investors, it is Jersey's ambition to be the easiest international finance centre to do business with remotely in a digital world.

By embedding a global perspective in everything we do, we are able to support the private wealth market as it harnesses the rapid evolution of digital and fintech developments to carry out cross-border work with multiple parties in different time zones.

A key message to emerge from Jersey's private wealth sector in the past year has been the increasing shift towards sustainable finance and philanthropy. Many private clients are now looking at how they integrate environmental, social and governance (ESG) criteria into their investment decisions to achieve a lasting positive impact, as well as a financial return.

Not only do these clients want to align themselves with investment strategies that have purpose and do good, they are also looking for jurisdictions that 'walk the talk' and are committed to supporting the finance industry in its response to mounting pressure for action to tackle global issues, such as climate change.

Jersey has responded quickly to position itself as an integral part of the journey ahead. In March 2021, we launched a sustainable finance strategy with a vision that Jersey will be recognised as the leading sustainable international finance centre in the markets it serves by 2030. I am certain we can capitalise on our island's strengths and work together to support the growth of sustainable finance and its contribution to environmental and social change.

For the private wealth community and international finance centres like Jersey, now is an opportune time to reflect on the impact of reputation and embrace different ways of thinking. By offering stability, resilience and certainty – rare qualities in the current environment – Jersey is clearly ready to support a new era in private wealth management.



Joe Moynihan
Chief Executive Officer
Jersey Finance

*Out of 224 countries in the 2021 Worldwide Broadband Speed League. Source: https://www.cable.co.uk/broadband/speed/worldwide-speed-league/#speed

Executive Summary

Services. There is an excellent selection of private banks based in Jersey. 90% of what Jersey-based investment managers (IMs) offer is 'discretionary investment management' services. Trust Company Businesses (TCBs) offer a comprehensive range of services designed for private clients, single family offices (SFOs) and corporates. All TCBs are trying to do the same thing, but they are all trying to do it differently. The sector is seeing an increased growth in private trust companies (PTCs). A rise of 'thematic governance' has been witnessed by Jersey law firms which provide services to local trustees, whether banks, large Private Equity-backed trust companies or smaller owner-managed trust companies. Their clients will be professional trustees that are regulated within the island and provide trustee services. Respondents reported a 50:50 split of work between setting up new structures and restructuring of existing structures. The benefit of an Independent Financial Adviser (IFA) is that they look to plan the client's financial future needs, their income and assets, and manage their expectation of the future. Within the Jersey lending sector, there is a wide variety of providers offering loans for potential borrowers. The banks' lack of appetite to lend has created growth in those using alternative options, either as a borrower or an investor, e.g. co-lending, loan notes and private equity. Jersey's property market is performing well. The island's insurance sector provides a bespoke and personalised service. Jersey wealthy individuals and families use private jets extensively.

Private Clients. Private bankers said that their clients are generally older (40+) and they mostly look after their own financial affairs. Entrepreneurs are considered as individuals who will never retire, they are always going to be looking for opportunities. IMs have a diverse client base, including local, UK and international clients. An expanding marketplace has been seen in the Middle East, especially UAE, Saudi Arabia, Qatar, Bahrain and Kuwait; where 95% of the clients will be expat workers, either British or European. Jersey High Net Worths (HNWs) continue to invest in luxury collectibles. Private clients and SFOs do not like being treated as a commodity. Most clients will have a UK touchpoint, i.e. they are a UK resident non-domiciled, they live in continental Europe, Middle East, Asia, Singapore, Africa, Russia or the US. TCBs' private clients are relatively young, generally in their forties. For international private clients, Jersey is an asset protection environment, a genuine flight to quality. The study found that some Jersey law firms reported 70% of their clients come from local trust companies. Contrastingly, other Jersey law firms have over 90% of their private clients based in the Middle East, with which they have direct contact. Wealth creators are certainly younger and still have young families; on the other hand, the life expectancy of older wealth creators is much longer. The client base for Jersey IFAs is quite diverse; however, 85-90% are local Jersey clients. An investor's source of wealth is always considered and Know Your Customer is undertaken. Borrowers tend to be sophisticated private clients/HNWs who are looking for liquidity; they are often asset rich, but cash poor. High Value Residents (HVRs) relocating to Jersey are a lot younger, in their late thirties or early forties, with children and are still running their businesses, especially in IT, unlike years ago when they might have chosen to retire in Jersey. HVRs are attracted to the island by the lifestyle, the safe environment for children to grow up in, a great infrastructure and political stability, good restaurants and a desire to help the local economy; it is not considered to be just a low tax environment. Each prospective client is at the core of the insurance underwriting process; their clients tend to be family offices, professionals who have established their own businesses, wealthy individuals and their connected family members; they are all from a range of 'old' and 'new' money. Jersey is seeing a growing number of international clients, with wealth coming from a variety of places.

Relationships. Private clients build long-standing relationships with their private banks. Many banks put significant effort into ensuring that they match the 'right' advisor to each and every client. Whilst professional relationships are established, developed and maintained generally with the patriarch or matriarch first of all, over time advisors will also be looking to extend the relationship to include the next generation. The research study revealed that Family Office (FO) service providers, such as private banks, appoint a specific 'client relationship director'(CRD) or 'general relationship executive' (GRE), who brings in specialists. A client's attitude to risk and how they conduct themselves is fundamental to the insurance underwriting process; their willingness to have a truly honest and open dialogue with their broker is fundamental to the quality of the cover they purchase.

Trust and loyalty. HNWs have institutional loyalty with their bank; if the bank helped them in the early days of their wealth creation, many will want to stay with them. Trust is built with clients through absolute transparency with them around fees, charges and conditions as well as not hiding the fine print. It is absolutely critical to build trust, which includes advising clients on the things that are important to them, such as cyber security. Bankers try to persuade and encourage some clients to put a modicum of risk on the table. Trust starts with having a stable team, which is a significant factor for wealthy families. Building trust comes down to doing the right thing by people; this comes from really getting to know them. In terms of loyalty, SFOs revealed that if the professional adviser moved firms, they would not necessarily move their assets or business from the service provider, such as a bank or accountancy firm etc., as the SFO wants to maintain a relationship with that firm. However, private client or family office loyalty is with the lawyer rather than the institution. Trust is built because their expectations are met. Communication, communication; it is absolutely paramount to build a trusted relationship.

Family offices. Large family offices may use the services of 20 to 30 banks. IMs are seeing growth in the FO space. Wealthy families use TCBs for outsourced FO services – an 'incubator' service. There are approximately 80 SFOs in Jersey. Each and every wealthy family is totally unique, with its own nuances, complexities, specific requirements, goals and strategies. One of the key determinants given by FOs is absolute confidentiality and making certain that only a select few know about the affairs of the family and the structuring of how it all works. Wealthy families set up SFOs not necessarily due to the 'size of wealth' they have but due to the complexity that wealth brings with it. SFOs are looking for a fully personalised banking service and they do not have exactly the same financial requirements.

ESG and sustainability. Private clients are increasingly looking at green investing. Sustainable investments are found to make better investments in terms of return. This has become a bigger factor post COVID-19 as it has highlighted global inequalities. ESG and sustainable investing is a key priority for most Jersey-based SFOs. ESG, impact investing and sustainability are often driven by younger family members. It is becoming increasingly important that money is being invested in a way that private clients can feel socially conscious. Private clients are increasingly seeing ESG investments as being prudent long-term investments. Some IMs feel that if they help direct private capital into what is needed by the UN Sustainable Development Goals (SDGs) and the private client's objectives over time, then they feel that they have also done something good themselves.

Philanthropy. Some private clients contribute anonymously and some less so; either way it needs to be recorded. There is no generational divide with philanthropy. Impact investment and philanthropy are weaved into the policies of many IMs. There are lots of positive signs that wealthy families are very interested in philanthropy and are engaged with the community. A major drive towards impact investing was also reported. Lawyers advise on the legalities within the charity and philanthropy space. There is a genuine desire for people with substantial wealth to put a decent amount of it aside for charity.

Digital and technology. It is about achieving the right balance; catering for the traditional user as well as the millennial. The younger generation of wealthy families are driven by technology or technological processes. Many Jersey wealth advisers provide their clients with a wealth portal; this contains property values, pensions plan, savings, vehicles, cash levels; basically, the information that their clients provide on the initial 'fact find'. Those with wealth derived from technology are certainly getting younger. Inevitably there will be greater use of technology in future.

Succession planning. Many IMs do not get involved in next generational wealth transfer. Most wealth creators want to continue their legacy. One of the reasons for a client to hold their wealth in a company or in a trust is asset protection for the next generation. Wealth creators are putting money in their children's names earlier, so that they can actually see how they cope with wealth. They recognise that the trust is a fluid document so can make changes to it. The principal of a SFO wants a robust infrastructure in place to protect themselves now, and for future generations. The next generation learns through osmosis.

Education and the psychology of wealth. HNWs have an entrepreneurial spirit in their DNA, they are always looking for a better return on their capital. TCB practitioners reported that they have to assume the role of a psychologist sometimes in dealing with the softer issues of families. We heard that with great wealth comes great responsibility. Insurers are providing an advisory service, increasingly educating HNWs.

Impact of the COVID-19 pandemic. The pandemic has certainly accelerated automation and digitalisation of private banking and wealth management and this is likely to continue for many years to come. The global pandemic has been a paradigm shift for many wealthy families. The coronavirus highlighted additional inequalities around the world and this has driven private clients' philanthropic generosity more so. It has also elevated thoughts around succession planning on many individuals' to-do lists. The residential property market continued to perform strongly throughout. Jersey has seen a surge of families moving back from the UK. The study found that the COVID-19 pandemic and subsequent lockdown clearly impacted the insurance market.

The future. Jersey will continue to prosper; it is tax neutral, its laws are similar to those in the UK, it is English speaking, it follows GMT and benefits from its proximity to London. One of the biggest attractions is the regulation and reputation of the island's financial industry. The research found that low returns from cash have driven private clients into more risk taking – however, some private clients are happy to weigh off the relative risks against the potential returns. Sustainability and sustainable investing will continue to grow. There is likely to be more consolidation within the wealth management industry; this will be driven by automation and digitalisation. The TCB sector in Jersey has seen considerable consolidation over the last decade; some predict that consolidation will continue in the sector, resulting in fewer small TCBs. Others suggested that we will see a full circle and that there will be spinouts of smaller TCBs emerging, either as a SFO or a team of TCB professionals setting up new businesses. Interest in legitimate privacy and preservation of legitimate confidentiality is expected to continue. The government, finance body and regulator are expected to continue to work collaboratively to promote Jersey as a strong, well-regulated jurisdiction.



1.1 Jersey - A Brief History

The history of Jersey is a fascinating story that dates back to prehistoric times. Jersey's first inhabitants can be traced back to 250,000 BC, when Palaeolithic hunter-gatherers resided in caves. This was long before Jersey became an island, when it became separated from the Normandy peninsula around 6000 BC. A famous landmark and ancient burial chamber, La Hougue Bie, dates back to a period approximately 2,000 years later, when Neolithic communities had settled there and left evidence of their existence on the island.

Legend has it that the island's capital, St Helier, was named after a hermit, Helerius, a Belgian monk who settled on a small islet in 540 AD. Following his murder by sea-going raiders 15 years later, a chapel and oratory were built on the site of Helerius' cave. This was later replaced by a monastery, which eventually made way for Elizabeth Castle. Vikings arrived on the island almost 250 years later and gave the island its name.

William Longsword won the island for the Duchy of Normandy during the 10th century. Over one hundred years later, in 1066, Jersey became part of the Anglo-Norman realm, when William the Conqueror gained the English crown, having vanquished King Harold at the Battle of Hastings. When islanders pledged their allegiance to King John in 1204, a continuous relationship with the English crown began. The Royal Charters drawn up in 1204 – which detail Jersey's constitutional rights of self-government, judicial independence and freedom to set its own taxes – have remained the foundations of Jersey's success for over 800 years. The island is loyal only to the English queen or king, not to any United Kingdom government or political party.

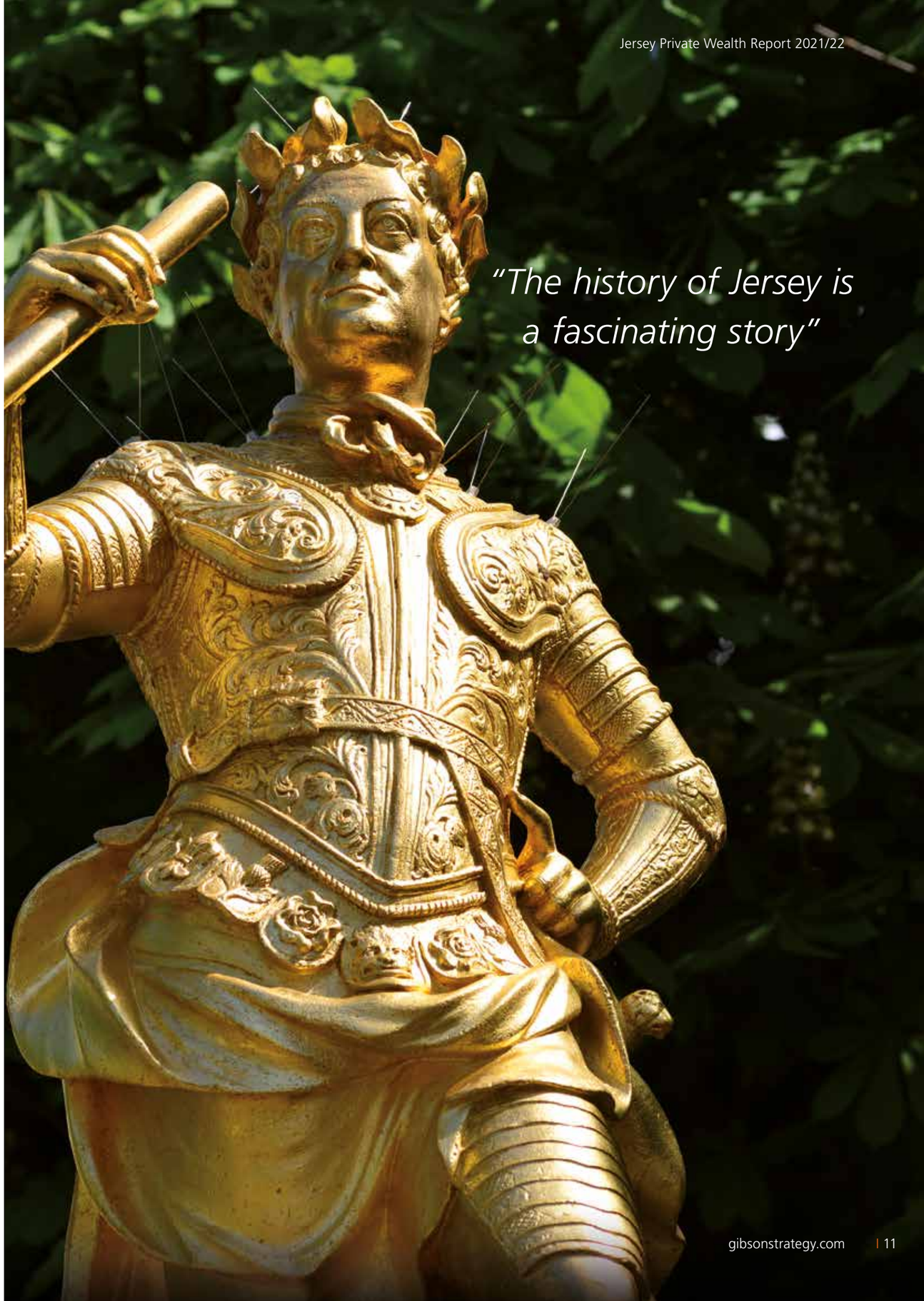
Mont Orgueil was built on the east coast of Jersey in the 14th century, as a first line of defence against the French, although the French did manage to seize and rule the island for seven years during the Wars of the Roses (1455-85).

In 1590, when he was Governor of Jersey and resident on the early structural site, Sir Walter Raleigh named Elizabeth Castle after the ruling monarch when it was built to defend St Aubin's Bay. During the English Civil War (1642-51), safe refuge for King Charles II was provided on the island by Sir George (de) Carteret, Lord of the Manor and Seigneur of the Parish of St Ouen. In 1660, after the English throne was returned to him, King Charles II wrote to Sir George promising to reward him for his kindness. In 1664 the King made good his promise and gave George Carteret joint ownership of a province in America, which he renamed New Jersey in honour of his island home. Following an attempt by the French to take over the island during the Battle of Jersey (1781), a series of Martello towers was built around the island, to defend it from future attacks.

In 1902 the first Battle of Flowers was held, to celebrate the coronation of King Edward VII. A decade later, the world's inaugural International Air Race took place, with planes flying from St Malo to Jersey and back again. During the Second World War, the Channel Islands were the only part of Britain to be occupied by German forces. This came to an end on 9th May 1945. Liberation Day, along with the Battle of Flowers and the International Air Show, are still annually held events on the island today.

Jersey is the largest, furthest south and sunniest of the Channel Islands, and is situated within the Bay of St Malo, 14 miles west of Normandy. The island measures approximately 45 square miles, with a mean daily air temperature of 11 degrees. Being sheltered by the Cotentin and Brittany Coasts, Jersey enjoys a mild maritime climate, is well-renowned for export of early potatoes and for its breed of cattle. Laws were passed in 1789, making it illegal to import cattle into Jersey, in order to protect the purity of the breed. Dairy remains a significant industry today, along with tourism, banking and finance.

Located 85 miles south of the mainland, Jersey's allegiance is to the British Crown, but it is not part of the United Kingdom. The island is self-governed and its population of 107,800 is a mix of predominantly British and French cultures. Jersey is now an internationally recognised and well-renowned leading International Finance Centre (IFC). It benefits from political and economic stability and has strong international networks and partnerships.



1.2 Jersey – The Island

Geographical area	45.5 sq. miles / 120 sq. km
Coastline	70 km
Terrain	Sandy beaches on the south and west coast, low terrain green countryside inland, coastal cliff paths on the north coast.
Capital	St Helier
Main language	English
Currency	British pound sterling/Jersey currency of same value (1:1)
Government	Parliamentary democracy
Population	107,800
Economy	International Financial Services, Agriculture (potatoes and dairy) and Tourism
Parishes	Jersey is divided into 12 parishes, each with its own sea coast. Each parish is presided over by the elected head of parish, the Connétable, on issues relating to civil matters and by the Rector on issues relating to ecclesiastical affairs.
National symbol	Jersey Cow
The Jersey Flag	

Geographic location

Jersey sits in the Bay of St Malo – just 14 miles (or 22 km) from the French coast and 85 miles (137 km) south of the English coast. Jersey is the biggest of the Channel Islands. Jersey is only 5 miles (8 km) long and 9 miles (14.5 km) wide.

Languages

English is the main language spoken in Jersey. Other languages include Portuguese, Polish and Jèrriais (the Jersey language).

Climate

Jersey's southerly location and sheltered position in the Bay of St Malo means that it has a generally temperate climate. It is often warmer, with more sunshine hours, than you might experience elsewhere in the British Isles. Jersey Met produces a Jersey weather forecast for the local area.

Is Jersey tax free?

Jersey is not tax-free. The public revenues of the island are raised by income tax, by duties paid on certain goods (5% goods and services tax [GST]) and by other taxes and revenues. However, value added tax (VAT) is not charged in Jersey or the other Channel Islands.

Government

Jersey is self-governing and has its own financial and legal systems and its own courts of law. The States Assembly is made up of 49 elected members.

Jersey is a British Crown Dependency; it is defended and internationally represented by the UK government. Today, the Lieutenant-Governor of Jersey is the personal representative of Her Majesty the Queen on the island.

Jersey's government also issues its own internationally-recognised driving licences and is responsible for its own vehicle registration. Jersey has its own unique number plate sequence – number plates all start with the letter J or JSY.

The island also has its own postal and telecommunications services.

Is Jersey part of Great Britain, the United Kingdom or the British Isles?

Jersey, Guernsey and the Isle of Man are part of the British Isles. England, Scotland and Wales make up Great Britain, while the United Kingdom includes Great Britain and Northern Ireland. Jersey is a British Crown Dependency.

Does Jersey have the same legal system as the UK?

Jersey has a Royal Court, which is equal to the UK's Crown Court for criminal matters, and the UK's High Court for civil matters. It also runs an administrative jurisdiction similar to that in the Divisional Court and receives statutory appeals from executive committees of the States. It exercises a supervisory and an appellate jurisdiction over the island's lower criminal and civil courts.

How did Jersey become self-governing?

In 1204 King John lost the Battle of Rouen against the French King Philippe-Auguste. The defeat signalled the loss of continental Normandy, united with the English Crown since the invasion of England by William the Conqueror in 1066. The Channel Islands, which by that point had been part of the Duchy of Normandy for more than a hundred years, might have been expected to align themselves with the French King in 1204, but they were persuaded to side with King John instead.

Among the privileges which the English king granted islanders was the right to be governed by their own laws. He instructed them to select their 12 best men as Jurats who, sitting with the Bailiff, became the island's Royal Court. A warden, later to become governor, was appointed by the King to organise the defence of the island.

Over the following centuries, islanders built defences like Mont Orgueil and Elizabeth Castle to protect themselves against French invaders. Despite attacks, Jersey remained loyal to the Crown and earned many privileges as a result.

Jersey's constitution

The constitutional position which Jersey enjoys today is founded on these links with the English Crown and confirmed in Royal Charters by subsequent monarchs.

Over a period of time, the Royal Court began to consult with the people through the Constables (or Connétables) of the parishes and with the church through the rectors. This consultation with the three estates of court, people and church was eventually formalised into what we now know as the States of Jersey. Significant constitutional changes in 1856 and 1948 saw the introduction of Deputies and Senators into the States, and the removal of the Jurats and the rectors. However, the 12 Jurats remain the lay members of the Royal Court and are today chosen by an electoral college, comprising members of the court and the States.

Jersey's cultural heritage is also evident in its customs and traditions, in its language (Jèrriais) and in its range of architecture.

The working population

A large proportion of Jersey's working population is professionally trained and works in the finance and support industries. The availability of internationally recognised accountancy and legal experts ensures smooth and professional handling of any business transacted within the island.

Encouraging best use of technology in all aspects of life, e-business initiatives are actively being encouraged by the States. The burgeoning e-business industry is also providing quality support for the dynamic needs of the finance industry.

Business communication links to the island are exemplary, with high standards of international telecommunications, information technology, postal and courier services. All major digital telephony, including internet networks and services, can be accessed in a secure, resilient and protected environment.



1.3 Jersey – The International Finance Centre

Jersey is one of the world's leading international finance centres (IFCs). Its forward-thinking approach, robust regulatory framework and political and economic stability have kept the jurisdiction at the forefront of global finance for more than 60 years.

Independence

Jersey has a unique constitutional position. Although its allegiance is to the British Crown, it is not a part of the UK and is not represented in the British Houses of Parliament. The island's domestic autonomy has been preserved via charter and convention, through 800 years of English history.

Stability

Jersey has its own democratically elected Parliament, which has consistently maintained responsibility for domestic affairs, including fiscal matters. Jersey also operates its own judicial system, which is based on common law principles.

Tax neutrality

Jersey offers a tax-neutral environment, with no Capital Transfer Tax, Capital Gains Tax, Value Added Tax, Withholding Taxes or Wealth Taxes. This provides tax certainty and allows for fiscally efficient cross-border investment.

Without places like Jersey, bringing so many different investors together would be very difficult and much of this investment – and the benefits it can bring – would be lost. Jersey's island-based tax model allows investors to work together more efficiently. Investors pay tax in their own countries and in the country they invest in, without complex cross-border taxation issues and red tape. To ensure that the right tax is being paid, strong regulation is needed. Jersey-based financial experts make certain that the exact origin of all money in Jersey is known – and where it is going. This information is then shared with the relevant authorities and governments, working with them to ensure the tax due is being paid. This constant communication is vital to fighting financial crime and corruption.

Regulation

What sets Jersey apart from other IFCs is its strong regulatory framework – one of the strongest in the world – designed to bring clarity and transparency to the world of finance.

Jersey remains one of the best regulated IFCs, a position that has been acknowledged by independent assessments from some of the world's leading bodies, including the Organisation for Economic Co-operation and Development (OECD), World Bank and International Monetary Fund (IMF).

Jersey scored top marks from the OECD on tax transparency, receiving a 'fully compliant' rating in the OECD's Global Forum assessment, further reflecting the island's commitment to the highest standards of tax transparency and information exchange.

In 2016, Jersey was subject to a Mutual Evaluation by MONEYVAL and was found to be 'Compliant' or 'Largely Compliant' with 48 out of 49 of the Financial Action Task Force (FATF) Recommendations – the highest score amongst all states assessed.

The island has signed up to numerous cooperation and information sharing mechanisms, including Base Erosion Profit Shifting (BEPS) project and the Common Reporting Standards (CRS), and there is a central register of beneficial ownership that meets international standards, to help share information with tax authorities around the world.

The Jersey authorities have also signed 52 international tax agreements (39 Tax Information Exchange Agreements (TIEAs) and 13 Double Taxation Agreements (DTAs)) to date, which assist in building good-quality business with those countries and are a reflection of Jersey's commitment to comply with international standards.

Substance

Jersey has a visible financial industry in its capital, St. Helier, and employs a quarter of the local workforce. In over six decades, Jersey has developed a breadth and depth to its range of products and services that competing jurisdictions find difficult to match.

Legal system

Jersey's robust, modern and sophisticated legal framework is the source and foundation of its finance industry. Developments and enhancements are continually being made to ensure flexibility and attractiveness to domestic and international markets.

Infrastructure

Jersey has an award-winning finance industry. Its expert and highly-skilled workforce works with key stakeholders, to develop products and services that add value to local and global economies, as well as to the futures of individual investors.

Source: Jersey Finance

1.4 Jersey Financial Services Commission

The Jersey Financial Services Commission (JFSC) is the regulator for financial services in the Channel Island of Jersey.
It is responsible for regulating, developing and supervising the island's financial services industry. It aims to deliver balanced, progressive, risk-based financial regulation, built on insight, integrity and expertise.
The mission of the JFSC is to maintain Jersey's position as a leading international finance centre, with high regulatory standards, and to adhere to its guiding principles, which are:

- reducing risk to the public of financial loss due to dishonesty, incompetence, malpractice or the financial unsoundness of financial service providers
- protecting and enhancing the reputation and integrity of Jersey in commercial and financial matters
- safeguarding the best economic interests of Jersey
- countering financial crime both in Jersey and elsewhere.

Its statutory responsibilities are set out in the Financial Services Commission (Jersey) Law 1998 (the Commission Law) and include:

- authorising, supervising, overseeing and developing financial services in Jersey
- enforcing the Commission Law
- reporting, advising, assisting and informing the Government of Jersey and public bodies
- developing policies
- operating the Companies Registry

It aims to fulfil these responsibilities by:

- ensuring that all authorised financial services businesses and individuals meet the appropriate criteria and that it, as the regulator, matches international standards of banking, securities, trust company business, and insurance regulation
- playing its role in combatting the financing of terrorism and financial crime as part of the wider international effort
- working closely with fellow regulators and law-makers to ensure access to efficient and effective markets for financial services
- reacting to and, where appropriate, anticipating changes in markets and the financial services industry by developing policy and the way it supervises
- acting as an agile, thoughtful, proportionate regulator that gives fair consideration to both the costs and benefits of regulation.

The JFSC regulates the following:

- banking
- collective investment funds
- fund services business
- general insurance mediation business
- insurance business
- investment business
- money service business
- trust and company service providers.

It also supervises the following for anti-money laundering and countering the financing of terrorism (AML/CFT):

- accountants
- lawyers
- estate agents
- high value dealers
- casinos (online)
- virtual currency exchange businesses and certain other businesses e.g. lenders.

It also registers non-profit organisations for countering of terrorist financing purposes.

Registry

Another of the JFSC core functions is to operate the Companies Registry which registers Jersey companies, partnerships, foundations and business names.

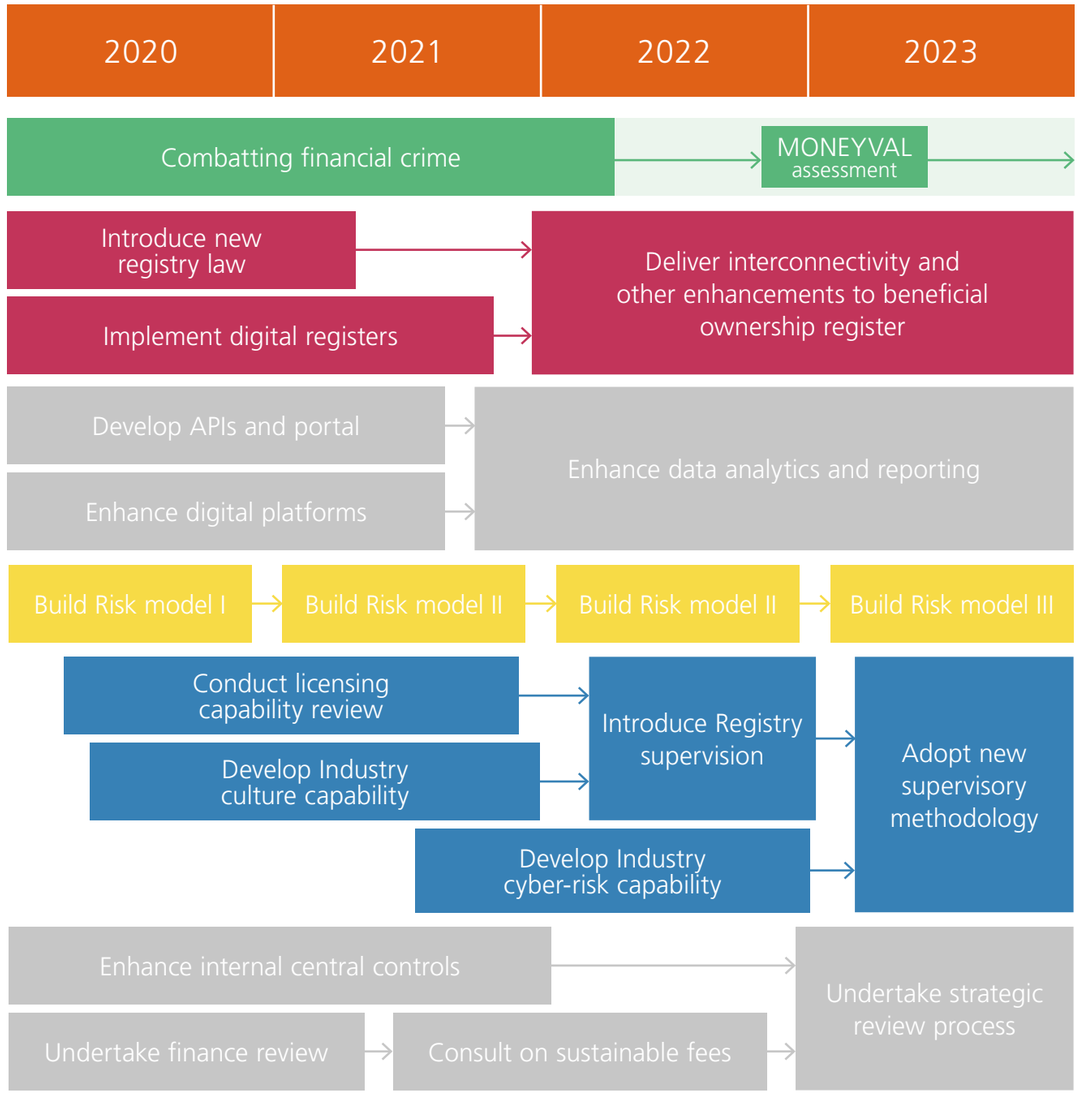
Its Registry responsibilities include:

- acting as Jersey's first line of defence (second line for regulated businesses) for AML/CFT defence checks
- assessing and recording beneficial ownership and control details
- monitoring and vetting adherence to the Sound Business Practice Policy.

Within the international registry community, Jersey is regarded as a centre of excellence for its registries. This can be seen for example by its agreement to provide shared services to government on request. The Registry manages global continuance, cross-border mergers and international transparency requirements.

Strategic Roadmap 2020 – 2023

The JFSC strategic roadmap does not include everything it intends to do to 2023. It is a broad overview of its key projects.



Source: JFSC Strategic Roadmap 2020-2023

National Risk Assessment

As part of Jersey's ongoing work to prevent financial crime, the island has undertaken a risk assessment for money laundering and terrorist financing.
The assessments are an accumulation of work from the JFSC, the Government of Jersey, the States of Jersey Police, the Law Officers' Department and numerous professionals across the finance industry.
The assessments document the potential risks, threats and vulnerabilities that Jersey faces as an international finance centre. It is a critical exercise for any jurisdiction to undertake so that it understands where the risks lie and can take action to mitigate those risks accordingly.
The assessments document what is already recognised to be potential risks, threats and vulnerabilities, and it is already focusing its resources in these areas. It has already achieved a lot over the past few years to enhance its capabilities for fighting financial crime and comes from a position of strength with well-established regulation in place to reduce the risk of money laundering and terrorist financing.
The Money Laundering and Terrorist Financing risk assessments are available from the Government of Jersey's website.

1.5 Jersey Finance

Jersey Finance (JF), which is a not-for-profit organisation, was formed in 2001 to represent and promote Jersey as an international financial centre (IFC) of excellence. JF is funded by members of the local finance industry and the States of Jersey Government, and has offices in Jersey, Dubai, Hong Kong and New York; representation in London, Johannesburg and Shanghai; with a virtual office in Mumbai.

JF is focused on developing a better, more certain future for businesses, for the general public at home and abroad, and for the finance industry as a whole. By working with the right people, and creating a safe and secure environment for investors, Jersey can help to grow both local and international economies.

Communication

JF is a central contact for journalists and anyone connected with the finance industry, both locally and internationally, as a source of comment, industry news and information. JF provides positive and transparent news, views and insights on Jersey Finance's role and the added value that Jersey as an IFC can bring to economies around the world.

Development

JF works with key stakeholders to provide tools and resources. These create opportunities for Jersey's finance industry professionals to successfully promote their individual organisations, products and services.

Innovation

JF also works closely with the Government of Jersey and ensures that it is effectively represented, in terms of legislation, regulation and other key areas of innovation. These efforts enhance Jersey's jurisdictional product and services offering.

Jersey Finance's Vision

To promote Jersey as the clear leader in future-focused international finance.

Jersey Finance's Mission

To work with financial services firms in Jersey to champion the competitive position of Jersey's finance industry - both locally and internationally - by advocating the highest regulatory standards and the most attractive products and services to suit the needs of global investors.

Stakeholders

JF works to ensure that Jersey remains internationally competitive. At the same time as identifying and mitigating the risks faced by Jersey's industry via its engagement with key stakeholders, JF pursues opportunities to maintain and grow business flows.



Awards

Best International Finance Centre
WealthBriefing MENA Awards 2021

International Finance Centre of the Year
Citywealth International Finance Centre Awards 2021

International Finance Centre of the Year
Citywealth International Finance Centre Awards 2020

Best International Finance Centre
WealthBriefing Asia Awards 2020

Best International Finance Centre
WealthBriefing European Awards 2020

Best International Finance Centre
WealthBriefing MENA Awards 2020

1.6 Jersey Private Wealth in Numbers

34,550
live companies on the register
At the end of Q3 2021

£440.1bn
net asset value of regulated funds under administration
At the end of Q3 2021

£131.4bn
total value of banking deposits held in Jersey
At the end of Q3 2021

21
banking licences
At the end of Q3 2021

418
Jersey Foundations formed since their launch in 2009
As at 31 December 2021

£30.8bn
total value of funds under investment management
At the end of Q3 2021

Jersey's Contribution to Global Value Chains

Research from the Centre for Economics and Business Research (Cebr) has quantified the full extent of Jersey's global economic footprint and its contribution to global value chains (GVCs), through the metrics of GDP, employment and jobs. Jersey plays an important role in the efficient functioning of these value chains and economies globally.

Cebr's research revealed that on average each year, between 2017 and 2020, Jersey intermediated:

£1.4tr Capital Administered
£170.3bn GDP Supported
5.1m jobs Employment Supported
£73.3bn Wages Supported

Private wealth management is one of the major sectors in Jersey's financial services industry. The sector is by far the largest in terms of assets administered.

£1.14tr
of capital administered by the trusts and asset holding vehicles sector in Jersey supporting

£126bn
of global GDP via GVCs

To illustrate the scale of the economic activity supported by Jersey's trust and other asset holding vehicles sector: the total direct GDP contribution of Hungary was £125.5 billion in 2020, while the direct GVA contribution of Yorkshire and the Humber to the UK economy was approximately £128 billion in 2019.

1.7 Relocating to Jersey

About High Value Residency (HVR) in Jersey

The HVR programme is a route to residency for High Net Worth Individuals (HNWIs) looking to live and/or work in Jersey. It is not a citizenship by investment scheme. HNWIs who are approved will need UK immigration clearance to be able to live and work in Jersey.

The programme allows the individual to move to Jersey as an Entitled resident which gives access to the housing and work market.

Those who are approved are able to access a specific tax rate of; 20% on the first £725,000 of worldwide income and additional 1% on any worldwide income above this. Please note any income earned from land and buildings in Jersey, or dividends paid from a company in receipt of Jersey property income, is taxed at 20%.

Moving to Jersey as a High Net Worth Individual

Only a select number of HVR consents are granted each year. Each submission is considered on the basis of the financial and social attributes that a candidate could bring to island life.

The Criteria for HVR

To be eligible to apply for HVR you must be able to demonstrate:

- The ability to generate an annual minimum tax contribution of £145,000;
- Comfortable and sustainable, annual worldwide income in excess of £725,000 per annum; and
- a personal wealth of more than £10,000,000.

This does not guarantee the success of an application, and other qualifying social and economic factors will also be taken into consideration. These include:

- Business contributions and/or voluntary work in the local community;
- Sporting and/or training initiatives e.g. for educational organisations or young people;
- Positive media coverage of activities undertaken (business or social);
- Potential negative media coverage, including past events outside of the island;
- Any undesirable or negative factors in your background (e.g. criminal record);
- Your family and your general lifestyle;
- Past charitable contributions or work;
- Skills or cultural interests which could benefit the Jersey community; the impact your residency will have locally; and
- Your plans for business activity in Jersey including:
  - Training;
  - Diversification;
  - Employment; and
  - Associated tax revenues.

What Information is required in your HVR Application

To apply for HVR, you will need to provide the following documentation:

- A personal letter of application; and
- Your business profile; and
- Your financial profile; and
- Two personal references; and
- Two business references; and
- A verified copy of a valid passport (required for each individual relocating to Jersey); and
- A Disclosure Certificate from the relevant Disclosure & Barring Service (DBS) authority. This was previously known as a CRB Certificate.

Purchasing property

Should your application be successful and you take up permanent residency in Jersey, there is a minimum expected value in terms of the property that you buy or rent.

The purchase price for a high value property is typically considered to be at least £2.5 million for a house and £1.25 million for an apartment.

If you decide to rent a property, it should be of the same saleable value. However, there is an expectation that after two years you show a commitment to Jersey by purchasing your own property.

Moving to Jersey as a Business, successful Entrepreneur or HNWI

Ordinarily you have to live in Jersey continuously for five years and gain Entitled for work status* before you can start a business or work in most jobs. You also have to live in Jersey continuously for 10 years and gain Entitled status* to access the full property market. However, there are exceptions, Jersey welcomes applications from:

- Skilled, economically active HNWIs; and
- High value activity businesses and their principals, who are looking to move offshore.

For these individuals there are two routes that can be followed:

- Business relocation; this is for businesses which want to establish on the island. This route gives the business principals (or essential employees) the option to apply for a 'Licensed' permission. Individuals can then access the full residential market.
- High value residency; this route is income-based and gives individuals 'Entitled' status. Individuals gain full residential and employment rights, subject to specific conditions.

*see the table below for definitions.

Residency and Employment

The Control of Housing and Work (Jersey) Law has four main categories of residential and employment status. These determine where you can live and work in Jersey and are summarised in the table below.

Purchasing Property and Residential Status

Licensed individuals are only allowed to own and occupy one property as their sole or principal place of residence. High Value Residents (2(1)e residents) are expected to buy or rent a high value property. High value property is considered to be of a minimum value of £2.5 million for

Residential Status	Broad Definition	Housing Permission	Work Permission
Entitled	Someone who has lived in Jersey for 10 years.	Can buy, sell or lease any property.	Can start up a business and work anywhere - no permission required to be employed by a trading Jersey business.
Entitled Conditions Apply (High Value Residency)	Someone who has been granted Entitled status on social or economic grounds in the best interests of the country.	Can buy or lease one residential property as their main place of residence for as long as Entitled status is retained (should be limited to properties of a high value, generally in excess of £2.5 million for a freehold house and £1.25 million for an apartment, and with some prestige element, e.g. set in its own extensive private grounds, costal aspect etc.).	Can start up a business and work anywhere for as long as Entitled status is retained - no permission required to be employed by a trading Jersey business.
Licensed (essential employee or business principal)	Someone who works, or has been appointed to do work for a Jersey business, that business having allocated one of its Licensed permissions on its business licence to the individual. The permission may be time-limited and renewable based on a performance review of the business and the role being undertaken.	Can buy or lease one residential property in their own name as their main place of residence (apart from first time buyer restricted or social rented housing) for as long as Licensed status is retained.	Can start up and/or work for the business for which the Licensed permission was granted. Employer needs permission to employ a Licensed person.
Entitled for work	Someone who has lived in Jersey for 5 consecutive years immediatley before the date that their registration card is issued, or is married to, or the civil partner of, someone who is Entitled, Licensed or Entitled for Work.	Can buy Qualified property jointly with an Entitled or Licensed spouse or civil partner only. Can lease Registered property in their own name as their main place of residence.	Can start up a business and work anywhere - no permission required to be employed by a trading Jersey registered business.
Registered	Someone who does not qualify under the other categories.	Can lease Registered property as their main place of residence.	Employer needs permission to employ a Registered person.



"Where quality of life meets a high-quality business environment" *(Locate Jersey)*

a house and £1.25 million for an apartment*. High Value Residents can also, subject to certain conditions:

- buy, develop and sell residential properties through a property development company. Any free-standing units of residential accommodation must be sold to Entitled or Licensed individuals on completion of the development;
- can buy residential properties in their own name which have been unoccupied, or have been on the market for sale, for more than two years. These properties must be leased to Entitled or Licensed persons;
- can buy a residential property that adjoins their main place of residence in Jersey if:
- the adjoining property more naturally falls within the same curtilage as the property already owned and occupied as their main residence; and
- it is approved by the Assistant Chief Minister.

It is expected that the purchase would be completed in the same name, either person or company, as their main residence. There may also be other conditions placed on the purchase. N.B any income derived from Jersey property is taxed at 20%.

*All rates may be subject to review and may change on an annual basis. Information accurate as at 1st Jan 2020.

Personal Income Tax

The standard rate of personal income tax in Jersey is 20%. This is the maximum that most residents will pay in a year. Personal tax is based on total income but takes into account exemption thresholds and any eligible allowances and reliefs.

Individuals who relocate to Jersey under a 'Licensed' permission will pay tax at 20%.

High Net Worth Individuals who move to Jersey as an approved 2(1)(e) resident (HVR) have a tiered rate of tax on personal worldwide income of;

- 20% on the first £725,000;
- 1% on all income over £725,000; and
- 20% on income derived from Jersey land and property or dividends paid from a company in receipt of Jersey property income.

There is an annual minimum personal income tax contribution of £145,000 (this amount is subject to review in 2023).

If you are an employee or a company director receiving a salary/fees, you will have a regular deduction from your salary. This is called the Income Tax Instalment System (ITIS). You will receive an effective rate which shows your tax rate (as a percentage). This percentage is deducted from your gross pay every time you are paid.

If you are in receipt of other sources of income you will be required to settle your tax liability on a payment on account basis.

The tax year in Jersey is the calendar year. You will be issued with a personal tax return form in the January following the tax year end. Based on the information you provide within your tax return form, you will receive an income tax assessment and be advised of any further tax liability.

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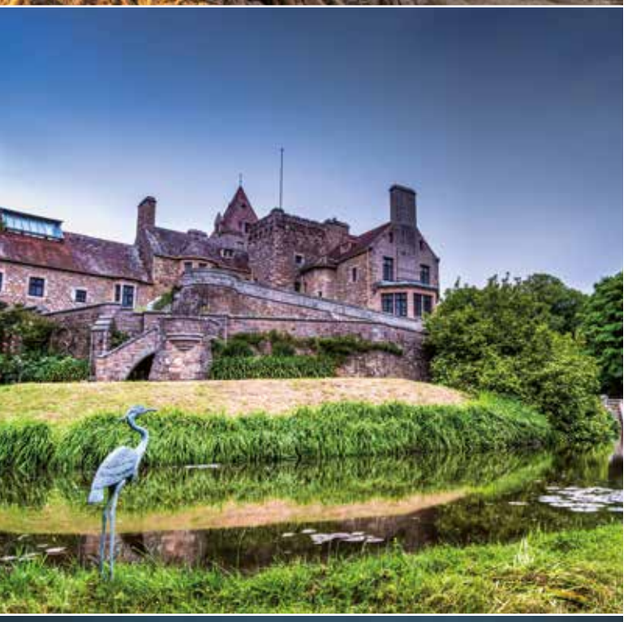
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Clients living in the following countries were approved in 2013 - 2021 (9 years)

Antigua	2	1%
Australia	4	2%
Barbados	3	2%
Cayman	2	1%
Dubai	2	1%
England	126	68%
France	2	1%
Germany	3	3%
Hong Kong	6	3%
Isle Of Man	2	1%
Luxemburg	1	1%
Monaco	1	1%
Morocco	1	1%
New Zealand	1	1%
Northern Ireland	1	1%
Poland	1	1%
Portugal	1	1%
Russia	1	1%
Scotland	6	3%
Singapore	1	1%
Spain	2	1%
Switzerland	12	6%
The Netherlands	1	1%
USA	3	2%
Total	185	

Clients of the following nationalities were approved in 2013 - 2021 (9 years)

Australian	4	2%
Austrian	1	1%
British	148	80%
Canadian	1	1%
Danish	1	1%
Dutch	1	1%
French	6	3%
German	6	3%
Indian	2	1%
Irish	7	4%
Italian	1	1%
New Zealander	1	1%
Russian	3	2%
Spanish	1	1%
Ukrainian	1	1%
Zimbabwean	1	1%
Total	185	

Year	Applications Approved	Families Arrived	Properties Purchased	Purchase Price	Stamp Duty
2004	1		1	£1,150,000	£34,500
2005	5		5	£10,745,000	£322,350
2006	8		9	£21,220,000	£636,600
2007	13	8	10	£31,395,000	£941,850
2008	7	7	3	£11,700,000	£351,000
2009	8	5	8	£32,140,000	£964,200
2010	7	10	5	£12,300,000	£369,000
2011	9	8	6	£30,600,000	£918,000
2012	12	8	8	£29,248,000	£1,152,350
2013	14	10	9	£23,535,000	£721,700
2014	20	16	27	£98,718,319	£3,979,824
2015	20	22	18	£84,450,500	£4,681,780
2016	17	14	22	£96,819,500	£5,006,020
2017	34	20	29	£95,076,560	£4,650,678
2018	14	29	23	£83,540,000	£4,556,740
2019	21	12	14	£63,877,515	£2,860,312
2020	20	15	22	£76,860,000	£4,979,285
2021	23	28	31	£144,956,859	£10,673,927
2022		2			
Total	253	214	250	£948,332,253	£47,800,116
Five Year Average 2009 - 2013	10	8	7	£25,564,600	£825,050
Five Year Average 2010 - 2014	12	10	11	£38,880,264	£1,428,175
Five Year Average 2011 - 2015	15	13	14	£53,310,364	£2,290,731
Five Year Average 2012 - 2016	17	14	17	£66,554,264	£3,108,335
Five Year Average 2013 - 2017	21	16	21	£79,719,976	£3,808,000
Five Year Average 2014 - 2018	21	20	24	£91,720,976	£4,575,008
Five Year Average 2015 - 2019	21	19	21	£84,752,815	£4,351,106
Five Year Average 2016 - 2020	21	18	22	£83,234,715	£4,410,607
Five Year Average 2017 - 2021	22	21	24	£92,862,187	£5,544,188
Five Year Average 2018 - 2022 (YTD)	16	17	18	£73,846,875	£4,614,053

Overview of HVR activity

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (YTD)	10 YR Total to date	Jan 2013 to present Inc	Five year average 2017-2021 inc	2005-Present
First time enquiries										118	136	119	155	120	146	124	123	0	1041	1041	134	1041
Applications	5	8	13	7	8	7	9	12	14	20	20	17	36	18	23	23	25	1	197	197	25	266
Approved*	5	8	13	7	8	7	9	12	14	20	20	17	34	14	21	20	23	0	183	183	22	252
Arrivals	5	9	8	7	5	10	8	8	10	16	22	14	20	29	12	15	28	0	166	166	21	226
Approved not yet resident		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13	18	12	12	55	55	14	55
Refused	0	0	0	0	0	0	0	0	0	0	0	0	2	3	1	2	2	0	10	10	2	10
Departures		1	1		1	1	0	0	2	1	4	2	1	3	2	7	4	0	26	26	3	30
Changed to Licence	?	?	?	?	?	?	?	?	?	?	?	?	?	0	1	3	3	0	7	7	2	7
Deaths	?	?	?	?	?	?	?	?	?	?	?	1	?	3	0	0	1	0	5	5	1	5
Net Number per annum	5	8	7	7	4	9	8	8	8	15	18	11	19	23	9	5	20	0	128	128	15	184

*Shading denotes regime

Approvals since 2005

5 Year average to 31/12/21 **22**
3 Year average to 31/12/21 **21**

Arrivals since 2005

5 Year average to 31/12/21 **21**
3 Year average to 31/12/21 **18**

Age Profile

	2022	2021	2020	2019	2018	2017	2016	2015	2014	Total
< 39		4	5	1	1	6	1	3	1	**22**
40-49		5	6	4	5	7	6	6	6	**45**
50-59		6	5	8	6	14	4	2	7	**52**
60-69		7	2	4	2	4	4	6	3	**32**
> 70		1	2	4	1	4	2	3	3	**20**

Source of data: Locate Jersey

Estimated personal tax per annum

R1	n/a
R2	5,200,000
R3	11,250,000
R4	12,180,000
R5	
Total	**£28,630,000**

This pays for:

250 entry level Nurses
200 entry level Carers
150 entry level Teachers
100 entry level Police Officers
50 entry level Gardeners

each year

72%
of those approved for residency come from the UK

80%
of those approved for residency have a British passport

70%
of those applying for residency are under the age of 60

2.1 Jersey Private Clients and Family Offices

For the purposes of this report, there are two groups of private clients:

1) Private clients, who are users of Jersey private wealth services but do not live in Jersey; and
2) Private clients, who are users of private wealth services and also choose to live in Jersey.

The first group comprises global Ultra High Net Worth (UHNW) families, who might or might not have established a family office located in Jersey or elsewhere. The second group consists of local Jersey residents, who are UHNW families and may have a locally established family office.

Jersey's wealthy individuals and families are made up of the old Jersey families (landowners and business owners), local accountants and lawyers, who have sold a trust company, local owners of businesses, who have sold to a private equity firm or listed a company, and high value residents, relocated under the 2(1)(e) regulation (previously 1(1)(k)), supervised by the Jersey government.

The demographics of those wealthy families relocating to Jersey are very different from a decade ago. They are now more entrepreneurial, younger, with families and are still creating their wealth. Many are setting up and growing a business, establishing family offices and involved in philanthropic activity.

Private clients

The term 'private clients' is a generic term used in this report for high net worth (HNW) individuals, ultra high net worth (UHNW) individuals, high value residents (HVRs) and successful entrepreneurs. The term 'private client' refers to both individuals and families.

Definition of high net worth (HNW)

The high net worth wealth group comprises those individuals with wealth of US$5 million or more, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.

Definition of ultra high net worth (UHNW)

The ultra high net worth wealth group comprises those individuals with wealth of US$50 million or more, including equities, bonds, cash and deposits, fixed-income products, real estate (excluding primary residence), alternative assets and business interests.

Definition of a high value resident (HVR)

The term 'high value resident' in the context of this report is the term used by the Government of Jersey.

Background to 2(1)(e) Regulation

Since the 1970s, housing regulations in Jersey have allowed the government to grant consent to an individual to purchase certain properties in Jersey where it is satisfied that consent can be justified on social and economic grounds.

The determining factor as to whether the Jersey government is satisfied that consent can be justified on economic grounds has always been the amount of income tax that an applicant undertakes to pay. In 1970 economic applicants had to undertake to arrange their finances to pay Jersey income tax of at least £3,000 per annum. After a peak of £200,000 in the mid-1990s, the minimum now stands at £145,000. The number of successful applications had fallen from between 60 and 70 in some years in the early 1970s to five in 2005. Between 1990 and 2010 only 86 people were granted permission. This rose to 22 approvals in 2021.

The States of Jersey exercises certain controls over the purchase and occupation of residential property on the island, principally under the Control of Housing and Work (Jersey) Law 2012 (the Law) and the Control of Housing and Work (Residential and Employment Status) (Jersey) Regulations 2013 (the Regulations), which both came into force on 1 July 2013. The Law and the Regulations do not greatly affect the rules governing residency for high net worth individuals. Individuals granted consent under the Regulations are commonly referred to as 'high net worth individuals' or 'high value residents' and will need to obtain a registration card under the Law prior to their property purchase.

Since 2005, the Jersey government has received a total of 266 applications from individuals to relocate their residency to Jersey, of which 252 have been approved; 226 have arrived, leaving 55 approved but not yet resident.

Family offices

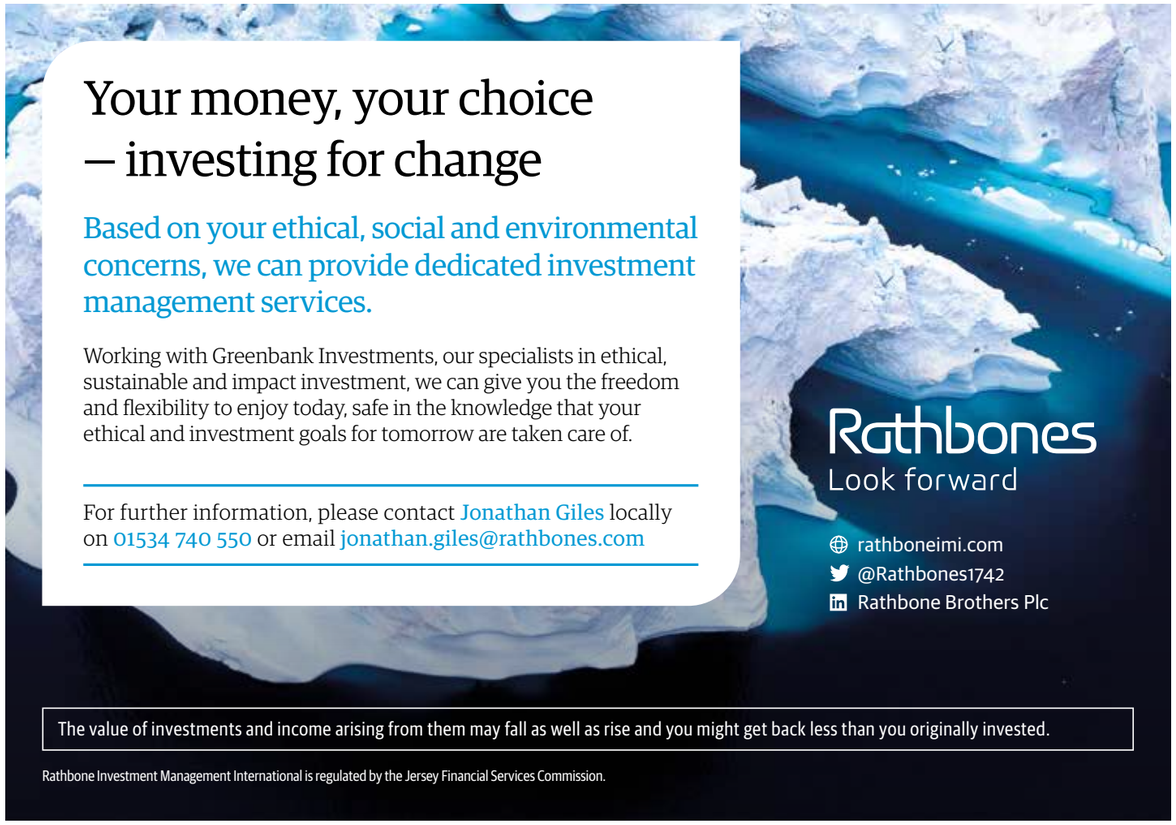
In every jurisdiction, the term 'family office' means different things to different people in the private wealth industry. The research study discovered two distinctive models:

1. Single-family offices – where a single wealthy family employs its own in-house team of experts to serve its own family requirements – as a result the set-up costs are high
2. Multi-family offices – where a number of wealthy families have teamed together in order to gain efficiencies - the multi-family office serves the needs of the different families

The research study revealed that there are an estimated 80-100 single family offices based in Jersey.

Globalisation of private clients and family offices

The study discovered that private clients and families are globally mobile. UHNW families travel the world with homes in many different countries, with sons, daughters and family branches in different jurisdictions. The complex arrangement of assets and wealth structures makes Jersey an ideal location base to manage their wealth management strategy. With the help of foundations and private trust companies, global wealthy families have more flexibility and control over their assets.



2.2 Jersey Private Wealth Professionals

Jersey private wealth professionals and service providers

The study found that Jersey has a significant network of private wealth professionals, such as trust administrators, investment managers, bankers, tax advisers and legal advisers, who together assist private clients and family offices, locally and globally, with their private wealth management. The local presence of private wealth professionals creates 'substance' for the complex wealth structures.

The table opposite lists the many different categories for full members of Jersey Finance. The top five being Trust & Company Administration (71), Private Client Wealth Management (60), Family Office Services (46), Fund Administration Custody and Distribution (45) and Fund Managers (38).

Jersey private wealth expertise

Jersey private clients and family offices interviewed look for "expertise and quality advice from our trusted private wealth professional, where we can build a long-term partnership". Jersey has a significant amount of private wealth knowledge and expertise.

- Jersey employs more than 13,500 highly skilled and experienced finance professionals
- Jersey has 1,184 regulated members of the Society of Trust and Estate Practitioners (as at December 2020)
- Jersey holds £440.1 billion in net asset value of regulated funds under administration
- 418 Jersey Foundations have been formed since their creation in 2009.

Jersey private wealth structures

Private wealth professionals confirmed that they, "use a number of different private wealth structures such as trusts, foundations and private trust companies to help Jersey and global private clients and families with their wealth management strategy. This includes wealth protection, succession planning, family office, philanthropy, tax planning and legal services."

Jersey as a private wealth jurisdiction

Jersey, as an international finance centre, provides a stable and robust jurisdiction for those private clients and family offices that are concerned by local political or financial instability. The combination of private wealth professional expertise, robust wealth structures and a respected legislation makes Jersey an excellent jurisdiction for private wealth services.

For over 60 years, Jersey has a significant amount of private wealth knowledge and expertise.

Category	Number of Jersey Finance Full Members
Accountancy	30
Audit and Assurance	1
Banking	24
Business/Management Advisory Services	1
Business Consultants	17
Capital Markets	1
Captive Insurance Managers	0
Compliance and Risk	31
Corporate Finance Advisory Services	1
Corporate Services	1
Due Diligence Advisors	1
English Solicitors	3
Family Office Services	46
Financial Planning Services	16
Fintech	17
Fund Administration	1
Fund Administration Custody and Distribution	45
Fund Managers	38
Governance Advisers	1
Governance and Regulatory	1
Independent Financial Advisers	4
Insurance Brokers	2
International Employee Benefit Administrators	22
Investment Banking	12
Investment Consultants	10
Investment Managers	31
Islamic Finance	15
Law	19
Legal Services	1
Lending	6
Life and Pensions	5
Management Consultants	8
Marine and Aviation	16
Mortgage Brokers	1
NED	3
Pension Trusts	1
Private Client Wealth Management	60
Registrars	6
Socially Responsible Investing/Sustainable Investing	6
Stockbrokers	9
Sustainable Finance	1
Taxation Practitioners	14
Technology	0
TISE Listing or Trading Services	26
Trade Associations	5
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Source: Jersey Finance as of 31 Jan 2022





3.1 The Private Banking Sector

There is an excellent selection of private banks based in Jersey. Private clients build long-standing relationships with their private banks, and many will remain with the same bank for several years, even decades. We interviewed a number of private bankers to find out more about the services they offer, and we also asked High Net Worths (HNWs) for their perspectives on the private banking market.

COVID-19

The interviews were conducted during the COVID-19 pandemic, so it was a hot topic for all participants. Private banks' initial focus was ensuring compliance and the service to their clients could still operate as efficiently and effectively with their private bankers (PBs) working remotely, away from the office/bank. PBs we interviewed said that their clients very quickly adapted to engaging through digital means, they literally had "no choice". Use of electronic signatures and uploading vital information/ documents electronically was suddenly a necessity and the only way to get things done. The pandemic has certainly accelerated automation and digitalisation of private banking and wealth management and this is likely to continue for many years to come.

Paul Eva told us that digital interactions, using facilities such as Zoom, were welcomed by private clients, who had more time to share and appreciated the additional time, communication and reassurance that their PB gave them. Clients were "getting used to it and adapting to it".

Banking services

During the pandemic, payment by card was promoted as the favoured option, even for low value transactions. This was good for banks as management of cash is so much more expensive, and riskier, for them. Some private banks are now actively encouraging their clients to use their accounts for their everyday banking, e.g. to have their salary paid directly into an account which they then use for their day-to-day needs, as well as using their private bank for investment management purposes. One PB put this simply, "give them no reason to go elsewhere".

Fiona Waite shared that they "offer bespoke private banking services, such as when new High Value Residents (HVRs) come to Jersey, they might want a mortgage but don't want to be locked in for 25 years, so they are interested in flexible types of facilities that they can pay off as and when. In addition to flexible investments, both discretionary and execution, they appreciate that". Other private clients might want cash treasury management for a tranche of money from the sale of their business.

The private client

Some of the PBs we spoke to gave us an overview of their typical client base. One shared that their clients are generally older (40+) who mostly look after their own financial affairs, some may have structures but, ultimately, they have at least a degree of control over their own fiscal planning. They describe most entrepreneurs as someone who will never retire, they are always going to be looking for opportunities - "it's what makes them tick", "it's part of their DNA", they may take a step back but maintain a level of involvement, a respondent told us. Many private clients want a custodian/broker arrangement where they lead the conversation, using the PB as more of a 'sounding board' than an advisor, "it's a discussion".

Most clients will choose a bank based in their preferred jurisdiction, whilst also being close to where they reside. They do not tend to switch banks often without good reason, instead preferring to stay with a bank who knows them and understands the journey they have been on, rather than "telling the story all over again" to a new service provider.

We discovered that some HNWs have institutional loyalty with their bank; if the bank helped them in the early days of their wealth creation, many will want to stay with them.

Relationships

The study discovered that a number of international clients look to Jersey for their private banking needs for a variety of reasons; it is tax neutral, laws are similar to those in the UK, it is English speaking and follows GMT. One of the biggest attractions is the regulation and reputation of Jersey's financial industry.

Cameron Walker mentioned that they have "a strong referral network in the UK as well as professionals around the legal and accountancy tax advisors, who continue to refer business". Many new private clients will be introduced to the bank or PB through personal recommendations or from Jersey-based intermediaries. Whilst the bank and brand are important, and may be the first attraction, it then comes down to the relationship with the bank's advisors, with whom the client is going to personally deal. Michael Clarke told us this also includes others on the team of specialists and expert parties within the group; it is very much a team approach but it is about the "people aspect and how they connect with each other", it is also about the "breadth of solutions and how effective these solutions are".

"HNWs have an entrepreneurial spirit in their DNA..." *(Nigel Pascoe)*

Many banks put significant effort into ensuring that they match the 'right' advisor to each and every client, as Thomas Cummins explained.

Whilst professional relationships are established, developed and maintained generally with the patriarch or matriarch first of all, over time advisors will also be looking to extend the relationship to include the next generation. They want to determine what the wealth means to that person too and what they are looking to achieve with it, "the deeper we understand the knowledge of the rest of the family, the better position that puts us, in terms of helping to ensure that we've got a relationship that's going to endure for a very long time." As David Cardwell confirmed, "when you're talking about people's banking relationships, continuity is absolutely paramount".

Henry Baye considers that "trust is built with clients through absolute transparency with clients around fees, charges and conditions and not hiding the fine print from clients. Further, it is absolutely critical to build trust, which includes advising clients on the things that are important to them, such as cyber security".

Family offices

Charles Humpleby reflected on what services family offices are looking for. They want a full personalised banking service, which allows them to have a number of accounts, whether it be through a corporate structure or personal names, where they can move money either using online banking or directly through the relationship manager. They want to have access to the corporate investment bank, specialist solutions for investment, whether that be in commercial real estate or residential, pretty much anywhere in the world. The PBs job is to find out what investments family offices are looking for and then to come up with solutions; this may be a better yield, keeping assets protected, investing aggressively, or they may be looking to borrow funds.

Multi-banking

We also heard from Charles Humpleby that "big family offices could have 20 to 30 banks", but most will have a minimum of five with similar amounts of assets dispersed amongst them. Generally, as well as having a relationship with a private bank, they are also likely to have at least one relationship with a corporate bank.

The study informed us that private clients will generally multi-bank too, so they gain a "multi-view", a diverse opinion. Some PBs "actively encourage" their clients to diversify for this very reason. Equally, those clients with homes in multiple countries will often bank in each jurisdiction, particularly if there are differences in time zones as it makes it easier to obtain everyday services, debit cards, deposits, on-hand advice etc.

Anecdotal findings identified that private clients in Jersey tend to use two to three trusted banks/providers to manage their wealth. This compares to HNWs in Africa, who are more likely to use five or six banks.

Digitalisation

The research revealed that online banking is "a must have"; it is no longer a differentiator as all banks have it. Many banks were already looking at their digital offering and enhancing security for users prior to the pandemic. Not just for retail banking, which is more commonplace, but also for investment banking. "Artificial Intelligence (AI) will be very good at doing the mundane tasks, the lower risk tasks", but respondents do not see AI affecting the high end management of wealth. We found that banks are increasingly using software such as Yoti and asking clients to upload selfies of themselves as part of the Know Your Customer (KYC) compliance, rather than having to meet face to face. Banks who are not investing in digital platforms are "going to get left way behind" was a frequently heard comment.

However, it is about balance; catering for the traditional user as well as the millennial. Many younger people would happily transact their investments online, preferring to just sell shares quickly rather than discussing it with their advisor beforehand. Such clients need a good, reliable online platform with which they can conduct such transactions.

Christian Busel told us about some security steps in place currently, e.g. a client's private banker will be alerted to online transactions involving large sums of money who will then execute a security callback to the client. More substantial sums will require submission of a request by email or letter before the transaction can be made. However, cybersecurity will continue to be a significant threat to private banks and for their clients. Banks are looking for 'bulletproof systems'.

Appetite for investment

Our research found that "private equity has always been quite important", but there are some clients who "just want safety" and are looking for no more than to preserve the wealth they have, rather than to take a risk, however small, to grow their existing wealth. We heard from Paul Eva that it is the PB's job to "persuade and encourage some clients to put a modicum of risk on the table". Some clients who are used to only having cash, find it difficult to invest for even five to eight months, so they need information from a trusted advisor to help them make the decision to enable them to get some return on their money.

Nevertheless, there are also "clients that really like to work the money all the time" a respondent told us. These clients will be looking at a variety of ways to invest; traditional methods as well as newer methods such as peer-to-peer lending, co-funding etc. Generally speaking, the findings showed that older private clients tend to be driven more by safety, they have perhaps taken all the risks they were prepared to take with their businesses in creating their wealth and see their liquid assets as "a safety net".

However, some, especially the serial entrepreneurs, will still look at specialist investments.

Nigel Pascoe mentioned that "HNWs have an entrepreneurial spirit in their DNA, they are always looking for a better return on their capital by diversifying into other investments, like alternative investments. That is something that they will always look at, meanwhile they will park their money in a deposit account".

Our research discovered that, broadly speaking, the greater the wealth, the greater the diversification of investment. Once sufficient wealth has been generated or saved to fund retirement, travel, grandchildren's education etc. HNWs will then look more widely at investing in alternative assets, private markets and have sufficient spread to make it a sensible strategy.



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"continuity is absolutely paramount" *(David Cardwell)*

ESG

We discovered that PBs believe HNWs have always been driven to do good with their wealth but they are now "increasingly looking at green investing". PBs told us unequivocally that the momentum towards sustainable investment is growing at a pace. Whilst there is an element of younger clients driving this, it is not entirely so, their parents and grandparents are listening and becoming actively involved too. Private clients are talking about it more and showing greater interest; "it's ethical to do". As one PB said, "no one wants to benefit on the back of badness". Therefore, as a wealth manager, if you do not have a sustainable investment policy, you are going to lose assets. Involving sustainable advisory solutions is a must nowadays.

We also found that equally, it is not just about offering sustainable investments; the bank or investment company needs to be sustainable too, "you can't just play the sustainable card". Wealth management institutions are therefore looking at their own internal governance and environmental footprint. "It is becoming the norm, rather than the exception." PBs we spoke to said there is greater research and responsibility for sustainability, to ensure that a company who says they are environmentally friendly, truly are, deep down, in all that they do. Everyone is now much more aware of this issue, largely driven by younger generations and the media.

Philanthropy

Interviewees told us they certainly heard less discussion regarding philanthropic work during the earlier days of the pandemic - generally people were more concerned with preservation of wealth, their families and loved ones. However, once the immediate reactions were over, COVID-19 highlighted additional inequalities around the world and this has driven their philanthropic generosity more so, possibly in a different way from what they did previously, or in an additional way. Some clients contribute anonymously and some less so; there is no generational divide with philanthropy - it happens across all generations. However, those who have really established their wealth find it easier to put more considerable effort into their philanthropic causes.

Wealth transfer

Succession planning and transfer of wealth were investigated as part of our research. Interestingly, there were a few comments around families wanting to enjoy the wealth they have and be seen to be enjoying it by their families, rather than sitting at home and preserving it for future generations.

Nevertheless, this is still a subject on people's minds, and, in some cases, the pandemic has elevated it on many individuals' to-do lists. PBs talked about helping educate clients' younger generations in particular on "socially responsible investing" as well as the psychology of wealth, talking about generational planning, discussing structures to help them achieve their goals and also providing the reassurance that there are people there to help manage this going forward.

According to Charles Molteno, "we focus on the client holistically, which includes their wealth transfer, subsequently we run events for children of our clients to introduce them to the fiscal concepts and introduce them to a different way of thinking. We want to actively engage with the next generation, if there is an opportunity to share and upskill, we will continue to do so".

The future in private banking

Participants involved with our research expect to see more consolidation within the wealth management industry; this will be driven by automation and digitalisation. Regulation and AML/CTF (anti-money laundering/counter-terrorism financing) is going to need to keep pace with the rate with which this happens; the pandemic proved how rapidly wealth managers and customers can adapt and accept change; "regulators will need to keep up". Whilst private clients will be more willing to engage online, they will continue to want to see their wealth advisors face to face, as one HNW told us, "there's going to be no substitute for meeting in person".

Sustainability and sustainable investing will continue to grow; "we continue to worry about environmental and social governance". Banks will be under pressure to cut costs and will be looking at their footprint in order to make savings. Any wealth management establishment which does not do this may well be looking for consolidation opportunities.

Jersey has always been adept with change. The island appears to have a model approach and should continue to attract wealth more so than some other jurisdictions; it is a safe place to live too. The finance industry on Jersey is very well regulated, "transparency is increasing every single year". The cost of the pandemic may mean that taxes may increase disproportionately in the UK; this may encourage some wealthy individuals to migrate to Jersey.



3.2 The Investment Management Sector

Discretionary investment management

The research found that 90% of what Jersey-based investment managers (IMs) offer is 'discretionary investment management' services. Tim Childe revealed that "we were one of the first investment management firms to go to market with a discretionary management service, others followed". The other 10% is 'execution only' services, however these are usually for large institutional mandates.

Our research highlighted that many Jersey IMs service private clients with £2-20 million of net worth/investable assets, whilst also targeting family offices with a great deal more. As such, IMs do not get involved in next generational wealth transfer. Clients with £2-20 million are generally focused on their own needs over their life, rather than their children and grandchildren. When dealing with a family office, IMs are usually brought in by the trust company or tax advisor, who has already dealt with any succession planning or wealth transfer to the next generation.

Darren Zaman explained that "we describe ourselves as private client asset managers. Private clients are people who have got money that is unlikely to be replaceable. It has been earned over the course of their careers, as a result of a business sale, which is a different approach to somebody who is looking to accumulate wealth over their lifetime. That means our focus is very much on protecting their capital, as well as enhancing it, certainly maintaining its real value. For a lot of our clients, it is not their lifelong ambition to be invested in the markets; being invested in the markets is a necessary evil, if you want to live off your money."

Client base

The research revealed that the Jersey-based investment managers have a diverse client base, including both local, UK and international clients. Private clients include High Net Worths (HNWs), High Value Residents (HVRs), trust companies and family offices, as well as the 'mass affluent' client. A large majority of private client business comes through intermediaries. One respondent expressed that 75% of all clients have a professional intermediary or 'gatekeeper', such as professional advisors, independent financial advisers (IFAs), banks, trustees, lawyers and accountancy firms in over 100 international jurisdictions. Further, IMs are finding that their clients are younger than say, 10 years ago.

A number of HNWs hold their investment portfolio 'wrapped' within corporate or trust structures, foundation structures, as the size of the mandate normally warrants that the HNW wants to be in a structure for various tax planning aspects. IMs also act for a number of large charities and pension fund companies/structures.

IMs explained that an expanding marketplace has been in the Middle East, especially UAE, Saudi Arabia, Qatar, Bahrain and Kuwait; where 95% of the clients will be expat workers, either British or European. Expats invariably live in the Middle East or Asia and are either 1) 'contract expats' who work offshore for 5-10 years before returning home, or 2) 'career expats' who move from location to location e.g. living in Dubai for 10 years, followed by Singapore for 10 years. Expats usually hold portfolios wrapped within structures in a life company, in a bond type solution, as these are extremely portable. So, if the expat decides to relocate to a different jurisdiction, it is a good plan to be flexible in an offshore bond structure. However, a few local IMs concentrate on local private clients and family offices across Jersey, Guernsey and the Isle of Man.

IMs are also seeing growth in the family office (FO) space, where they have been appointed as the investment manager for a family office structure after they have created their wealth. Normally the IM is brought in by the trustee, however, IMs are now creating dialogue directly with FOs and large accountancy firms, whereby the latter provide the tax planning element for HNWs and/or FOs and the IM will work alongside them.

The research found that protection and producing an income, i.e. fairly cautious, income-producing investment, is what charities are looking for, from their IM. Further, the IM gets brought in to offer traditional investment management solutions. So broadly, it will be income generation or capital growth generation.

The research found that private clients consider price, service quality and relationships as extremely important when selecting an investment manager. Consistency, credibility and a strong track record are also highly valued.

Relationships

IMs work with trust companies on behalf of the beneficiary or ultimate beneficial owner (UBO). Euan Dangerfield expressed that "trustees need to look out for the best interest of the beneficiaries. One of the primary motivators for the trustee is risk control; appointing a discretionary investment manager is a great way to do this, rather than the trust investing directly. Trustees engage with a discretionary investment manager, who can then sit down with the trustee and the underlying beneficiaries and work out what it is they want to achieve from their investments".



"These are testing times; we're having to be more innovative with our services" *(Tim Childe)*

Developing trust and loyalty

Tim Childe mentioned that trust starts with having a stable team. It is the individuals within the team, it is not just the frontline staff, it is not just the investment managers, the admin support is also absolutely vital. "We want to make sure that the trusted advisor, the trust administrators, for example, if they have a query, they know they can pick up the phone or fire off a quick email to one of my admin team and they get a response within minutes".

Further, "if we have a private client that wants to submit some information to their accountant, and they can't find four out of five of the statements they should have, so we will probably just email, without a second thought; just make life easier for them. We become in effect an extension of their family. And it sounds corny, but we do".

"A lot of my good clients are friends; we get to know their children and grandchildren. That's important, not just with direct private funds, but also where we get to know underlying beneficiaries of settlors of trusts when trustees encourage us to have that interaction to strengthen the all-round relationship". It will invariably be the IM's client relationship, which will stand the test of time, because there has been consolidation in the trust company space. Sometimes these relationships with the trustees fall by the wayside because they have staff turnover or higher charges come in or whatever it might be. "But invariably, we stay with the client through thick and thin. I've been with some clients where they are now with their fourth set of trustees, which is extraordinary", as one respondent stated.

Low interest rate environment

The research found that in this ultra-low interest rate environment, IMs are seeing more demand from clients of all types, for a positive return. Fixed deposits will no longer do, unless they lock it in for a very long period of time.

As Tim Childe stated, "We provide short-dated fixed interest solutions, ultra-short duration with minimum single credit. These are testing times; we're having to be more innovative with our services".

IMs consider alternative investing opportunities, such as peer-to-peer lending or commercial real estate, as risky, due to rising consumer default, especially in the UK commercial real estate industry. As a result, the banks are taking a hit, as they are ultimately the main lender in this space.

The research study confirmed that the discretionary manager continues to use exchange-traded funds (ETFs) and other passive instruments in their portfolio, to access various asset classes, sectors and geographies. Structured products are also a popular addition to client portfolios, particularly those with a guaranteed return.

In search of greater yield

"There's no doubt that low returns from cash have driven people into more risk taking", one respondent mentioned. The research study confirmed that Jersey private clients are looking at alternative investments, such as real estate (both residential and commercial), peer-to-peer lending and private equity, in order to gain higher yields than traditional investments.

However, IMs stated that clients can gain that exposure through private equity funds. As Euan Dangerfield suggested, "it is really important to have diversification away from mainstream public markets and private assets should form part of this, but there is also liquidity to consider". However, private clients we spoke to confirmed that they are happy to sacrifice liquidity for higher yields in alternative investments.

Darren Zaman suggests that "one has to be very cautious. The best kind of client to look after is the kind of client that has more than enough money to meet their needs, then you're not driven to things. The problem is, regardless of the amount of money that you have, if you are spending more than your income requirements, then that serves as a further push to take greater risk".

Our research revealed that private clients are interested in return, however some private clients are happy to weigh off the relative risks against the returns. It is a two-way conversation. However, IMs suggested that it depends on what you mean by risk. If the private client does not need their money today, then they can lean into a certain amount of volatility. That gives the IM the opportunity to hold things that will give the client a better return in the long run.

Some IMs we spoke to considered that their performance was good, "we're compounding at 8%, which is actually good nowadays, our performance is above average, we're in the top quartile against our peers, so performance is pretty strong".

Further, the IMs interviewed stated that clients have been looking for risk managed inflation plus. Almost like a targeted risk/return. So, really, it is all about a real return. Without real return, there is also inflation plus, also a little bit of income is required. Because of the drop off in bond market yields, and interest rates, clients have been forced into taking more risk, e.g. a client might say I know I shouldn't be 70% in equities at my age but I need an income growth, I need real returns. They are being forced by policy and marketplace action into being riskier than perhaps they would want.

The IM needs to ensure that they are investing for the right reasons, and also for a long enough time period, "As soon as you get people investing predominantly in equities or risk assets, you've got to say it's not for one, three or five years; you've got to be looking at seven to 10 years".

David Mashiter stated, "we are certainly not going down the road of chasing yields and taking risks". The study revealed clients are asking for the highest quality, short-dated bonds to give them something that doesn't look like zero as a yield, so predominantly long-term risk-adjusted growth.

"Private clients take a risk in their business because they know their own business, if they put money with an IM, they don't want high return, they want it to be safe", as confirmed by Mark Clubb.

Diversification

The research confirmed that diversification continues to play a strong part in a private client's investment strategy, in terms of assets, geography and liquidity. HNWs interviewed told us that they hold traditional assets, such as cash, bonds and equities, in addition to real estate, both residential (buy-to-let) and commercial, across multiple countries, whilst also investing in collectibles of their choice. As mentioned earlier, private clients further diversify their portfolio through direct private equity, together with co-lending and loan note programmes. "Our clients will have second or third properties as investment properties", as expressed by Chris Stead.

The research also found that entrepreneurs, who still have active businesses and continue to have "skin in the game", invest in their business, where they take the risk. Any surplus cash is 'parked' with a discretionary manager for a cautious/medium risk strategy.

Collectibles

Our research revealed that Jersey HNWs continue to invest in luxury collectibles; their "investments of passion" and "treasure assets", such as art, wine, supercars and watches. Private clients have the liquidity to invest in these luxury items. However, they invest mainly for pleasure, whilst, at the same time, diversifying their portfolio; financial return is less of a goal, although valuations, in some cases, do increase dramatically. As one HNW we interviewed commented, "my drinking wine has increased in value more than my investment wine". Investments of passion, such as art, are seen as long-term generational wealth assets. Further, the study revealed that family offices are also diversifying their portfolios by heavily investing in collectibles, in some cases, directly employing professionals to purchase and manage their luxury assets.

ESG and sustainable investing

IMs mentioned that, by default, their portfolios will have some sort of ESG-type specialist vehicle in there, "we have a new specialist set of models being created for our clients". IMs have been doing this for quite some time. IMs look after hundreds of charities across the crown dependencies, which have very stringent restrictions, lots of ESG guidelines, to look after animal health trusts, religious orders, healthcare etc.

In addition, our research demonstrated that ESG is being driven by private clients, as Haydn Taylor confirmed, "clients that use our discretionary services want to see us moving in the direction of ESG".

The findings of the research found that years ago, IMs paid lip service to ESG and had to take a performance hit just to carry these vehicles in their portfolio. Now, it is not the case. There is a lot more scrutiny now on fund managers; the expectation is to deliver on governance and deliver on all agreed mandates.

Jonathan Giles confirmed that "we've probably seen a five- or six-fold increase in the percentage of people who are now talking about ESG and requesting it in their proposal".

Jonathan suggests that there are three types of ESG clients: 1) the agnostic, who questions what does ESG really mean? e.g. BP has as good a score as a really good solar panel company. So, it depends on what ESG means to the client in the marketplace; 2) people who are taking an increasing interest in ESG, who are probably most clients where they can see empirical evidence, e.g. if you have two banks and one's better at ESG than the other, their share price will go up further than the other one. So, clients want to be active in ESG, but in a more typical portfolio; and 3) the dark green - people who are deep into ESG, who really understand that it is critical for them to have in place a mechanism that allows them to extrapolate that belief into their portfolio.

The study confirmed that IMs agree, sustainable investments make better investments in terms of return.

If a client is presented with an investment portfolio, and it performs better than a non-sustainable portfolio, and it is better for the environment, then it is an easy decision.

"We think investments will be based on an ESG framework, especially governance", as Matthew Wilson remarked.

Philanthropy

The research found that impact investment and philanthropy are weaved into the policies of many IMs; a portfolio strategy for clients that gives exposure to ESG themes e.g. renewable energy. IMs continued to express that the new generation get exposed to large amounts of capital early on in life, as opposed to 30-40 years ago, where they may have come into these funds when they were in their 40-50s and these younger clients are interested in philanthropic causes.

Richard Hughes stated that "if we're managing the client and they have some charitable purpose or philanthropic purpose, then we participate. We might be running a portfolio that's generating income and the income is to serve a social purpose, often we take a view on fees when a social purpose or charitable purpose is involved".

Anecdotal findings suggested that either private clients are successful in their professional careers or parents are giving them access to capital early through tax planning, Inheritance Tax (IHT) planning, etc., because the tax net is becoming more complex and stringent. As a result, IMs are seeing younger investors, who are more 'streetwise'. They realise that careful investment and careful planning for long-term takes priority.

As Matthew Wilson mentioned, "we are noticing the average age of people enquiring has dropped, we are seeing a lot more people in their late 30s to mid 40s enquiring about high-net worth services, a lot of entrepreneurs". Further, Charles Insley remarked that "an entrepreneur is a decisive person who knows what they want, so we try to protect, preserve and enhance their investment, rather than compete with the returns they receive from their business".

Technology

Within our research, IMs confirmed that online access for their clients has been part of their offering for years, as part of the service quality. It is important to encourage as much information flow as possible, both ways, as it makes for stronger foundations with the client relationship.

Respondents confirmed, "we are investing in a client portal, making sure that clients can access their portfolio, it makes our life easier. Information gathering will become almost second nature to us. We'll try and move away from the clunky ways of writing to clients or emailing clients asking for information, we'll interact with clients through our portal, that's the future – but we will never stop face-to-face meetings to build the relationship".

The study revealed that IMs shared that once a client is onboard, they have standard quarterly reporting and hard copy sometimes at monthly intervals, but where they can encourage clients to take advantage is the online access. Some clients like it, some clients do not. As one respondent stated, "we are actually big believers in having face-to-face dialogue with our clients. We can have at least twice-yearly face-to-face meetings, especially when they live in Jersey. But even in the UK or the Middle East".

"We'll absolutely get twice yearly meetings with clients. It is important because it's a contract and agreement we have between the client and us. But it goes both ways, we can only give the best service we can if we are kept fully abreast of their situation. Otherwise, we're blindsided", as Tim Childe also confirmed.

Education

The research found that IMs encourage education, "with the individual private clients, we make sure that the spouses are on the main portfolio, where children are involved, and of an appropriate age, they get introduced to markets, economy and all the rest of it".

"Regardless of the value of the money, I guess it's all relative, at the end of day, we are always in meetings where a son or daughter is brought along, just to be made aware of what's going on behind the scenes, because one day, they'll have to pick up the reins. They know me and my team, and then there's peace of mind, for the parents, there's continuity there", quoted one IM.

"More counterparties are involved in wealth management, recognising the need for direct involvement in education; in the affairs of the family, whether that's the structuring, the tax planning or the purchase of the assets, or the running of the assets, that's definitely happening", Richard Hughes commented.

Future of the Jersey investment management sector

The findings of the study suggest that IMs need to be adaptive, take bold decisions, not be afraid of challenging the regulator, not to put the jurisdiction at risk, to make sure that they are always 'in the pack', and not behind the curve. It is a fast-moving marketplace.

The future, in summary:

- Globally, working practices will change. Different home and office working regimes.
- The pandemic has created enormous budget deficits globally. UK alone is looking at a gargantuan black hole. More tax planning is going to be brought to bear.
- Need to adapt different investment solutions – long-term for cash to yield returns.
- Government bonds, UK gilts, everything up to five years is a negative yield after inflation. (That is cash, negative yield after inflation).
- Commercial real estate is going to get "hammered" with rentals, foreclosures and withholdings.
- Threat of default risk is going to start spiking.
- Advisors are going to have to work harder to earn their fees and to justify their existence to navigate clients through what is going to be a really difficult few years.
- Tax increases are going to be inevitable.
- Firms starting to concentrate more on their core offering, saving money and reducing risk.
- Firms will be focused a lot more on what they are good at and stop 'playing out' on the periphery.
- Banks will pull out of regions, or sell off their investment or IFA offering.
- We are in the age of consolidation, especially with private equity money.
- Markets will continue to expand in UK, Africa, Asia and the Middle East.



Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest. Quilter Cheviot and Quilter Cheviot Investment Management are trading names of Quilter Cheviot Limited. Quilter Cheviot Limited is registered in England with number 01923571, registered office at Senator House, 85 Queen Victoria Street, London EC4V 4AB. Quilter Cheviot Limited is a member of the London Stock Exchange, authorised and regulated by the UK Financial Conduct Authority. Quilter Cheviot Limited is regulated under the Financial Services (Jersey) Law 1998 by the Jersey Financial Services Commission for the conduct of investment business and funds services business in Jersey and by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law 1987 to carry on investment business in the Bailiwick of Guernsey.

3.3 The Trust Company Business Sector

Services

The research found that Jersey's regulated trust company businesses (TCBs) are "all trying to do the same thing but all trying to do it differently" as one respondent stated.

TCBs offer a comprehensive range of services designed for private clients, single family offices (SFO) and corporates, as outlined in the following table:

Private Client Services

- *Aviation, aircraft registration and administration*
- *Bespoke planning solutions*
- *Company formation, administration and board services*
- *Cybersecurity*
- *Family governance*
- *Family investment companies*
- *Family office management*
- *Fiduciary administration*
- *Foundation formation, administration and council services*
- *Governance support*
- *Immigration*
- *Investment management support*
- *Lifestyle assets, art and luxury collectibles*
- *Philanthropy*
- *Private office*
- *Private trust companies*
- *Private wealth*
- *Protector services*
- *Real estate*
- *Regulatory, compliance and reporting*
- *Succession and estate planning*
- *Trust formation, administration and trustee services*
- *Wealth and asset protection*
- *Yachting*

Corporate Services

- *Accounting, financial reporting and tax services*
- *Banking services*
- *Client accounting and financial statements preparation*
- *Company incorporation and administration*
- *Corporate restructuring and liquidation*
- *Corporate strategy and objectives*
- *Crewing*
- *Escrow services*
- *Executive incentive services*
- *Human resource support*
- *Image rights*
- *Investment holding*
- *Key personnel services*
- *Limited liability partnerships (LLPs)*
- *Managed trust companies*
- *Multi-jurisdictional corporate solutions*
- *Offshore employment benefit trusts and payroll services*
- *Protected cell companies (PCCs)*
- *Provision of fiduciary and legal requirements*
- *Real estate structures*
- *Registered office facilities*
- *Royalty and intellectual property*
- *Special purpose vehicles (SPVs)*

Fund Services

- *Alternative investment funds*
- *Bookkeeping and preparation of financial statements*
- *Capital calls and distributions*
- *Full management and administration*
- *Fund closings*
- *Fund launches and start ups*
- *Infrastructure funds*
- *Investor KYC collation and compliance review*
- *Islamic finance*
- *Jersey private funds*
- *Private debt funds*
- *Private equity funds*
- *Production of NAV*
- *Real estate structures*
- *Statutory audit*
- *Technology solutions*
- *Variable capital company*
- *Venture capital*



"...we've kept the focus on service excellence..."

(Nigel Le Quesne)

Structures

The research confirmed that private clients and SFOs use a number of different structures to manage their wealth efficiently for asset protection, succession planning, tax planning and philanthropic causes. Structures include:

Trusts: Private clients indicated that they use trusts in a variety of ways; some had small traditional trusts, whilst some seem to have a much larger myriad of trusts to manage their vast wealth planning strategy, whether personal, family or business, for asset protection and/or succession planning.

Foundations: Private clients and family offices revealed that they use foundations predominantly to protect and deliver their philanthropic wealth, being flexible whilst administering assets, and they often involve their children in their foundation.

Private Trust Companies (PTCs): A number of private clients and family offices use PTCs for private wealth planning, businesses or commercial assets, whilst having family members on the board; the advantages include family control, ease of changing trusteeship, speed of decision making and privacy.

As Debbie Lumsden confirmed, "from traditional trust structures, companies, foundations, we're seeing an increased growth in PTCs". Whereas, Don Wijsmuller shared, "the creation of trusts is not a rarity, but it's relatively rare compared to the number of corporate entities that we set up and administer". Further, the study found that private clients use structures for more than one factor, including asset protection, estate planning and tax planning. Our research revealed that trust foundations have not, as yet, gathered pace. However, families in the Middle East are often using foundations to structure their entire wealth.

Tim Cartwright told us that, "second and third generation structures, that have morphed into PTCs, have moved because the advisors have been able to demonstrate to the family that as they move, a PTC is more of a workable proposition. You're involving family members on the board, you're involving other professionals in the process, in a way in which that makes it more manageable".

A respondent reiterated what many of his peers shared, that every trust should be bespoke, as every wealthy family is different.

Clients

Clients of local TCBs include global private clients, High Net Worths (HNWs), Ultra High Net Worths (UHNWs) family offices and corporates. "Many of our clients, the landed gentry, have traditional, older historic family structures. We also have newer, big structures for clients from the technology sector." as Matthew Christensen confirmed.

The research discovered that, with a surge in SFO clients, the big challenge is to set it up properly, put the foundations in place and operate smoothly. Wealthy families can then focus on their underlying companies, and their philanthropic and lifestyle goals. The last thing they want to worry about is completing investment account application forms or worrying about their mandates with their investment manager; they want someone else to be doing that for them, shared another TCB respondent.

The research found that private clients and SFOs do not like being treated as a commodity, and being sold another solution, another product, "there's no dialogue, it is not the way multi-generational relationships are built".

Chris Cotillard shared that, "about 50% of our client base live locally. That's quite unusual compared to the majority of trust companies. That's a mix of people who are born here and new entrants".

Multiple jurisdictions

The research found that TCBs work with clients in many jurisdictions, most will have a UK touchpoint, UK residential non-domiciled, continental Europe, Middle East, Asia, Singapore, Africa, Russia and US, globally spread.

"The common factor is that they have some connection to the UK. That doesn't mean they're British. It doesn't mean they live in the UK. It could be that they have assets in the UK, they invest through the UK, or they have a UK banker, lawyer, tax advisor, wealth manager or something", confirmed Don Wijsmuller.

The research discovered that TCBs have clients in both older developed countries and new emerging countries. Wealthy European families tend to follow the same patterns of travel, skiing in the same place and they will summer in the same place. UK families will do similar things. Middle East families have different touchpoints around the world. They often like Switzerland, Paris and London. Their children will be educated in the UK or US, they need different tax advice for different jurisdictions to manage things properly. It gets complicated; different types of lifestyles and private credit structures need different types of management, trustee experience and differences in their investment portfolio, property in multiple countries, people receiving benefit in different jurisdictions, family members in different residential residency.

Jersey TCBs have expertise in Islamic finance. Debbie Lumsden highlighted that "we can do any of our core structuring and private wealth, corporate and funds whether Sharia-compliant or not".

Client demographics

The research revealed that there is a real mixture of clients in terms of demographics. "Relatively young, around their 40s, extremely wealthy people are setting up structures around non-domiciled planning for their families. When I look at their passport, they're younger than me," shared one TCB professional.

"I typically tend to deal with people in finance - hedge fund managers and executives running PE houses, now that they have become wealthy, they are looking at succession planning", as a TCB professional explained.

The study found that the younger generation of clients are different; "they're not like-minded, one son is in the family business, very much like his father and doing all the same things. The other son is a creative guy, who doesn't know anything about finance. You've got to manage those expectations", one respondent revealed.

TCB professionals realise that they need to connect with beneficiaries, "you need to have that relationship with the next generation. We need to focus on appealing to that millennial generation".

The research found that many wealth creators who are getting younger, to an extent, are the Middle Eastern families, who particularly tend to be family businesses.

Trust company ownership

The research confirmed that the Jersey TCB sector is split into four ownership models:

Private Equity-backed PCBs: The research discovered that TCBs are attractive to Private Equity (PE) houses for the annuity income they generate. The appeal of the PE-backed model is the perception that it has the money and resources to fund the scale and compliance for international expansion more easily.

Listed TCBs: The research revealed that some TCBs that grew over the years decided to list through an IPO (Initial Public Offering) rather than remain independent or go down the PE route. The appeal of the listing model is again the perception that it has the money and resources to fund the scale and compliance for international expansion easily.

Independent, owner managed TCBs: The study revealed that particularly entrepreneurial private clients may appreciate working with people who have a similar mind-set to themselves.

Bank-owned TCBs: The study highlighted that whilst many banks have sold their trust company post the 2008 financial crisis, some banks have retained their TCB offering for the clients.

The research concluded that when it comes to winning business, a TCB will be invited to a 'beauty parade' where they will pitch. Invariably there will be three/four TCBs, a bank-owned, a PE-backed and/or listed and an independent.

Industry consolidation

The research discovered that the TCB sector in Jersey has seen considerable consolidation over the last decade, with PE-backed TCBs swallowing up smaller independents. Some private clients stated that, from their perspective, "it's horrendous. Fees go up, service goes down, people leave, you don't know the person you're dealing with. Then there is a new owner in five years. This is a challenge for the PE-backed TCBs to change clients' perception."

The study found that, whilst some respondents interviewed predict that consolidation will continue in the sector resulting in fewer 'smaller' TCBs, others suggested that we will see a full circle and that there will be spinouts of smaller TCBs emerging, either as a SFO or a team of TCB professionals setting up new businesses.

"It's all about risk management with trusts, about horizon scanning in particular", Clive Wright mentioned.

Education and psychology of wealth

Jennifer Le Chevalier commented, "an ecosystem that deals with financial and philanthropic education, drawing from third parties, a philanthropy workshop, putting on webinars, fixed income managers, and asset investment advisors; the whole environment supports our family office proposition and deals with philanthropy, ESG, investing and education".

The "wealth creator wants to continue their legacy, it's their wealth that you're holding for the beneficiaries. It's a hand holding exercise, a lot of it though is not just the

psychology, but the technical and the financial details", as a TCB professional commented.

The study found that "the psychology aspect is critical, because you have to assume the role of a psychologist in dealing with the softer issues of families. It becomes far more important than the hard education. You're dealing with the family dynamics, the emotions, and all the family issues that come with growing up, getting educated, getting married, having children, getting divorced, or death and succession planning. It's a huge role. There's a huge responsibility on us. Sitting alongside the family throughout is a critical role".

The research discovered that wealthy families "have some children that have become entitled and just can't pass A-levels because they know that they are coming into a big payday. A lot of people are under the misconception that wealthy families have it easy. They don't. They grapple with the very same issues that everybody else does. They are amplified because the children are encumbered. Suddenly they have this added burden that they can't actually even cope in the real world". This is a big responsibility for trustees and directors, as they have to be alongside those families and go through the journey with them.

Nigel Le Quesne suggests, "You have to be brave, when you know the family well enough, to be able to say things that might or might not be controversial around that. Some 25-year olds can absolutely cope with getting £250 million landed on them, and they'll be responsible for it and not spend it all. There is definitely merit in keeping the reins on for as long as possible".

Family office incubator services

Our study highlighted that wealthy families use TCBs for outsourced family office services – an 'incubator' service. The TCB supports the wealthy family until it can set up a SFO for itself. The tipping point will depend on many factors, such as size of wealth, complexity of structures, number of family members and where they are resident, multiple jurisdictions of assets etc. It will be an analysis of cost versus benefit for the family. Services include setting up and managing structures, succession planning, next generation wealth transfer, accountancy, tax, legal, governance, compliance, administration and concierge, in addition to managing the complexities of wealth for the family, as confirmed by Heather Tibbo.

Jennifer Le Chevalier commented, "we're not a single-family office, or even a multi-family office. We talk about supporting single and multi-family offices, in a 'virtual family office environment' where you have a group of advisors and practitioners who come together and take care of a family; it's another option to having your own family office".

Thematic governance

The research study found a rise of 'thematic governance'. It has become a prominent, important issue for families. Ten years ago, families settled for a standard trust, around fiscal efficiency and investment performance in public markets or real estate assets. Now, it is governance, asset protection and transfer of wealth to the next generation.

The findings of the study found that there are discussions and debates on key themes, such as philanthropy and ESG. "Some of my clients are used to speaking about philanthropy and giving but don't quite know where to start. Or we're not committed because they're still in the build phase, trying to grow wealth. Now we're in a situation where beneficiaries and the next gen want to kickstart that philanthropy".

The research discovered that 'Gen one' and 'Gen two' and their advisors are still very focused on governance, family charters and distribution policy. Some big trusts are looking to double value in a generation. "Questions like, how much do you distribute to Gen two, when it's going to be there for Gen five? The real calculation and algorithms that you should be looking at, in order to consider and agree how much money any one beneficiary can have out of this very large environment? That's quite a tricky exercise. I find a lot of beneficiaries want equity and transparency. The idea of the old-fashioned discretionary trust doesn't really work for next generation", expressed one TCB respondent.

Culture

The research revealed that TCBs have experienced a "change from traditional 'older money', through the globalisation of wealth from the Middle East, CIS and Africa. This has created cultural demands on a trustee, in respect to what we have to do and how we do it. Jersey is being used as a safe haven jurisdiction, from where they have the majority of their wealth, and their family. For international private clients, Jersey is an asset protection environment, a genuine flight to quality", as Ben Newman suggested.

Next generation wealth transfer

The research found that some wealthy families face a challenge to involve the next generation. For example,

"With great wealth comes great responsibility"

(Lucia Perchard)

"I have a family trust where dad generates the wealth, who is based in the UK; very intelligent and normal family. He is desperately trying to get his two children to engage in taking over his environment. They've been coming to meetings for about the last eight years. But when you try and engage with them on particular issues that arise in terms of the structure, they are very much of the view, dad's got it. He can't actually get them to take responsibility for it. It's nice in some ways, because they're not asking for distributions, but they're not actually that interested in it. They think that he's the steward of their family wealth".

One TCB professional stated that "it is less about succession planning, it's about restructuring for the different needs of wealthy families as they move through their own journey, e.g. an old more 'vanilla' structure might now have the second generation children with very different views on the world. We are seeing work around family charters, etc. because their style and approach to investment might be very different".

As Ben Newman stated, "it is the psychology of wealth, Generation X are about ownership, they're not about increased assets, they want to have a lot of freedom, they will take their interests through emotional activities. That's why the 'giving' is more entertaining than the collecting in some ways, and that's where philanthropy comes through for them, it's a work life balance that is important".

With business succession, the patriarch might want the culture to remain in the business, but the second and third generations have a slightly different view to how they are going to run their business. It is that balance between the old and new, from a succession perspective and the planning around it, which is really core to the family's values, as Iain Johns declared.

The study found that in Asia, TCBs are not seeing transfer of wealth as early. Patriarchs and matriarchs hold on to their wealth much longer before transferring to the second generation. However, the second generation are more comfortable in handing to third and fourth generations because they are aware of how many people are relying on it.

David Stearn suggested that one of the reasons for a client to hold their wealth in a company or in a trust, is asset protection for the next generation. It is because they are concerned about the burden that it will have on the next generation, when they inherit it. They are concerned that if their time comes unexpectedly early, the wealth could be left in the hands of very young people, who are not equipped to deal with it.

The research revealed that "wealth creators are putting money in their children's names now, so that they can actually see how they cope with wealth. They say, here is £15 million in a trust for each of you, but I still want to keep an eye on it, I still want to have my advisors keeping an eye on you, because I just don't have that confidence yet", as expressed by Paul Roper.

Darren Kelland shared that each family is different. "One patriarch and protector is keeping a really close eye on everything. The children are beneficiaries but the instruction we have is they become beneficiaries following his demise and not beforehand. However, there is another family where their teenage daughters are very much involved in the family business, in the direction of the family in terms of acquisitions that they're making, both from an investment and a lifestyle perspective. But there is definitely a trend towards the older generation passing on wealth to the new generation much earlier in their lifetimes than previously."

ESG and sustainability

Our research found that some private clients are passionate about ESG and some are simply not interested. TCB professionals expressed that it has become a bigger factor post-COVID-19 as "it has focused the mind".

Nicola Gott confirmed that "the ESG piece resonates with Gen Zs and the millennials most definitely, Jersey as a whole will see every single investment manager advocating its ESG measures and portfolio performance".

The research revealed that TCB professionals are having debates with their clients, "who are clear that they want green energy. Some of the biggest backers of green energy are now the oil companies. Shell is typically an oil company. Negative screening, you wouldn't invest, but actually, they've made a commitment to cut carbon emissions by 90%, by 2025. That creates an interesting and healthy debate for people".

Tim Cartwright shared that "clients have created trusts and their letters of wishes can be slightly different from 20 years ago. They recognise that the trust is a fluid document. In respect of the wishes of the next generation, when new structures are created, whether it's a PTC or a foundation or whatever it is, they are drafting wishes that now include

"sustainability and philanthropy are really important areas in private wealth management" *(David Stearn)*

positive reference to ESG."

"To be honest, sustainability and philanthropy are really important areas in private wealth management", shared David Stearn.

Philanthropy

Our research found that some philanthropic clients do not do it with structures. Anecdotally, "they'll tell you that I've given money to this, or put some money there, such as leaving a sizable estate to a charitable trust, which benefits the arts in the UK", was one example.

"In philanthropy, some clients want publicity for it, and some of them would absolutely rather not have the publicity. But in both cases, they're going to want to be able to record it, and have it available, were they ever to be questioned about it. We use a phrase 'legitimate privacy'. I would advise today to make sure every penny gets recorded somewhere, because what you don't want is some rogue tax authority or lobbying body to come after you, suggesting that you don't do what you say you're going to do", expressed Nigel Le Quesne.

Mark Lewis mentioned that "there are lots of good signs that wealthy families are very interested in philanthropy and engaged with the community".

Technology and digital platforms

The research found that the younger generation of wealthy families are driven by technology or technological processes.

"We've tried to be a little bit different and use thought leadership to approach the market in a slightly different way. How do you stand out from the crowd where everyone says they deliver 24/7 service and fair fees? JTC developed its tech and digital solution, a client digital platform called 'Edge', within their private office", shared Iain Johns.

Nick Cawley explained that "clients are demanding real-time access to portals where they have a single source of static and live data coming through. We are building tech solutions for the second and third generation".

Nigel Le Quesne expanded, "we have created a platform for wealthy families (UHNWs, private offices) where they can remotely and securely access consolidated reporting, including investments, trust deeds, legal advice. It can include everything, and clients are able to interrogate it, as and when".

Jennifer Le Chevalier confirmed that they have developed a private client portal called 'Cosmos'.

Trust and loyalty

The research discovered that people are a massive factor for wealthy families; it takes years to build up relationships, in some cultures it takes 5-10 years to build the trust with an advisor. TCB is a people business, it is human nature.

The study confirmed that "clients get locked into the relationships they have with our people within teams, we've kept the focus on service excellence by virtue of the model we've created, which is, 'we don't hand clients around'. We respect relationships are the reasons why they joined us in the first place", as Nigel Le Quesne mentioned.

"We don't have a huge amount of staff turnover for the very reason of the shared ownership. We've got longevity from our people. We've got people who are client directors who feel like they really own their book in their own way. They go the extra yard for our clients", Iain Johns confirmed.

"We're quite well set up fundamentally, our clients are quite sticky and don't like moving, once we have built a relationship. One thing, with private clients in particular, I always say is, you really don't want people to dread their meeting with a trustee. We encourage our people to be as professional as they can", added Nigel Le Quesne.

The research found that building trust comes down to doing the right thing by people, which comes from really getting to know them. "Spend time with people, ask questions about them, rather than dwelling on the services that you think you can provide. If you take that time, normally they get to the point of realising that, actually, you care, and you're there to help them. They'll give you more information. If you respect that information and use it to try and help them achieve what they want to, then you'll get to the point where, even if they're concerned about giving away control, they'll decide to proceed". "Get to know the team that's helping the client out. You have to get to get to know the client. Get to know what their short and long-term aims are".

Once they proceed and see that, actually, the structure is working for them, "trust starts to build at some point along that route. It's about communication. The same in any walk of life. If you're in a relationship with somebody, as a friend or as a partner, then you grow to trust that person by communicating with them and delivering on what you say. That's all we need to do", shared David Stearn.

"the psychology aspect is critical"

Jersey as a jurisdiction

The research found that the government, finance body and regulator work together to promote Jersey as a strong well-regulated jurisdiction, and to benefit from its proximity to London.

Lewis Buckley shared many TCB professionals' view in that, "we have fantastic regulation and legal system. Jersey strives through the regulator to be the best in class. I don't think there is another offshore jurisdiction that has the skills that the Jersey finance industry is able to offer internationally".

Paul Glennon suggested that Jersey will continue to have scrutiny from the EU and OECD, with regards to substance and registers of ultimate beneficial owner.

Mirek Gruna stated, "the drive for transparency is key. The global transparency in 35 years will dictate how trust structures will look, in the same way as transparency is driving the corporate world. There is still going to be the interest in legitimate privacy and preservation of legitimate confidentiality".

"There is a lot of intellectual capital in Jersey, which you don't necessarily see in some of the other jurisdictions", mentioned Dave Allen.

The findings confirmed that Jersey has a strong TCB sector with an abundance of trust professionals advising private wealthy individuals and families, with a suite of structures to hold wealth in an efficient and effective way.



3.4 The Family Office Sector

Family offices can now be found in all regions of the world. Some research suggests there may be 5,000 family offices in the world with one or more employees and with $100 million or more in investable assets. Our research study revealed that there are an estimated 80-100 single family offices based in Jersey.

In every jurisdiction, the term 'family office' means different things to different people in the private wealth industry. Our research study confirmed three distinctive models:

- Single-family offices (SFO) – where a single family employs its own in-house team of experts to serve its own needs – as a result the set-up costs are high
- Multi-family offices (MFO) – where a number of families have teamed together in order to gain efficiencies – the multi-family office serves the needs of the different families
- Family office service providers (FOSP) – where families outsource the family office functions to a third-party specialist provider

However, subtle differences lie within each category. Each and every wealthy family is absolutely unique, with its own nuances, complexities, specific requirements, goals and strategies. Our research focused on Jersey-based SFOs, where the principals reside in Jersey or reside in other international jurisdictions.

SFOs range from simple operations to the more complex, which work on behalf of families involving several generations; multiple asset types located in different jurisdictions involving discrete holding structures, where legal and tax advice are critical to the success of the family office. The amount of wealth required to make a SFO economically viable is considered to be £100-500 million or more.

Families with assets of up to £100 million typically do not have a dedicated family office due to the large set-up costs and maintenance. "To build a team of five or six people, they're going to spend £1 million and it's not affordable nor efficient. People don't necessarily want to jump into a full-on SFO set up, which is where family office service providers facilitate an incubator service."

Asked why they seek specialist third-party family office service providers, most family offices list expertise in investments, governance and succession planning. Family offices are looking for long-term trusted advisers, who can be an extension of their SFO and add value to their in-house team of experts – and for them to be extremely responsive and demonstrate integrity and discretion. In addition, family offices employ internal or external investment managers to manage their investment portfolios, such as cash, listed and private equities, mutual funds, hedge funds, real estate, and collectibles, such as fine art, fine wine, super cars, watches, precious stones and jewellery.

Why have a family office?

Should certain threshold conditions be met, a family office can become a centralised and cost-effective hub within which the financial, family and other affairs can be managed. Common considerations include:

- The amount of wealth – a net worth of £100-500 million – to make it economically worthwhile
- The needs of different branches or generations of the family, who might have wealth management requirements
- The complexity of the family's affairs – international cross-border issues and a mix of different assets in complex structures
- The overall efficiency of the family's wealth management
- An opportunity to engage with the next generation and for children of High Net Worth (HNW) families to be involved in the family office
- To achieve privacy for the family – employing a small team of trusted people

One of the key determinants given by family offices is absolute confidentiality and making certain that only a select few know about the affairs of the family and the structuring of how it all works.

Drivers

The research study found that wealthy families set up SFOs due to the size of wealth they have amounted. Not necessarily the 'size of wealth' but the complexity that wealth brings with it, "the complexity of the multiple assets you have", as one SFO stated.

Wealthy families start with external advisors, whether tax, investments, fiduciary etc. They might even employ the services of a multi-family office service provider. However, over time many wealthy families decide to bring those services in-house and employ a team of trusted people – an accountant, a banker, an investment manager and a lawyer – in order to maintain privacy for their family, in addition to being more cost effective. But the main driver is privacy; "the Paradise and the Panama Papers prove that", expressed one respondent.

SFOs need to have a special purpose vehicle (SPV); they need to have a trust; they need to have elements of a structure in place. They need professionals to do that. If you're going to trust an advisor completely, you are not going to give them £250 million, so you need two or three providers. You then need someone new, to manage those two or three providers, and it gets to a stage where you might have to just do it yourself.

SFOs in Jersey – how many?

The research found that there are approximately 80-100 SFOs in Jersey. As one respondent shared, "the number of families here with more than £250 million in wealth or a professional is managing it for someone who lives outside Jersey, but the family office is here in Jersey, I say is around 80-100". This was confirmed by multiple sources.

Teams

The research found that local private banks, trust companies, investment managers, tax advisors and family office service providers have dedicated teams of private wealth professionals to support key individuals at family offices, both locally and globally. Further, private bankers (PBs) manage client relationships directly with family offices or through a fiduciary. They focus on providing banking services but also introduce them to investment advisors.

Banking services

The study found that SFOs are looking for a fully personalised banking service, which allows them to "deal with comfort, allowing them to have a number of different types of accounts, all under one relationship, whether it be through an SPV corporate structure, or their personal names.



A facility where they can move money, either using online banking, or directly through a relationship director; have access to the corporate investment bank and our special solutions group; be able to invest through an investment advisor based in Jersey. Borrow, whether it's commercial, real estate, or residential, pretty much anywhere in the world, but predominantly London. Have access to all of the banks' balance sheet. Some of them want to be able to network with others, a lot of them just want privacy", as Charles Humpleby told us.

The study further revealed that no SFO has exactly the same financial requirements. The PB's job is to ask them what they want and find solutions. That solution could be better yield and could be that they want to keep assets protected; it could be that they want to invest aggressively. It could be that they want to borrow. They can do single loans or any type of lending, depending on the type of client. "It could be that they want to have a certain amount with us but only up to a certain level because of counterparty risk. It could be moving money to us because they've breached their counterparty risk at another bank. There isn't really the same answer for the same client. I wouldn't say there's any sort of commonality, except for the fact that we try and professionalise as many clients as we can. They're treated as a professional investor, which means we can engage with them far greater, offering a wider product suite than we would if they're classified as retail."

Multi-banking

The findings of the research study confirmed that some of the big SFOs could have 20 or 30 different banks. They will certainly have five as a minimum, which will be of significant size. Anecdotally, FOs will have one main bank, a second could be similar in size. The third and fourth, not much smaller. They will have a significant amount of assets with these five of a similar size; it may be that one has a slight edge because of a relationship over generations or more on their corporate side.

A respondent confirmed that "SFOs want a relationship with the private bank and corporate bank in multiple jurisdictions, such as Jersey, London, Hong Kong, Singapore and wherever else they are located. Some of the money will be facilitated through holding companies booked in Jersey and banked in Jersey. There is a growing demand for this with clients domiciled anywhere in the world, especially in Asia, Middle East and Africa, less so in Europe."

UK private banks usually look after family offices in the UK for people who are UK domiciled and live there, whereas they use Jersey if they are living internationally in Asia, Middle East, some parts of Northern Europe, Russia, and Africa.

Relationships

The research study revealed that FO service providers, such as private banks, appoint a specific 'client relationship director'(CRD) or 'general relationship executive' (GRE), who will bring in specialists, whether the corporate bank, an investment specialist, credit specialist, cash liquidity specialist, but they will always be in any meeting with the SFO.

"Private banks will also have a relationship with a SFO together with a private banker based in Monaco, Geneva or London. A named relationship director assigned to a client relationship can be called on a mobile at any time, within reason. It does depend on the size of the relationship and also the complexity. The relationship will be with one contact, who will then bring in specialists", expressed a respondent.

Trust and loyalty

SFOs we interviewed confirmed that the trust and loyalty, built over time, is with the individual; the trustee, private banker or trusted advisor, which is where the trusted relationship resides. However, SFOs revealed that if the professional moved firms, they would not necessarily move their assets or business from the service provider, such as a bank or accountancy firm etc., as the SFO wants to maintain a relationship with the firm.

ESG and sustainability

The study found that ESG and sustainable investing is a key priority for most Jersey-based SFOs. A bank with a 'green lending policy' is of significant interest. Further, a few SFOs confirmed that they would close an account if the service provider could not demonstrate such a policy.

Philanthropy

The findings of the study revealed that, in certain instances, a SFO will designate 20% of their assets to philanthropy. Due to a lot of wealth not being required for personal use, or for the family, there is a major drive towards impact investing. SFOs are looking at green, sustainability and philanthropy post the COVID-19 pandemic.

Next generation

The study highlighted that the principal of a SFO wants a robust infrastructure in place to protect themselves now and for future generations. The SFO will have a core select team of professionals (generally 5-10 people) with specific expertise in fields such as banking, investment management, accountancy and law, in addition to family members or close family friends. People who join the SFO from other organisations tend to never leave; once they are in, they are in forever as they become in-house trusted advisors. As the generations get older, they will bring in new family members, who are much younger, with new challenging ideas in terms of technology, sustainability and innovation.





3.5 The Legal Services Sector

Services of the Jersey private client lawyer

The research found that private wealth teams within Jersey law firms provide services to local trustees, whether banks, large Private Equity-backed trust companies or smaller owner-managed trust companies. However, the clients will be professional trustees, who are regulated within the island and provide trustee services.

As Josephine Howe explained, legal advice will be in relation to either 1) setting up new structures, which happens less frequently now; 2) restructuring existing structures, which has been a common theme for the past five years or so; and 3) generally, on the day-to-day matters of trustees administering these structures.

Respondents commented that there was both 'drafting' work and 'advisory' work. The advisory work is often around trustee duties, for instance, determining/clarifying the scope of a trustee's powers. How can trustees limit risks and liabilities when they're exercising those powers? When trustees are transacting either at trust level or at a company level, the private client lawyer is involved in preparing transaction documents for lending, borrowing or guaranteeing at either company level or trust level. In addition, how does the trustee mitigate risk, so indemnifying and releasing any risk from beneficiaries?

The study also found that, often in relation to the day-to-day administration of trusts, there are additional beneficiaries, distributions out, indemnities, changes of trustees, change set protectors, as well as a lot of advisory work around the Financial Services Authority scope. These are powers where if there is a potential breach, the lawyer can advise if it can be resolved without court involvement.

In addition to that, the private wealth team will advise the principal family members. This might be advising settlors and beneficiaries directly. Generally, they are not based on the island. Private client lawyers also advise single family offices and advise trust companies, which administer, under the family office umbrella, quite bespoke structures, which would be family offices, which have a trust company service provider involved in the administration and there are regulations. They tend to be the private trust company (PTC) type structure, which can be quite large. Wealthy families might consider a family office, but these are slightly distinct from a standalone family office with direct employees, premises, etc.

The research highlighted that in terms of the family office, lawyers offer a number of services across the firm. As well as the private client side, Jersey law firms also give advice on structuring wills and succession planning for individuals who are resident in Jersey; the regulatory aspects of the structure; whether it needs to be regulated and to what extent it needs to be regulated.

Private client lawyers also work with their local legal services team, e.g. if they have a new family office coming in, they assist with the property requirements, business licensing, employment policies and procedures and the local law aspects. Jersey law firms also have a corporate regulatory team, which often advises on the regulatory aspect as well. In addition, the funds team is very active in the family office space; the family offices often have a private fund type arrangement, where the principal role of the family office is to deal with the family's investments, Josephine Howe told us.

Private Clients

Private client lawyers look after trust company intermediaries and also international families, who will not have professional intermediaries in Jersey but will have Jersey structures.

The study concluded that whilst Jersey private wealth teams have a large percentage of clients that are local trust companies, they also act directly for the families themselves or family offices, which may or may not be based in Jersey. Siobhan Riley confirmed that other jurisdictions include the Far East, Middle East, UK and US.

Geographic location of private clients

The study found that some Jersey law firms reported 70% of their clients come from local trust companies. On the other hand, other Jersey law firms have over 90% of their private clients based in the Middle East, such as in Saudi Arabia, Kuwait and Qatar, with which they have direct contact.

Instructions

The research found that instructions often come from onshore law firms or accountants. Onshore firms tend to provide the tax advice; as part of this tax advice they will have recommended a Jersey or offshore element and that is where the Jersey private client lawyers come in.

The study identified that sometimes the trustees are not identified until after the lawyer has come in or sometimes it is the trustees who bring the lawyer in once the Jersey law firm has been identified. Private client lawyers also advise on succession planning for non-domiciled who have assets in Jersey, so principally bank accounts, interests in shares

in Jersey companies or real estate investment trusts (REITs), under nominee agreements in relationship to companies. Lawyers also help create wills of movable and immovable estate for Jersey-domiciled clients. So, the local High Net Worth (HNW) community often has trust elements as well, because there could be quite substantial assets.

In addition, they also advise on the legal side in the charity and philanthropy space. So often the trusts that are being established are Non-Charitable Purpose Trusts, which have a philanthropic aspect to them, so they are not exclusively charitable.

The study found that private client lawyers have also worked with a number of charitable trusts and charitable trustees in relation to registration on the new Jersey charities register, also advising trusts which have decided not to register or if they had, whether there was a requirement to do so.

Types of structures

The research study found that trends have not changed. There will be the wealthy family that wants the trust company service provider model, which tends to be a PTC purpose trust; there are several discretionary trusts, for either different asset classes, different family groupings, different beneficiaries in different jurisdictions. A sort of segregation of trust level. However, with a stand-alone family office PTC, the trend continues to be for a corporate structure; a family office company that provides services to family members and employs the employees that are required to do that. The interest seen in these kinds of structures are not set up day-to-day. However, when they are set up, they tend to be substantial in terms of high-net-worth value. Often, they are very bespoke, and the PTC trust company works for these.

Simon Vivian shared that "personally, we are not seeing many foundations, we are seeing an increase in PTC structures, which largely comes out of the fact that the family is then able to have a greater level of involvement and control over the structure. And yes, we are seeing traditional trust structures looking at our other offices. So, Africa, in particular, is seeing significant use of trust structures. Both local South African structures and offshore and that is traditional trust structures."

The research identified that the standalone corporate structure has a very particular purpose and perhaps has been more carefully thought through because it is going to the lengths of actually establishing its only business and employees. There is still an interest from the Middle East in relation to the PTC structures. There seems to be a trend where some structures, that have been established under the umbrella of the purpose trust PTC within a trust company environment, are starting to 'spin out' and establish on their own.

They may have had a structure that's been looked after on the island, by a trust company service provider, and those families are now looking to take it to the next level and split it out. There has been a trend towards this in the last few years, with some of the family offices setting up in Jersey, a real presence, some of them taking some staff with them that have been involved in the structure, and some of them starting completely afresh, but moving that structure out of the trust company and into its own space.

The research revealed that whilst PTCs, traditional trusts and foundations are very popular, wealthy families are still not educated in that regard. They definitely like companies over trusts. PTC structures tend to get too complicated if there is not an intermediary trust company involved. Some private client lawyers shared that they have had discussions with families in Kuwait, Saudi etc. for PTCs where they have come to Jersey, sat down with the lawyer and, while they need a PTC structure, it is too complicated in their heads. So, they actually end up with a series of trusts, effectively modelling a PTC structure without an actual PTC, which gets even more complicated.

Fred Milner confirmed that they are advising on a spread of structures, from simple traditional trusts to more complex structures involving substantial wealth with PTCs, multiple trusts, multiple PTCs with a high number of corporates involved, in some cases up to 100 corporates and probably LLCs (limited liability companies) and limited partnerships. They also advise on foundations, "so a real mix".

One lawyer stated that, in general, structures are more bespoke; people have got more choice. The research found that it costs more to have a PTC structure, due to the structuring of it, adding board members and the trust company having to liaise, actively and meaningfully with third parties, who are power holders in the structure. This all adds a layer of cost. The biggest and the more valuable structures are more aware of that.

The research found that philanthropic foundations have also been set up, which lawyers consider a good thing for Jersey, especially when they seek registration as a Jersey charity. Whilst some have had an existing relationship with

"… a 50:50 split of work between setting up new structures and restructuring of existing structures" *(Josephine Howe)*

the island, some have been international. It is something that Jersey, as a jurisdiction, has been trying to promote – its philanthropy side, and now hopefully there is some traction. Some wealthy families want to have a foundation because it is an entity. They can go out internationally; people come on staff, they have got a paper saying this is XYZ foundation, it has a website and it is much easier for people to understand.

The study found that there are two main drivers to set up a structure, which are succession planning and asset protection. For Asian and Middle Eastern families, it is definitely succession planning.

Why private clients set up their structures in Jersey

The report found that Jersey benefits from a number of factors: a stable legal system, a clear regulatory system and good lines of communication with the regulator. In addition, its proximity to the UK is one of the selling points: outside the UK but still half an hour's flight away. Jersey certainly has more to offer than the Isle of Man and Guernsey in terms of facilities, as one private client confirmed, "if you are moving your family here, it's an easier move. And ultimately, in terms of choosing Jersey as the location for my structure, it's the skills and the professionals that are here that helped decide, I just think Jersey does all of those things better and has more to offer from a lifestyle and services perspective".

Respondents also confirmed that tax is a factor. Jersey is tax neutral, so a private client will only incur low taxes. Other lawyers confirmed that the stability of Jersey as a jurisdiction, with quality wealth professionals, superb court systems and access to justice is very appealing. Jersey really is a safe harbour.

As Fred Milner confirmed, private clients want a jurisdiction that is stable, both economically and politically, with prosaic reasons, such as time zone, transport links and an accessible location, all being very important. A talent pool of professionals, whether lawyers, bankers, tax experts, investment managers, trustees and administrators, is a big factor.

New structures or restructuring of existing structures

The research study suggests that there is a 50:50 split of work between setting up new structures and restructuring of existing structures. David Dorgan explained, "In the last seven or eight years there has been more restructuring than new structures with a few blips. In 2016, everything I worked on was a new structure. Then it went to restructuring existing structures. At the moment, I'd say it is probably a good 50:50 split".

However, other private client lawyers stated that 75% of the work they are doing now is reorganising things that already exist, with significant projects to bring things in from outside. Work includes one wealthy family wanting to leave another jurisdiction and consolidating to Jersey, they already know the island and have links through their structures. They need to simplify, professionalise what they are doing, because reporting is becoming an absolute nightmare to do from five or six different centres; choosing one or two centres, in order to have a diversification perspective. However, Jersey is often one of the two or three.

The research also found that BVI companies are coming in. Panamanian foundations want to come in, which are generally good business and are of quality; holding quality assets and nothing high risk, they just use another jurisdiction. They need to have a centre for reporting, they want one place, where they have their board meetings; if they are on the board, from a substance perspective, there is a requirement to have physical board meetings here.

The research suggests that the movement of structures to Jersey has been, to some extent, driven mainly by the banks; top tier banks who say they cannot deal with someone as a client, no matter how wealthy they are, if they have a structure in a particular location. Certainly, some Panamanian foundations are struggling to maintain their relationships with their key providers, financial institutions, because the financial institutions are now saying that they will only engage with certain approved jurisdictions. Jersey has benefited from this.

Jersey has been a deliberate fast follower of global standards of regulation, this is to the benefit and attraction of Jersey as a jurisdiction. However, as Siobhan Riley mentioned, without doubt, there are more structures being set up, not necessarily more complicated, but they are much bigger in value with the view to sort out the long-term benefit of the international wealthy family.

New wealth creation or next generation

The research revealed that the first-generation wealth makers have the money to set up new structures. The challenge for older structures is often that the structures have been set up and used over a long period of time. Private client lawyers are actually now seeing a cycle of trustees having to deal with getting families back to work, because they have lived from a trust fund and have been

supported in a way that actually the trust fund cannot sustain, particularly as the family has got bigger and everyone is drawing from it, resulting in the fund being depleted in some cases. No one has added to it since three generations ago, there is no new money.

The study discovered that some wealthy families take an inordinate amount of time for them to conclude that having some kind of asset protection structure or succession planning is a good thing. This is of significant importance when the patriarch or matriarch is domiciled in another country and is elderly or ill, where the assets or business could be embroiled in probate for years, without a structure in place, as shared by Alexa Saunders. The global pandemic has created a paradigm shift for many wealthy families. The research showed that, sometimes, the relationship a private client has with their Jersey bank can instigate discussions on succession planning.

Global mobility

The research concluded that the world is now more mobile than pre-COVID-19, at least wealthy families are moving around the globe and choosing a centre of life that suits them, that is in the interest of the family generally, a more neutral base or somewhere that might be politically more certain. HNWs are also moving from where they are based now, just knowing from a climate perspective that they probably need a plan B, because of the way that evolving climate issues may affect their home countries.

Change in demographics of private clients

According to the report's findings, on one hand, wealth creators are certainly younger and many still have young families but, on the other hand, the life expectancy of older wealth creators is much longer. Private client lawyers are seeing older settlors and creators, with three or four generations of family involved.

As Robert Dobbyn explained, "for the tech sector, private equity and hedge funds, entrepreneurial clients can be significantly wealthy at a relatively young age, sometimes in their early thirties". Further research revealed that clients in Asia or the Middle East, with traditional established businesses, were traditionally older wealth creators in terms of age of sixties plus.

Respondents mentioned that, with new wealth creators, it is much simpler because you are at the end of the scale, they just have one patriarch to deal with, and a young family. But increasingly at the other end of the scale, it's getting more and more complex. That's where lawyers are seeing a lot of the restructurings. Spin outs of long-standing structures are on the increase because some of the second and third generation want to be more hands on and private, with a very different outlook. Privacy is a big consideration wherever you end up putting the structure, however, some of the next generation think it would be more private and controlled if it was in their own domain.

Respondents to our research revealed that structures with families in multiple jurisdictions are sometimes more complex. If a world trust is set up for a wealthy individual, with adult children involved in the drafting of that trust, there are family dynamics at play. It is not straightforward.

Private client relationships and loyalty

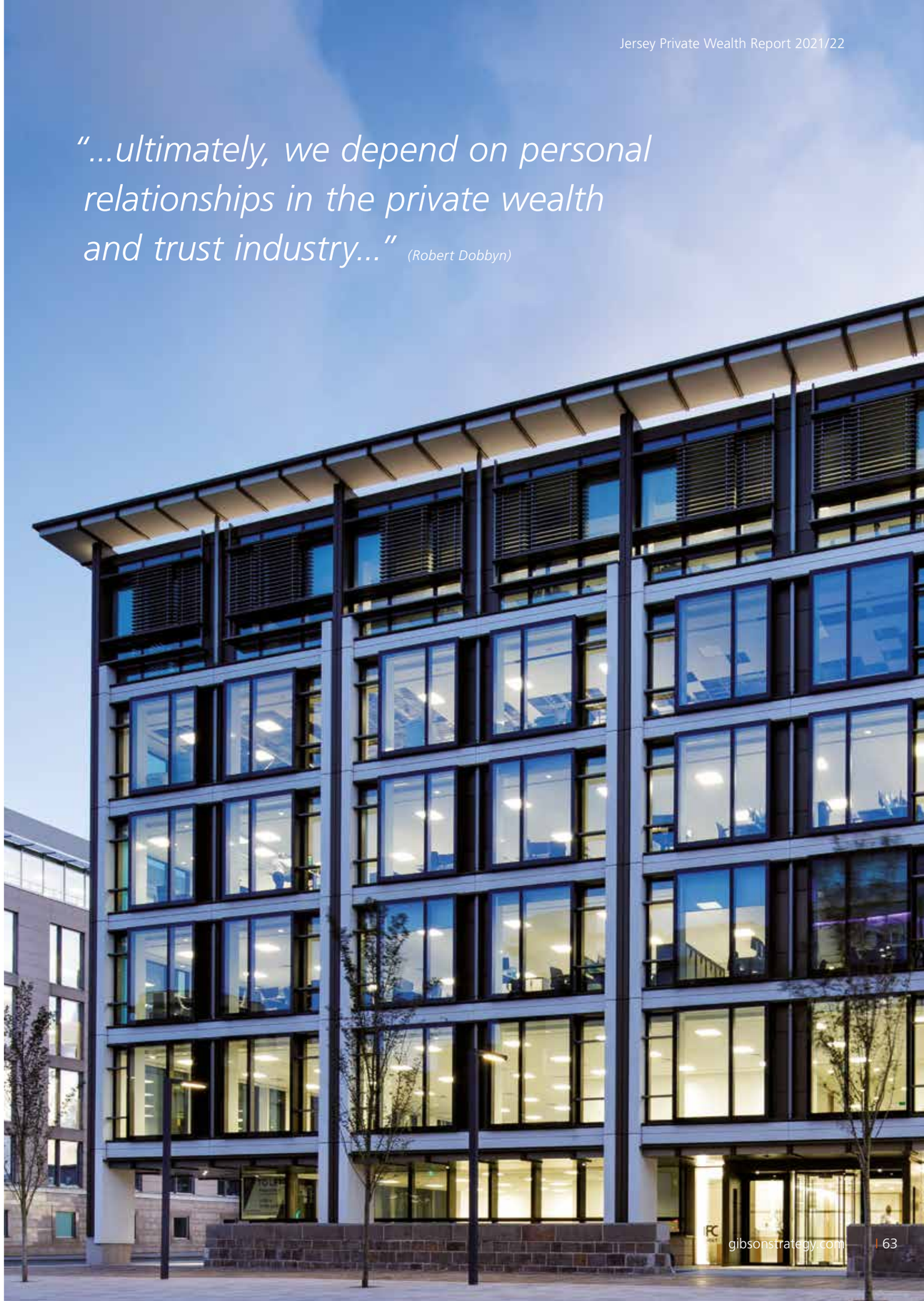
Private clients interviewed revealed that the private client or family office loyalty is with the lawyer rather than the institution. However, with large global firms, which are spread around the world, that, in itself, can be an attraction, as explained by David Dorgan. Further, it is difficult to build up a relationship with the principal of the family office, as the lawyer will deal with the employees on a day-to-day basis and, while they know that the principal is always in the background, they might deal with the son or daughter or the in-house lawyer. It is only when things might go wrong that the patriarch or matriarch steps in. From the trust company's point of view, the relationship might be with the in-house lawyer, or the family office might even have its own law firm.

Our research found that the COVID-19 pandemic has affected relationships between private clients and their lawyers. As Robert Dobbyn explained, "ultimately, we depend on personal relationships in the private wealth and trust industry, with people all around the world, and the absence of being able to actually go and spend time in person over meals etc. is something that we still consider negative".

Wealth transfer

The research findings suggested that wealthy families in the Middle East transfer their wealth on their deathbed, whereas European families tend to be a little "less controlling" and are "more willing to allow wealth to filter down to the next generation earlier". That is not to say Middle East families do not do that, because they do; the children are usually involved with the family businesses one way or another, and actively managing the businesses. They just do not necessarily have the beneficial ownership of them until mum and dad pass away.

"...ultimately, we depend on personal relationships in the private wealth and trust industry..." *(Robert Dobbyn)*



Private client lawyers who build up provisions, for example, a PTC structure, might have classes of directors whereby certain classes are made non-executive. So, they are still directors, they sit on the board and watch what is happening. The next generation learn through osmosis and by just being there; that is a stereotypical way of doing it. Otherwise, it is the family teaching them in the background who try and motivate them to be involved and active participants.

Private client lawyers might work for the family and another law firm acts for the trust company in Jersey. It might be a philanthropic structure at the top, with a family trust associated with it which is the driving force. However, the children have their own trust structures, they are all involved. Although getting past the parent and the family lawyer to talk to the children is quite problematic sometimes.

Philanthropy

The report's findings revealed that older, charitable structures had fewer goals around them. Now that the newer philanthropic structures or charitable structures are the founders, or the settlors have very clear ideas about how they want it to work, what they want to benefit, and they have quite strong views about how the trust should be administered. Further, in terms of generating as much income as possible is partly driven because the wealth creators have generated their money by growing businesses and investing in markets.

The research confirmed that investment professionals want their charitable trust to be run in the same way as their discretionary trusts. They are keen on being involved, but also have very strong ideas about who benefits; it is not just a big pot that goes to charity. In the future, there are more parameters around what should be done, which will make for interesting structures. However, there still seems to be genuine desire for people with substantial wealth to put a decent amount of that aside for charitable purposes.

ESG, impact investing and sustainability

The research study revealed that ESG, impact investing and sustainability are driven more by the younger, or slightly younger, family members. Further, it is becoming increasingly important that the money is being invested in a way that they can feel socially conscious, that it is being invested properly. "It is a way for the older generation to get the younger generation involved in the transfer of wealth, in a way that interests them", Robert Dobbyn explained.

Private client lawyers have had inquiries from trustees, asking to advise how they should exercise their trustee powers. Whether they should be taking into account things like ESG when they are under a duty, if possible, to maximise, preserve and enhance the trust fund. To what extent should they be investing in something that might have good returns, but may not have the right social return, compared to something that might not give as high returns, but from an ESG perspective is acceptable and the family is supportive of and the trustee wants to be involved in? So, there is a balancing act.

For the trustees, according to Josephine Howe, the longer-term view is that, increasingly, ESG is a good investment; because businesses that are run properly have accountability to their shareholders and are investing in renewables and assets that are not going to become potentially valueless. Therefore, potentially, coal gas in terms of investment, at some point, will either run out or become untouchable. If you are wholly invested in those, is that a good idea? Private clients are increasingly seeing ESG investments as being prudent long-term investments. However, it is definitely something that is on trustees' minds, they are making decisions with their own moral hats on. But also, with the support of the wealthy families and how they can juggle their requirements to invest to maximise the return of the beneficiaries, with perhaps their 'ESG' and ecological children.

The study found that a lot more HNWs want to know what they are invested in because of potential unwanted scrutiny. HNWs revealed that in today's world, everything your family is associated with can be played back to you and that if there is ecological crime, even if it is not actual crime, it is considered to be immoral, or unacceptable, socially unacceptable, morally unacceptable. There is a great deal of scrutiny, a great deal of reputational damage and the family suffers; you cannot buy back your reputation; once it is gone, it is hard to repair. There is now greater accountability for how people are spending their money or where they are investing their money, as Siobhan Riley shared.

Research discovered that, in general, the next generation is well adjusted and aware of responsible investing or responsible behaviour. Further, the research demonstrated that there will be even greater scrutiny over the next five years, while the planet sorts itself out with the cost of COVID-19.

Litigation and disputes

The study found that litigation lawyers are usually involved when things go wrong. For example, disgruntled beneficiaries, who are looking to move from one trust company to another. They may have serious issues with their trustee, whether it is because they feel the trust was not set up with proper tax advice or they need to unwind it, because they are dissatisfied with the investment performance or with the decisions of the trustee or with their relationships with their family, from a regulatory perspective. When litigation lawyers are called in to look at an organisation, it might be that the regulator has asked them to commission a report which looks at AML (anti-money laundering) or CFT (combatting financing of terrorism) failings or other filings. Further, disputes between family members, or disputes within the trust which can sometimes arise because of the person's relationship within the family. However, according to David Wilson, a common theme for the last few years has been issues with fees and charging clients following an acquisition of a trust company.

The research study found that litigation is a delicate situation, as a client does not want to make an allegation of 'breach of trust', as the court proceeding is an open public document, which exposes their family's affairs to the wider world. However, if there is a trustee application for directions, then a trustee can make an application for directions and go to the court, which will have supervisory powers over the trustee. So, the trustee puts forward its position and asks the court to rubber stamp its actions. First of all, the beneficiaries are heard. Secondly, there is less chance of upsetting the trustee because the trustee has a sort of margin of appreciation. But thirdly, the whole proceedings are kept entirely private. So, for that reason, you are not seeing the full-on family dispute.



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3.6 The Independent Financial Adviser Sector

IFA clients

The research study found that the client base for Jersey independent financial advisers (IFAs) is quite diverse, however, 85-90% are local Jersey clients. Clients are younger and more affluent than 10 years ago. Nevertheless, those with substantial wealth, in general, are the older generation, aged fifty plus. IFAs interviewed mentioned that the majority of their clients are either highly paid financial industry professionals, or entrepreneurs still involved in local businesses or others who have already sold their business. The remaining 10-15% of IFA clients are non-Jersey residents, who established relationships and a connection with the island, such as families that have lived on Jersey and subsequently moved away, Paul Alker mentioned.

The research study found that IFAs find it difficult to establish a relationship with a new High Value Resident (HVR) relocating to Jersey, as they have perhaps previously had a 20-year relationship with a UK-based trusted advisor. A lot of Jersey IFA relationships are actually people that they have a long-standing relationship with, the 'mass affluent' but not the ultra-wealthy. IFA clients are in the sweet spot of up to £5 million (of investable assets) but nothing beyond this amount. The research supported that IFAs will rarely be involved with single family offices, whether local or international.

The IFA respondents suggested that their clients rely on local IFAs for financial planning; this is very different from wealth managers who work for banks and investment management companies. According to IFA respondents, the benefit of a financial planner is that they look to plan the client's financial future needs, their income and assets, and manage their expectation of the future. "We look after their money, but equally achieving their dreams for the future", one IFA remarked.

Shani Clark confirmed that her local clients have created wealth through sale of property and assets, or through inheritance when their parents pass on. Shani also shared that she is seeing more female wealth creators, and in her opinion, women need slightly different advice and would prefer to receive such advice from a female IFA.

Further research demonstrated that some IFAs position themselves as a high value private client consultancy firm, where clients can receive some financial planning techniques and disciplines and as such target local High Net Worth (HNW) clients.

The study also highlighted that clients of local IFAs are predominantly working professionals, who are looking at pensions and retirement, as opposed to wealth creators looking for succession planning solutions.

Financial planning

The study found that IFAs look at the overall picture of where the client is now with their wealth and ask where their clients want to be in the future; where they want to see themselves in 10 years from now; are they already retired, what kind of income do they need to sustain their lifestyle, because "the money sitting in the bank is not going to even beat inflation".

As Paul Alker stated, "as a financial planner, I develop a more holistic financial planning solution for my clients over the next 10 to 15 years, including cashflow modelling, which is really important nowadays". IFAs use various tools to show different risk levels in order to achieve their clients' financial goals. It is about finding their tolerance level. IFAs can also assist in other areas such as mortgages and pensions, "we never look at the product, we find our clients a solution".

David Steigenberger confirmed, "we are a financial planning firm, it's all about helping people achieve their financial planning objectives. That's what we do. Whether we use one investment manager or another, for our clients, it's largely irrelevant. Because that's just the vehicle that is helping them to get from A to B. We use a variety of analytical research tools and outsourced companies to analyse investment managers and discretionary investments on behalf of our clients, we look at volatility, drift etc.".

Gordon Bennie stated that they also analyse, interpret and rank discretionary investment managers using a broad spectrum of tools, as well as their own data. IFAs interviewed confirmed that they do not advise on collectibles, as they are not a regulated investment, however they do note them, as part of the client's overall wealth.



ESG and sustainability

Findings of the report discovered that there is definitely a shift of the IFA younger investors towards ESG and sustainable funds, where every investment manager needs to demonstrate their environmental ratings.

Jersey IFAs consider ESG plus impact sustainability to be a growth area. It is a huge way that IFA businesses can profit from naturally helping people to achieve ESG goals. But at the same time, they want to be able to encourage people to do something positive for planning social structures. There are lots of ESG strategies now, and some have merit, "if we can help direct private capital into what's needed by the UN Sustainable Development Goals (SDGs) and their objectives over time, then we can feel that we've done something good ourselves", Gordon Bennie commented.

The research found that IFA clients are still earning and creating wealth and therefore are not at the stage of having enough wealth to invest in philanthropic causes. However, Jersey IFAs considered philanthropy as really important, because without it, all charities would suffer.

Trust and loyalty

IFAs interviewed considered that they know their clients intrinsically and understand their needs. Most of their new business is generated from referrals, demonstrating the trust and loyalty of existing clients. IFAs use a lot of visuals to simplify complex financial projections, as one mentioned, "you do not need to complicate it, it isn't rocket science, we just need to demonstrate in an easy and clear way, how we make a plan for our clients' financial future. We make the whole journey for the client, a pleasant one, our clients appreciate our in-depth financial knowledge, and the trust is built because their expectations are met".

Communication and technology

IFAs confirmed that they conduct a minimum of one or two full client reviews per year, in recent years over Zoom and/or MS Teams. "We can talk to our clients, keep them up to date, but again, technologies help this because on our client portal, we can send out a general message, about what the financial markets are doing, about the property market in Jersey or something globally that may affect potential investments. And just maybe it gives them a little bit of knowledge, a little bit of insight to our arena, in a clear format and keep in touch. You've just got to maintain contact with clients, you've got to keep seeing them on a regular basis. Keep in touch with them. We make a lot of phone calls. Just even a 'hi, how are you'? Communication, communication, it is absolutely paramount to build the trusted relationship", one IFA shared.

Many Jersey IFA respondents provide their clients with a wealth portal, containing property values, pensions plan, savings, vehicles, cash levels, and so basically the information that their clients provide on the 'fact find'; it is then populated on the wealth portal. If the client wants to look at their headline pensions and it has grown from X to Y, they can drill down into the funds they have taken and view the fund fact sheets and risk profile. The client can change their risk file online and the IFA will be notified. If there is a change to the client's portfolio, the IFA will receive an alert and will subsequently contact the client in order to make sure the client has made an informed decision.

"We never look at the product, we find our clients a solution"

(Paul Alker)



Investors should be aware that the price of investments and the income from them can go down as well as up and that neither is guaranteed. Past performance is not a reliable indicator of future results. Investors may not get back the amount invested.

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3.7 The Lending Sector

In the Jersey lending market, there is a wide variety of providers offering loans for potential borrowers.

Retail finance – lending to consumer borrowers:

- Personal – loans, debt consolidation (credit cards, overdrafts, store cards etc.), life events, dental and cosmetic, education and tuition fees, legal fees, pet bills, holidays
- Business – commercial loans, asset finance, leasing, factoring, business start-up, commercial vehicle leasing, working capital, plant and machinery
- Motor and marine – car finance, marine finance
- Property and bridging loans – renovation and home improvements, investment opportunities, bridging, development finance
- Mortgages – first time buyer, re-mortgage, equity release, holiday homes, buy-to-let

Alternative finance – lending to sophisticated borrowers and investors (experienced in realising returns on property and investment opportunities):

For borrowers

- Structured finance, development finance
- Commercial/residential high value lending
- Bridging finance
- Private equity (PE)

For sophisticated investors

- Co-lending or co-funding programmes – opportunities for private clients, High Net Worths (HNWs), trusts and family offices to participate in loans with their money secured through a first charge on a property asset
- Loan note programmes – designed for private clients, HNWs, trusts and family offices where they agree to invest a sum of money for a fixed period of time which is used to fund a portfolio of customer loans

The banks' lack of appetite to lend in the alternative finance market has created growth in those using alternative options, either as a borrower or an investor.

As part of our research, we spoke to several Jersey-based alternative finance providers, who offer niche property or asset-backed lending for private clients, HNWs, trusts or family offices and often impressive returns for co-lenders/co-funders. Service providers will 'syndicate' with co-lenders, who are seeking an alternative investment with potentially higher yields.

We also spoke to a number of co-investors. HNW individuals are increasingly investing directly in private equity opportunities, co-investing and private lending. Wealthy entrepreneurs with good successful business acumen are co-funding loans and complex funded ventures, with alternative finance providers.

Private equity

PE is an alternative investment class, consisting of capital which is not listed on any public exchange. PE firms allocate investment money from institutions, insurance companies, or pensions, and HNWs.

Our research revealed that HNWs and family offices in Jersey are continuing to invest directly in PE opportunities to increase their investment yield. They are looking for long-term investments with low volatility and capital preservation.

A number of family offices in Jersey have begun to move into the direct lending market.

Private lending

The research highlighted that another option to PE, is the alternative investment market. This is a discreet service for sophisticated borrowers and lenders. It is private, or direct lending, where a syndicate of HNWs will be collated by a firm, the 'security agent'/'facility agent', who manages the process of utilising invested funds for lending. Matthew Lawrence told us they combine "strong deal origination with good quality underwriting", then manage the loan. Our research focused on the following aspects of alternative finance:

1. Co-lending, or co-funding, which is where investors seek specific projects in which to invest, for a specified length of time
2. Loan Notes, where an agreed sum of money is invested with specialist alternative finance providers for a fixed period, for them to use to fund a portfolio of customer loans

Private lending is not regulated in Jersey, although providers must still comply with anti-money laundering and counter-terrorism financing regulations etc. This type of lending or investment tends to be short-term and is fully secured against property or assets.

Co-lending

The study found that specialist alternative finance providers will be looking for investors to help co-fund a borrower's project, which are usually high value ventures. Loans are fully secured through a first charge on a (usually) property asset. There are a variety of risk/return profiles and term lengths on offer. Potential investors will be provided with details of opportunities for lending, which have been subjected to robust underwriting procedures and which meet the investors' predefined criteria. Interest becomes payable on the investment once it has been lent to the borrower, providing a return for the investor.

Co-lending tends to be used for higher loans and the investor has more knowledge about what their money is invested in as they are choosing the project in which to be involved. At the initial stage an investor will set the parameters they are willing to accept for each loan. Some investors will look at a potential project and the background to it more thoroughly than others. This method can be seen as more entrepreneurial; the investor has greater insight and involvement, to whatever degree they choose, loan by loan.

The investor's maximum loan-to-value ratio (LTV) is typically 55% or less, as agreed at the outset.

Loan notes

Loan notes have a guaranteed rate of return and are generally spread over a portfolio of loans, e.g. a loan note of £50 million may be spread across 150 loans. Investment is fully secured against tangible property assets, usually worth considerably more than the money the lender invests. The term is generally over one, three or five years, with interest rates varying based on whether the investor receives their return on a monthly, quarterly or annual basis; the longer the term and the less frequently pay-outs are made would generally generate a higher return for the investor.

"a discreet service for sophisticated borrowers and lenders"



With a loan note, investors do nothing more than invest their funds and collect the return on a predetermined regular basis; interest becomes payable as soon as the funds are invested and there is a fixed, guaranteed return until the end of the term, regardless of whether those specific funds are lent out or not. At this point, the investor can have their funds returned to them or they can choose to reinvest it for another term.

Returns for investors

Investors are attracted to this type of lending for several reasons; they understand it, it is fully secured against tangible property assets, in some cases they may know the borrower and the return rate on their investment is high. Co-lending will secure a higher rate of return. For example, our research informed an interest rate of generally "as much as 9% per annum", "so the interest rates are potentially higher" than with loan notes. The interviewee continued to explain that "the interest rate will depend on the LTV… the lower the LTV, the lower the rate".

With loan notes, as interest is paid for the entire duration of the term, whether the funds are invested or not, the return obtainable tends to be lower than that paid with co-lending projects. The research discovered that 6.5% on a three-year loan with annual interest may be a typical example of this. It could be argued that this is similar to putting the money into a bank or with an investment manager. However, the interest payable will be higher with a loan note than with a bank.

Due diligence

Respondents explained that an investor's source of wealth is always considered, and KYC (Know Your Customer) is undertaken. Investors looking to invest funds will be expected to complete a non-disclosure agreement prior to being given any information, e.g. the loan credit assessment data, for potential investment projects. Investors are also encouraged to have independent legal and investment advice before participating. Once all due diligence is in place, the lender will be sent an offer letter, although this is not necessarily committing them to proceed.

The research revealed that the lending client base tends to be those looking to diversify, those with disposable income or those who need to generate an income for living expenses. Interest serviced loans are particularly useful for the latter; interest can be paid on investments on a monthly or annual basis. A respondent said the majority of investors are aged over 50 and predominantly male or, sometimes, couples. They may be wealth generators, those approaching retirement or recently retired, e.g. retired trustees, HNWs; most likely we were told, "an experienced older individual with a nest egg".

Borrowing

Borrowers tend to be sophisticated private clients/HNWs who are looking for liquidity, they are often asset rich, but cash poor, so will borrow for a short-term to fund a variety of different requirements, e.g. residential or commercial property or development.

Risk

During the research, Matthew Lawrence explained that with their approach to co-lending, they will always use some of their own funds for co-lending projects and "subordinate to the loan holders. They get a very good degree of security, because all our money has to be lost on a loan before any of theirs is exposed." Whilst there may be no underlying guarantee, their money is always 100% secured against an asset.

Alternative finance specialists offer different levels of guarantee, depending on the product available. This needs to be taken into consideration by investors. Whilst one provider may offer a higher rate of return on the investment, there may be less security behind the total investment, thereby increasing the risk. Some providers lend alongside their investors, others use a model where they use their own funds first and take the initial hit in the event of a worst-case scenario, thereby offering greater security to investors.

The research discovered that a diversified portfolio is often recommended. Whilst there may be a minimum entry level, spreading the investment over more than one project helps reduce the overall risk.

Real estate credit broker

Islay Robinson explained how they are helping wealthy and international people borrow money against real estate. Core markets are generally in the UK, France, Spain, Channel Islands and to a lesser extent, in Austria, New York, Hong Kong, Singapore, i.e. where wealthy people have their properties.

Islay said there is a local marketplace for HNW mortgage borrowing in Jersey, but it is "incredibly limited and quite fragmented". They involve several international banks from London or Luxembourg who lend on the security and offer alternative solutions to the HNW. "There are still voids in the Jersey marketplace that are under-serviced." Jersey residents and high-profile developers in Jersey have exposure to the UK real estate market, either buy-to-let, previous homes, or commercial property. As well as London, some also have property developments in Austria, New York, Paris, and Thailand, so there is definitely an appetite for international property finance.





3.8 The Residential Property Market

Jersey's property market is performing well. This is substantiated by both our research and the Knight Frank Jersey Residential Market Update report (2020/21), "Momentum has been driven by a growing economy, rising employment, sustained inward migration, and a lack of housing supply".

The research findings support that those sales in the high-end property (£5 million plus) are evenly split between fresh new immigrants - High Value Residents (HVRs) arriving in Jersey and already established local wealthy families. Whilst most HVRs arrive through Locate Jersey, not all do; some come through accountants. However, Locate Jersey will be informed as a common courtesy, as disclosed by Aimee Sinclair-Horgan. Aimee confirmed that properties which are priced correctly are easily achieving the asking price, with some surpassing this.

Lifestyle choice

Jersey's overall Better Life Index ranks Jersey 19th out of 41 nations, placing it slightly above the Organisation for Economic Co-operation and Development (OECD) average. A high rate of employment and good education are clear attractions, as well as the excellent fibre-optic broadband connectivity speeds, which are the fastest globally, confirmed by the Worldwide Broadband Speed League 2021. HVRs are attracted by Jersey's extensive and experienced family office network.

The study found that nowadays most HVRs come to live in Jersey, as mentioned by one HVR, for "the lifestyle, a safe environment for our children to grow up in, together with great infrastructure, great restaurants and we want to help the local economy; it is not just a low tax environment". They normally have two or three properties spread across the globe. HVRs look at Jersey as being one of multiple homes; for instance, they might retain their 'hall' in the north of England, keep their home in the Caribbean and Jersey will be another spot on the map, due to the geographic location and its proximity to the UK. As Jersey slopes from north to south, highly sought-after destinations on the list include views over-looking the southern bays.

According to Garry Bell, the majority of those who come to Jersey have the intention of coming here forever, especially when they are in their thirties or forties with a young family. It is very rare to find people who want to relocate for only a couple of years. In addition, Garry finds that his new HVR arrivals are extremely keen to contribute to the local community. For instance, a recent entrepreneur gave up his time to help school children understand his business.

Younger HVRs

HVRs relocated to Jersey are a lot younger, in their late thirties or early forties, with children and still running their businesses, especially in IT, unlike years ago when they might have chosen to retire in Jersey. Kevin Lemasney, Director of High Value Residency at Locate Jersey, confirmed that 70% of HVRs applying for residency are under the age of 60 and 72% of them come from the UK. Private clients are generally creating their wealth earlier and they will be midway through their career or earning capacity. Many of these younger HVRs are working in Fund Management. In addition, those relocating to Jersey are also increasingly working in the tech, fintech and medtech industries, sustaining the already well-established financial and legal services sector, according to Kevin.

Therefore, whilst the new HVRs have a substantial amount of wealth when they arrive in Jersey, in fifteen years' time, they will be worth a substantial amount more.

Estate agents we spoke with, who are working with new HVRs, reported that often they start looking at properties in the morning in the £5-6 million bracket, but after lunch they are likely to ask, "What do you have available in the £10-20 million bracket?" and they have the financial reserves to back that kind of aspiration. The £2-3 million property has become a local market; HVRs will be viewing the £2.5 million plus market, in accordance with the HVR 2(1)e regulations.

Whilst some new HVRs want to create a new build, others are so busy with children, businesses etc. that they want a 'turnkey' solution. However, some HVRs are very creative and do not want to buy someone else's design for £20 million. Some look for a spectacular site, costing, for example, £9 million, with approval to improve and are then looking at a two- or three-year build. In the meantime, they will rent or buy a cheaper house to the value of £5 million.

Renting as an interim solution

The investigation found that the local market has climbed to above £2 million with professionals buying £2-3 million properties; new HVRs will buy at the £2.5 million plus. However, the biggest game changer, in recent years, is the ability for a HVR to rent – the pressure is off and now they can take their time and look around – a rent and build strategy. In actual fact, our research found that now that they can own two properties, some have bought one as a stop gap and then created a turnkey house themselves.

"HVR arrivals are extremely keen to contribute to the local community" *(Garry Bell)*

"In Jersey, there is a finite amount of space and property available. Out of the 20 or so HVRs arriving each year, twelve might buy and the other eight might rent for a year", said Roger Trower.

The research discovered that some HVRs get itchy feet after a year or eighteen months in a rented home and will then look to buy, once they have decided which side of the island they want to live on and where the preferred schools are – so 18 months is a good lead time to buy. In addition, there is a lack of high-end rental properties and the ones that are available have astronomical rents – as one HVR stated, "Do you want to spend £250,000 in rent or buy something in the interim?".

Interestingly, it was also discovered that whilst HVRs can purchase a second property, this is not a given; they need approval from the Population Office. Such approvals may be given with conditions, such as the property has to have been on the market for a certain number of years and over a certain price.

Schools

The research found that HVRs come to Jersey for the quality of education; A-level students achieving A or A* grades are often notably higher than in English schools. However, securing places for children at private schools is still an issue for HVRs as schools have long waiting lists. St Michael's and St George's are seen as the first port of call, followed by Victoria College, JCG, De La Salle and Beaulieu.

Sustainable growth

The results from the study confirm that 20 new HVRs each year are sustainable. If the number suddenly grew to 50 a year, the whole culture of the island would be impacted, although there is natural turnover with deaths and people moving off the island.

High-end properties

There is enough property on the market valued at £5-20 million. However, there are very few properties on the island in the £20 million plus bracket.

The study found that HVRs' demand for homes costing £10 million plus are significantly increasing, with a few properties in Jersey having sold recently for £25 million. To put into context, a £5 million property in Northumberland would probably cost an equivalent of £20 million in Jersey.

Jersey planning

The study demonstrated that Jersey Planning department is helpful and sympathetic to new builds and contemporary developments with good architects being involved. Sea views are on the top of the list, the old granite farmhouses have become a more local market desirable, whilst HVRs predominantly prefer modern glass structures.

Impact of COVID-19 pandemic

The residential property market continued to perform strongly, despite the COVID-19 pandemic. In the third quarter of 2020, there was an increase of 11% in transactions compared to the previous quarter, during Jersey's lockdown period. When the island opened again, restrictions were generally less onerous than those in the UK with whom it shared a 'common travel corridor'. According to the report's findings, as the ports of Jersey and banks remained open and advocates worked remotely, property sales and purchases continued throughout 2021. However, with the onset of the COVID-19 pandemic, Jersey has seen a surge of families moving back from the UK, many of whom are now working remotely.

The study revealed that whilst some HVRs arrive and are then unsure if it is the place for them, anyone who relocated to Jersey just before the pandemic now realises that it has an awful lot more to offer than elsewhere.

The future Jersey property market

Real estate agents shared that the next generation of Jersey-born children, who have been to university, worked in London in financial services, e.g. banking, trust, law and IT, and are now in their late twenties, early thirties with children, have since returned to Jersey for the quality of life and are buying substantial properties.

Some individuals have concerns about the future residential property market in that there are, "Headwinds ahead and unchartered waters". One respondent added, "Macroeconomics in Europe have been turned on their head". However, this is unlikely to impact on Jersey. Clifford Wilson explained, there are "interesting times ahead, I'm personally very optimistic in the outlook for Jersey, the microcosm of Jersey will remain good, so long as the driving forces remain".

Buying a property

According to Locate Jersey, the type of property you can purchase and/or occupy will vary according to your residential status:

High value residents

HVRs, with approved 2(1)e status, will generally be required by the Government of Jersey to buy or lease an appropriately valued property. Normally this is a property with a saleable value of more than £2.5 million (if a freehold house). In the case of an apartment, the saleable value is expected to be more than £1.25 million.

HVRs can also, subject to certain conditions:

- buy, develop and sell residential properties through a property development company. Any free-standing units of residential accommodation must be sold to Entitled or Licensed individuals on completion of the development;
- buy residential properties in their own name, which have been unoccupied or have been on the market for sale for more than two years. These properties must be leased to Entitled or Licensed persons; and
- buy a residential property that adjoins their main place of residence in Jersey if:
  - the adjoining property more naturally falls within the same curtilage as the property already owned and occupied as their main residence; and
  - it is approved by the Assistant Chief Minister.

It is expected that the purchase would be completed in the same name, either person or company, as their main residence. There may also be other conditions placed on the purchase.

N.B any income derived from Jersey property is taxed at 20%.

Licensed individuals

Licensed individuals, such as business principals relocating to Jersey, can rent or buy any property, apart from first time buyer or social rented housing.



There are no expectations from the Population Office in regard to the value of the property, however, licensed individuals are only allowed to own and occupy one property as their sole or principal place of residence.

It is also worth noting, should an individual lose their Licensed status and have not completed 10 years continuous residency, they can no longer own, rent or occupy a 'qualified' property. The individual would be expected to sell an owned property or leave a rental property, unless they can find employment within another Licensed role within three months.

Registered individuals

Registered individuals cannot purchase property in Jersey; they do not have access to the full rental market and are restricted to rental properties within the Registered housing category only. Once a Registered individual has completed 10 years continuous residency, they become Entitled and can purchase or rent any property.

Entitled residents

Can rent and purchase any property from the housing market.

Entitled for Work residents

Entitled for Work only residents can buy property jointly with an Entitled or Licensed spouse or civil partner. They can also lease Registered property in their name as their main place of residence.

"interesting times ahead, I'm personally very optimistic in the outlook for Jersey, the microcosm of Jersey will remain good" *(Clifford Wilson)*



3.9 Private Client Insurance

Jersey's wealthy individuals and families not only require life insurance and pension scheme planning, they also collectively own millions of pounds' worth of property and assets, which they need to insure. These assets vary widely, both in type and value; therefore, the island's insurance service providers offer a bespoke and personalised service.

Private clients require home insurance; they may own multiple homes in a variety of countries, each housing its own valuable contents, furniture, art, collectibles, etc. Many will own several vehicles, again in a variety of countries; similarly, they may possess boats, yachts and aircrafts. Some require a range of insurance to cover/protect their business/es; again, these may operate in a range of countries. High Net Worths (HNWs), who travel the world, will need appropriate insurance to protect their assets, watches, jewellery, mobile devices, etc., and of course, insurance against cyber-crime, kidnap, ransom and extortion are increasingly required in today's world.

A changing market

Our research discovered that the insurance market has recently undergone a rapidly moving period of flux, with the extent of the impact still yet to fully materialise. Lee Refault, Rossborough Insurance, told us that, whilst COVID-19 has certainly been a contributor, this instability would have happened regardless. Our research has highlighted a number of reasons:

1. Solvency II was implemented for insurers on 1 January 2016. The upshot of this is that insurers need to hold higher levels of ring-fenced capital to ensure that they could withstand a 1 in 200 year event. The more business they write, the more capital they need to raise. This has led to insurers choosing to deploy their capital more selectively and sometimes exiting certain lines of cover, which in turn reduces supply etc.
2. The Ogden Rate is a calculation used to determine how much money insurance companies should pay out to people who have suffered life-changing injuries. The step change that impacted pricing of policies that include liability cover was in 2017. Pre review it was positive (+) 2.5% so settlement minus 2.5%. Post 2017 review it was minus (-) 0.75% so settlement minus, -0.75%, so the reserves were actually increased. On long tail claims there is a multiplier effect that means in real terms, the increase can be significant. Insurers writing liability lines had to redeploy capital to significantly increase their reserves on outstanding claims and amend pricing to reflect the increased cost of future claims. In 2019 the rate was increased to -0.25%.
3. The cost of claims, particularly in relation to water damage, e.g. from faulty plumbing or flood, has risen significantly. The quality and quantity of contents in homes have increased notably – even what years ago would have been a simple leak in a home now has additional repair/replacement costs due to improved standards of living, fixtures and fittings, i.e. quality furniture, flooring, etc. Whereas we would experience a one in a hundred year storm with lots of subsequent claims, these storms are occurring more frequently. COVID-19 added to these costs, due to the impact on supply chains and the shortage of resources, building materials, etc. causing delays and therefore contributing to what is already claimed to be the "biggest uninsured loss in history". The ABI suggests the current overall estimate of up to £3 billion for UK Covid insurance claims.
4. Insurers make their money on the money they receive; this is invested, but they are no longer able to make the same sort of returns they've made previously, so are far more selective on the business they write, "underwriters are more cautious".
5. Reinsurance – simply put, insurance for insurers. In recent years, there have been increases in rates on some lines that primary insurers have passed on, but the biggest impact of reinsurers is to force a tightening of wordings around things like Business Interruption and silent cyber. In 2022, reinsurance increases have been more modest across many lines and don't seem to be impacting the pricing models of primary insurers.
6. Environmental and global catastrophes are occurring more frequently.

According to our research, each of the factors, briefly described above, is contributing to higher costs and insurers are certainly being more cautious and selective in the risks they are willing to undertake. Hiscox reportedly massively increased its reserves in advance of the outcome of COVID-19 and uninsured losses.

New business versus renewals

The study found that the COVID-19 pandemic and subsequent lockdown clearly impacted the insurance market. Whilst it might be fair to say this had a positive effect on renewed business, the writing of any new business was much more difficult. Jim Purkiss explained,

"The insurance market is currently in a rapidly moving period of flux" *(Lee Refault)*

"you need to be in front" of potential clients; the broker needs to get to know the client, understand the bigger picture and establish a professional relationship with the HNW; these clients in particular, "buy your personality". This is very difficult to do via video conferencing; when assessing new business, it's necessary to look around the property, to know the construction, what maintenance may be required etc. The same can be said if the client is looking to insure a boat, plane, overseas properties, art collections or other collectibles for example. However, reportedly, private clients, "don't very often shop around", so presumably whilst new business is always welcome, renewed business is the brokers' 'bread and butter'. Maintaining relationships and the clients' trust is therefore imperative.

One area of new business, which has presumably been positively impacted by the pandemic, is insurance for boats; our research found that whilst the island's insurers provide cover for private jets and yachts, there was a "huge increase" in boat sales in Jersey during 2020. Whilst a couple of these were in the 'super yacht' category, the majority of sales have been in the £50,000 - £100,000 range. This is largely attributed to the lockdown and people not going off-island. Anecdotal findings would also suggest HNWs were buying expensive jewellery and watches during

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the same period. Treating themselves perhaps, or was this because private clients were looking for more yield and greater return on their investments, so turned to other specialist collections etc.?

Mark Vautier acknowledged that, "there are certainly challenging times ahead", which increases the necessity for insurers to fully understand not only what a 'typical' HNW is looking for, but also to be able to have a clear understanding of each individual's asset portfolio to ensure they are fully protected from every angle, regardless of where they are in the world at any point in time.

Assessing the risk

Insurance underwriters are professionals; they evaluate and analyse the risks involved in insuring people and their assets. They establish pricing for accepted insurable risks. The term 'underwriting' means receiving remuneration for the willingness to pay a potential risk. As part of this research, we spoke to Kate Wells at Azur, to gather her insight into the niche market of underwriting insurance for the private client. Kate explained that they define a HNW as someone who has a property which would cost a minimum of £1 million to rebuild; the value of vehicles and assets is also assessed – there is no upper limit. However, the most important aspect for consideration is the individual who is looking for the cover.

We discovered that not all private clients are considered equal, irrespective of the value of their wealth. Each prospective client is at the core of the underwriting process and some will not be deemed to be an ideal candidate for the insurer. Insurers are looking for the "right risk profile". Whilst, for example, a premiership footballer may have the wealth and the correct type of assets, they may well have the "wrong type of lifestyle" to be evaluated as a suitable/acceptable risk. Similarly, others who live their lives in the public eye, i.e. high profile celebrities with a significant social media presence, individuals who may be particularly politically exposed or who have an adverse background, e.g. some foreign nationals whose source of wealth may be deemed slightly contentious, may also be deemed as an unacceptable risk.

These exclusions are because such individuals are more likely to be a target in terms of theft etc.; typically, lottery winners and those new to wealth may not have sufficient experience or awareness of their individualised risk to make them preferable clients. An example of this might be a financially wealthy 18 year old, who buys a high powered supercar, but does not yet have the wealth of driving experience gathered over years of motoring, compared to that of a 40 year old with 20+ years of experience, a 'journey' with insurance history. In short, insurance is very individually underwritten; it is not black and white.

We were told that generally, clients tend to be professionals, who have established their own businesses, wealthy individuals and their connected family members and family offices, all from a range of 'old' and 'new' money. Each client is individual; they differ in many ways, they have different passions and interests. Typically, the larger the property, the greater the number and value of the assets; some homes will be stacked full of treasures gathered over generations. Therefore, a physical survey of the property is necessary in order to advise the client on their risk and appropriate cover. This would support the difficulty in attracting new business remotely – the broker needs to be present at the property to assess it fully.

Consideration is also given to the security and risk management measures in place for both the property and the individual; does the client have suitable awareness of the risks? What measures are in place to counter any possible claims, e.g. water leak detection systems, security alarms, etc.?

The cost of claims

According to the research, "climate change is having an impact". Extremes of weather have an impact; flooding, fires, burst pipes, car accidents due to icy conditions, etc. As the weather is changing, patterns for actuarial modelling are now coming through the market and new costs are arising. One example in the UK is 'Flood Re'; Kate explained this is a joint initiative between the Government and insurers with the aim of making the flood cover part of household insurance policies more affordable for those most at risk. It also helps the industry to gather a massive amount of data to enable insurers to price for floods in the future. It is a temporary pool of money but at large cost to the industry; whether it is used or not, insurers still have to pay the levy towards it. We discovered too that insurers also pay a Fire Brigade levy and to a Terrorism pool; most clients are completely unaware of these levies.

Natasha Lucock told us that "water damage remains a significant challenge in the property insurance market as the impact can be far reaching, not just due to damage to buildings and contents but also the inconvenience of business interruption or finding alternative accommodation. Larger and more modern properties owned by wealthy individuals tend to have a greater number of sources of water within the properties – more bathrooms with built-in sound and security systems, underfloor heating, concealed pipework under marble floors, to name a few, all add to



the cost of repairs." One example provided was that it cost approximately £100,000 just to trace the source of a water leak in one large property. Such claims payments by insurers are not sustainable at current premium levels, so insurance companies are therefore increasingly focused on loss prevention; actively looking for water leak detectors and other preventative devices to be installed. Making improvements to reduce or mitigate risks can help clients achieve more reasonable premiums. Natasha Lucock also commented that "an increasing concern following Covid is the global supply chain issues, lack of raw materials and labour availability which is directly impacting property rebuild and repairs." Under insurance is a very real problem that must be considered along with ensuring businesses have sufficient indemnity periods to allow for a full rebuild/ reinstatement or business recovery.

Attitude to risk

The research discovered that a client's attitude to risk and how they conduct themselves is fundamental to the process. Their willingness to have a truly honest and open dialogue with their broker "makes a huge difference to the quality of the cover" they purchase. Admittedly, not all HNWs are comfortable with this; service providers tell us that a trusted relationship is absolutely essential and key to a long-term partnership.

It was confirmed that the higher up the 'wealth ladder' a client is, naturally the more complex their requirements become, with greater complexity as their footprint widens across the world. In what is a rapidly changing market, it is imperative that clients have a thorough and full review of their insurance cover. This can sometimes be more difficult when the broker is working with a HNW's advisor rather than working directly with the client. An advisor may have a fear of making a change as, if something goes wrong, they may fear for their job! Conversely, it was also acknowledged that working with a good advisor produces a different professional relationship than working directly with a client; there is "less emotion", it can be "more efficient", as they have a different mindset and can be "more conscientious" in protecting the assets of their clients. "It's a balance."

Multi-jurisdictional lifestyles

Our research discovered that some HNWs with multiple homes across the world may prefer to consider a local insurer for their insurance requirements, a holistic approach is often preferred; this enables the broker to offer a very personalised and bespoke package, providing the most appropriate/suitable risk advice. Unlike multi-banking, where it may well be worth spreading the risk of what is held in any bank, it is different with insurance. A HNW residing even partially in Jersey, would be best to seek a broker based on the island, who fully understands the market and their requirements, i.e. they may want to move items, pieces of furniture or art for example, from one home to another, or from their yacht to a home, or vice versa. Having a 'bird's eye view' allows the broker to identify any gaps in cover.

However, there are some caveats to this. Laws which govern the trade of insurance are not always in synchrony with what the client wants. A truly international client may want to insure all their properties etc. with one insurer but this is not always possible due to different licensing requirements in varying countries. Historically, insuring assets in the UK and Europe was relatively straightforward due to 'Freedom of Service', meaning all risks could be written on one policy/schedule. Brexit affected this; many of Azur's UK clients also have property and assets in Cap Ferrat; insurers need to be more creative about how to bring two policies from the UK and European entities together; "it's made it more complex, not less complex for customers". Also, a variety of regulators often result in different, and additional routes for complaints. A UK-based insurer is not licensed to write business in America, they would need to be separately licensed to do so.

In short, we found that what might be best for the multi-jurisdictional client, may not be compatible with the way the world's finances are organised. There are some ways around this; some brokers have offices in multiple jurisdictions so are better placed to accommodate the global client. Local knowledge can be invaluable and key here. Switzerland was highlighted as a good example of this as there is a lot of state mandatory insurance that needs to be in place and the legislation can vary across regions, therefore local expertise is recommended.

Portable and fixed assets

The findings of our study revealed that a HNW with multi-jurisdictional property and assets, which they move between, is likely to have insurance written on an 'all risks' basis, ensuring that the portable assets, jewellery, art and general contents are covered. Some collectors will loan artwork to galleries etc., which needs appropriate cover.

Fixed assets, e.g. homes and vehicles, are typically insured locally, in the country where they are registered. Our research found that some vehicles, e.g. supercars, are never driven on the road but are collectibles/investments, like a piece of art. In which case, providing it is not registered for driving and a Statutory Off Road Notification (SORN) is in place, it would be covered in a similar way to a piece of art.

Specialism

The private wealth professionals we spoke to told us that specialist valuers may be brought in for certain collections; it is equally important to obtain regular valuations from a trustworthy and highly respected source. Some collections are quirkier than others, but it is important to have them revalued on a regular basis to ensure any change is reflected in the cover provided, therefore protecting against being under/over insured. Similarly, insurers may pay for a piece of art or vehicle to be taken off Jersey to be repaired by experts in the appropriate sector elsewhere in the world. Anecdotal findings were that some of the 'traditional' wealthy individuals are beginning to lose money in the antiques industry as this is now not as popular as it once was.

Remuneration disclosure

This investigation discovered that most clients do not know how much the insurance broker gets paid for their guidance and advice, or where the remuneration is derived from, quite unlike with a mortgage broker. Digital brokers still take a layer of commission, although many individuals do not recognise this. There is a current lobby to prevent remuneration disclosure; our findings revealed that if the industry is forced to declare this information, it could be a "game changer" for the sector.

What about premiums?

According to the research, the cost of insurance cover in Jersey is generally at a rate lower than that expected in the UK. Unlike the UK, where premiums are largely determined by postcode, insurance costs on a major island in the British Isles may be similar to that of a small UK village, which has a low flood/storm risk, although anecdotally, it is acknowledged that the Isle of Man has a larger exposure to flood than its counterparts in the Channel Islands.

Our study discovered that, unlike the cost of living and other areas of household expenditure, generally, the cost of home insurance over the past 25 years has actually decreased. One example was that where the cost of insuring a £1 million property in 1992 may have been around £1,400, the premium for insuring a £1 million property today would be more in the region of £500.

We heard that HNWs generally have personal liability cover built into their insurance products and include employer's liability for any domestic staff they may employ. It was reported however, that in the world of the HNW, insurance is considered as a "soft market". There is plenty of capital and plenty of competition, which reportedly helps keep prices low.

Nevertheless, we found that prices are rising and premiums are becoming more expensive in key areas, particularly in the corporate/commercial sectors. Professional indemnity premiums have certainly escalated. One Jersey broker found that, at renewal, one individual's professional indemnity insurance had increased from £25,000 per annum to £75,000! The construction industry is also seeing increases of around 500% in some areas. This is believed to derive from the lack of capacity and competition within the marketplace, as many insurers have withdrawn business in this class of insurance. The June 2017 Grenfell Tower fire in West London, in which 72 people died, has contributed to this, with cladding being generally excluded from cover nowadays.

The findings revealed that travel insurance costs have also increased, and this is having an impact on private clients. COVID-19 was not the cause of this, but it probably accelerated this rise in premiums and today's wealthy individuals are travelling further afield, for business and pleasure. Private clients are very worried about their cyber risk and there has been a dramatic increase in demand for this cover for homes rather than just within their businesses – cover which has been provided for some time.

How a HNW conducts themselves and where they travel will, however, increase the risk and therefore the premium due. A HNW is more likely to travel wider afield than the typical resident. Local teams in other jurisdictions help brokers to understand the risks – their specialism and knowledge of the market and island living is vital.

Kidnap and ransom

Contributors to this report told us that HNWs tend to think more in terms of kidnap and ransom once their children get older and begin to travel off-island. One insurer said although there wasn't traditionally a great demand for this cover in Jersey, they had actually had two requests for it in the first half of 2020, probably their first for five years. This is thought to be representative of the 'newer wealth', who typically have "wider geographical limits". Claims do happen and clients have become more aware of the risks; the risk of extortion has been growing in recent years to an extent where it is now considered likely to exceed the risk of kidnap and ransom.

Insurers are therefore providing an advisory service, increasingly educating HNWs, their families and staff, about how they live their lives; by making some minor changes, e.g. parents/nannies etc. varying their routes, or individuals being less flamboyant, they can reduce their risk and help take them off criminals' radar. Whilst a young individual

"Private clients... they buy your personality"

(Jim Purkiss)

may want the world to know that they, or their family, have the wealth to enable them to be photographed wearing an expensive watch, sipping the best champagne, whilst holidaying on their yacht in Monaco, their parents or advisors may not be happy about the interest it may attract, or from whom.

The study found that other additional services are being included within the cover, e.g. trauma counselling for victims of aggravated burglary or a nasty mugging, is increasingly offered. Risk management guidance is offered upfront but also 'after-an-event' reviews, to identify how insurers can work with the client to help them feel more comfortable in their home again etc.

Nowadays, lots of insurers will stay clear of providing insurance for celebrities – how they live their lives promotes risk. The profile of an individual and the way they behave is key, so the same insurer may provide cover for one actor for example, but not for another. Their role is not necessarily what is important, but what is, is how much of an influencer they are. HNWs and their families need to be self-aware. A marathon-running wife of a bestselling author, was stalked by a man, who followed her by observing the route and times of her training runs, which she posted online via a running app. We also heard how people across the world make judgements about individuals and the way they conduct themselves; there has been a great shift in what the world will tolerate, which can sometimes create the potential for unwanted attention.

We discovered therefore, educating the clients, their families and their staff has never been more crucial in this world of increasing risk. Good brokers can add huge value here and our research clearly identified that "clients want this education", "they soak it up". Most families will worry about burglary but not about cyber risk and being held to ransom. Making clients aware is critical – not to frighten them, but to educate them and therefore, hopefully protect them.

Market trends

Our research reveals that there is a growing number of international clients, with wealth coming from a variety of places. There was a suggestion that there is, "less landed gentry aristocratic British money" and an influx of 'newer money' from international clients – the demographic has changed. Historically, for example, clients would be typically Arabs, some Indian and American, whereas now clients, or their wealth, progressively originate from Russia, Malaysia and far eastern countries. One contributor suggested the age profile has not changed dramatically as the majority are aged over 50, but those with wealth derived from technology are certainly getting younger.

The future insurance market

The credible individuals to whom we spoke expect the way they transact with clients is most likely to change going forward. The younger, more technologically-savvy wealthy clients have more modern expectations; the transactional side of insurance will have to develop to meet the client's needs and desires. Although there has reportedly been little digital innovation in the past, there will inevitably be greater use of technology in future. As data has historically been fragmented, the sector has been slow to move to digital platforms. There has been more change in the lower levels of the market, with electronic documents and portals, to enable clients to see the cover they have easily and, when necessary, to track the progress of any claims etc. However, a multi-channel distribution will be needed in order to service a wide range of needs. The insurer will need to discover exactly with what aspects of this the clients are willing to engage. Notwithstanding this, our research found that private clients are likely to stay very much people-driven. It will be down to the broker to drive efficiencies, to allow them to serve their customers better and help provide a good user online experience.

Though the client of the future is clearly expected to be "more digitally native", this is not expected to replace the broker's role, especially in the HNW space, but clients will want to be able to make some minor changes to their policy quickly, easily and efficiently, e.g. add a new watch to their cover without the need to go to their broker, who subsequently goes to the insurer before reversing the pathway with the addition added. This makes sense, but service providers we spoke to do not believe the core advisory piece is in danger of being completely digitalised. In the short term, the perception is that "clients value this and they want it".





3.10 Private Aviation

The research found that Jersey wealthy individuals and families use private jets extensively; they either:

1) own an aircraft;

2) share direct ownership of an aircraft;

3) fractionally own an aircraft (e.g. NetJets); or

4) charter an aircraft (e.g. Gama Aviation and Ortac)

For the majority of the private clients interviewed who relocated to Jersey (under the HVR 2(1)(e) regulation), their first visit was by private jet and they arrived on the island via the Gama Aviation building. Being able to arrive and depart from the island with ease is extremely important to private clients, whether it is for business or for other reasons; for them, knowing there is an efficient private jet facility is important.

Private jet owners

Our research found that many Jersey Ultra High New Worth (UHNW) individuals own their own jets and use local aviation service providers, such as Gama Aviation or Ortac to either manage and/or maintain their aircraft. The research confirmed that there are approximately 45-50 private jets owned by Jersey residents, of which 15-20 are based elsewhere.

Jersey private clients interviewed told us the decision to either buy, fractionally own or charter an aircraft depends on how many hours they fly. The trigger is usually 250 hours per year (approx. £300,000 in charter fees); if they are consistently flying over 250 hours per year it is time well spent to consider investing in their own aircraft. A number of Jersey private clients buy their own aircraft and charter it out directly via Gama or Ortac, in order to provide an income, thereby reducing the overall cost of ownership; however, this can reduce the number of hours available for personal/family use, so needs careful thought. Regarding pilots, anecdotal evidence from the research found that while some Jersey wealthy families employ their own pilots, others are happy to utilise pilots provided by Gama Aviation or Ortac.

The cost of maintenance depends on the size of the jet, how new it is, whether it is part of a maintenance programme from point of purchase, e.g. one option is where an engine programme fee is paid for every hour the aircraft flies; if anything goes wrong with the engines, a maintenance technician will repair it and every part that they strap on to that aircraft is provided/added free of charge.

Private jet fractional ownership

Instead of owning a jet outright, some Jersey private clients use fractional ownership of a jet through companies such as NetJets. NetJets provides guaranteed access to a large fleet of private jets, meaning wealthy families can enjoy the benefits of having access to a private jet whilst only paying for the hours they fly; they are in control of the cost of flying and can take off with as little as 10 hours' notice.

Private jet charter

Jersey private clients charter jets from local service providers Gama Aviation or Ortac and other UK firms on an individual basis, as and when required.

Which option?

The research found that in the main, private clients relocating from the UK will maintain their status quo, i.e. if they previously had NetJets contracts, leased or chartered, after re-evaluation, they will often continue to do the same.

The study found that some private clients use a private jet card, which allows them to access the services of companies, such as NetJets, for up to 50 hours per year, without the long-term commitment of fractional ownership. Flexibility is the key factor; however, there is the initial outlay, as it costs an upfront payment of approximately £25,000.

Younger private clients with family

Findings obtained during this research reveal that the private clients moving to Jersey are younger and more entrepreneurial than those were historically and so they are arriving with younger families. Jersey is no longer considered as purely a retirement option. Entrepreneurs, who still have businesses around the world, and company employees are now moving to Jersey, therefore bringing down the average age of Jersey private clients. Many more UHNW families in Jersey fly with young children.

"private jets ...
the hassle-free mode of travel"

Fog – a local issue

Jersey is an island with one airfield, built in a location known to be susceptible to fog, thus frequently creating issues throughout the year; occasionally flights may be delayed for over 24 hours. This can be particularly frustrating for Jersey private clients when using NetJets, as their inbound flight can be delayed, whereas owning their own aircraft or chartering from a local service provider, i.e. a jet already based in Jersey, negates this issue.

Why use a private jet?

The dominant reason Jersey UHNW individuals use private jets is the ease of arriving on and departing from the island, and the simplicity of travel. Arriving at Gama Aviation is much more efficient than through Jersey Airport Arrivals Terminal. It is a more personal, private, bespoke service and time efficient, which private clients value immensely. Wealthy families arrive for departure, with their aircraft waiting outside; it takes five minutes to move through the building and they can arrive in London in less than an hour, which is not possible commercially.

Feedback from participants was that flexibility and autonomy are particularly important to wealthy individuals who are relocating to Jersey, as confirmed by one respondent, "for a working principal with a business in the UK, where they need to be on any given day in time for an 8:30am meeting, which is tricky to do if you haven't got access to an aircraft. The UHNWs, who are not working, appreciate more the hassle-free mode of travel."

Private clients use jets for both pleasure and business meetings across Europe, i.e. in London, Belgium and Switzerland etc. and their routine hasn't really changed. However, the research found that private clients are flying for their own personal use as a result of the COVID-19 pandemic.

Onboard catering

Catering is usually provided and can range from breakfast with croissants, pastries and juice to brunch, or lunch with sandwiches, dips, raw vegetables, fruit etc., to a full bespoke catering service including hot meals.

Types of private jets available and destinations

Most of the private jets from Jersey have a range of under 2,000 miles, therefore destinations are mainly in the UK and Europe - Spain, Portugal, Balearic Islands, Italy, Croatia, Turkey, Egypt and Morocco. However, two new jets arrived in Jersey with a range of 3,500 miles that can now fly to New York and Dubai. In addition, if private clients want to fly further afield, they fly to the UK to board a larger jet first class to anywhere across the rest of the world.

Which is the perfect jet for Jersey?

Research found that there is not a perfect jet for Jersey private clients. A UHNW family will need a different jet to fly from Jersey to Southampton for a business meeting than the jet they need to fly from Jersey to Majorca. This would be completely different again from the jet needed for a skiing trip, where lots more luggage space is required. There are a number of possibilities. Private clients are flying to their holiday homes and yachts in the Mediterranean. Flexibility is paramount.

Gama Aviation's Jersey fleet consists of seven jets – a Gulfstream G550, a Bombardier Global 5000, two Cessna Citation Mustangs and three Cessna Citation XLS. Ortac uses four jets, a Cessna Citation CJ3+, King Air 250GT, Phenom 300E and a Falcon 2000LX. These cover most requirements for Jersey private clients.

Cost of ownership

Prices for private aviation are unlikely to reduce; the research found that the recession has already squeezed prices. Findings from the study suggest that private clients should ideally change their aircraft every five years. Depreciation models vary on new aircraft; however, it is a shallow curve for the first two years, then there is a drop into five years and ten years. Finally, a steeper drop ten to 20 years but at 20 years the aircraft still has a 20% value of the original price. Of the 80% depreciation, 50% goes in the final ten years, so only 20% goes in the first two years of ownership because for the first two years it is under the manufacturer's warranty.

However, there is growing opinion that there is an opportunity to replace ultra-light jets with a lower cost 'taxi service', using twin prop aircraft for short haul flights, e.g. the King Air 350i.

Seasonal Travel

As mentioned by Tobi Matthews, "we always get a summer surge because we are very cyclical in terms of what we do. We are very busy from April through until late September, and into October sometimes, then you end up with a dip before Christmas, and then another dip which leads back up to Easter and then it surges again, so there's always that sort of peak and trough. But this year it has gone mad, we had two aircraft that we were running under AOC. We now have four, one of those is a bigger aircraft, an Embraer Phenom 300E which has eight seats and that's very popular on the charter market."

Hangar space and the issue of salt

Tim Pedley confirmed that, "it is critical that private jets live in a hangar, as they do not like water, particularly salt water and so the aircraft living outside a hangar is a bad thing." The study identified that Jersey is notoriously short of hangar space. However, there are plans to build new sprung hangars at the airport allowing more private jets to be housed in Jersey, although construction has been delayed, due to the COVID pandemic. In the meantime, some private clients keep their private jets in a hangar in the UK, such as Bournemouth; this is not ideal, as they then need to arrange for the jet to be positioned in Jersey, in readiness for their departure.

Growth market

Private aviation and private jets are a growing business in Jersey, as identified by the Ports of Jersey, especially with 20 plus HVRs arriving each year through Locate Jersey. New hangars are being built to facilitate this demand. The landscape is changing with a private jet 'taxi service' such as the USA's model 'Wheels Up'; this model is transferring into Europe, which may be attractive to Jersey and its wealthy families.

Implications of the COVID-19 pandemic

The research found that demand for private jets has increased as a result of the COVID pandemic. Private clients are preferring to charter jets as opposed to commercial travel, in order to travel directly to European destinations in terms of convenience and also without coming into contact with other members of the public, minimising their risk of catching COVID. The aircraft is totally fumigated before and after each flight and clients are booking charter flights who would not ordinarily do so.

Private Jets	Comments
Direct Ownership	■ High cost of aircraft when not in use ■ Can be leased on a charter basis and therefore provide an income ■ High cost of management ■ High cost of maintenance
Fractional Ownership	■ No commitment to owning a single jet, no management and maintenance fees ■ Large array of different sized aircraft available for a wide variety of flight destinations ■ Higher cost of per hour flight
Charter	■ Lower cost of per hour flight ■ No management and maintenance fees ■ Choice between on-island or off-island service provider

4.1 Jersey Private Wealth – Final Comments and The Future

As part of the research study, we asked leading professionals in Jersey for their opinion on the future trends in Jersey's private wealth sector.

Joe Moynihan

Based on all of the independent reports, private wealth is set to increase. We're going to see more wealthy people. One of the big trends will be the impact of 'Next Gen' and their view of family wealth, its purpose and the drive for better quality jurisdictions. Better quality structuring, more professional advice, better consolidation and particularly intergenerational wealth transfer. The amount of wealth that will transfer, globally, from one generation to the next in the next 10 to 15 years will have a huge impact on the private wealth sector; the numbers are mind boggling.

I also believe digital technology and customer expectations are going to continue to drive financial services providers to innovate, to provide a better service, to be more efficient, and actually increase their knowledge base, because they're dealing with clients who are much more sophisticated and more knowledgeable, and these clients will expect their advisors and their providers to be exactly the same.

We're going to continue to see a push on regulation and the quality of regulation enforced by the international regulators and also some of this will be politically driven in terms of standards. What was acceptable ten years ago is no longer acceptable today, and we just have to cope with that. But in many ways, that is no change for Jersey providers; we've been coping with that for 20 years.

So, it's just another shift along the paradigm. They're the key trends for us; we talk about regulation, about consolidation, we talk about digitization and the impact of that, changing expectations; we talk about the whole requirement to be able to facilitate sustainability, ESG and increasingly, to use wealth to do good.

Martin Maloney

There's a great deal of pressure on those working in the wealth industry to understand what the future brings, particularly in these times of great uncertainty.

What is coming down the tracks, is the trend towards digitization. I think there is also likely to be a trend towards consolidation among international financial centres. I suspect that in the world sector in particular, you will see increasing sensitivity to political risk and that sensitivity is quite likely to lead them to be more mobile, and to be looking quite vigorously for the low political risk jurisdictions, if they can find them. If that were to combine with a lack of faith in the intermediaries in the sector, then that would clearly not be a good thing.

So, for us, we need to make sure that the regulatory framework in Jersey continues to inspire confidence. People have a level of assurance that we maintain high standards, and we try to keep that here in Jersey. If we can achieve a good outcome in that regard here in Jersey, I think it'd be an important contribution on our part, because we have tried not only to keep our own standards up but also to contribute to other jurisdictions keeping their standards up as well.

So, to give you an example, in our jurisdiction the trust business is regulated, and in many of the international financial centres and jurisdictions, it is not. Jersey was the first jurisdiction to push for a global standard in relation to the measurement of the trust company business. We were the first ones to be assessed under that standard; we got ourselves independently assessed. That determination to be an agent of higher standards in international finance is something where I think we can help the private wealth sector, as it becomes increasingly sensitive to political risk, which is what I anticipate.

Jason Laity

I've always maintained the view that the financial services industry in Jersey is resilient. Before the pandemic, I talked about Jersey really needing a burning platform to innovate around fintech and we duly got one. There has been innovation in terms of easier ways of working, where you're not physically in the same space. Whether or not it's electronic signatures or video conferencing, for example.

We have always demonstrated resilience and have done so in the face of a completely unpredictable challenge; I'm sure everyone had global pandemic somewhere on their risk register, but now I'm pretty sure that risk register entry has moved up in terms of likelihood, with lessons learnt, so we all know what to do if it happens again. People like Jersey Finance were still in the market talking about people coming here in the medium or long-term, probably more so because of the way we've dealt with COVID-19.

I think the industry and industries have done what they could and probably more; the government stepped in, meaning there's probably a number of businesses which have remained around because of their intervention. Obviously, it needs to be paid for in the course of time. We've had a really dramatic test of Jersey PLC's business continuity plan; for the moment, we seem to be able to say, well, actually the plan worked or is working.

However, we do need to learn from where it went wrong. We need to improve constantly; we need to be prepared for any further variants; we need to be prepared to face the challenges in the same way as we have done already. For me, it's about resilience. We've demonstrated resilience for the type of client we're trying to attract, and that's important.

Geoff Cook

You get tactical opportunities from time to time. I think there's going to be a lot of activity in restructuring as businesses go through some kind of transformation.

You'll get businesses that didn't survive the crisis; those that did, reorganised and reshaped to recapitalise, and have become viable again. You get growth in new areas, as a consequence of changing patterns of behaviour in society. So as long as businesses are agile and resilient, they'll capture those.

The instability in the world will make Jersey's offer look more attractive without having to do anything; we don't have that instability. We're already global; firms are reasonably well capitalised, it's a well-regulated place. We can deliver expertise to help people do things at a cost that's probably a lot more attractive.

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About
Jersey Finance

Jersey Finance has a clear aim: to promote and represent Jersey as a future-focussed international finance centre (IFC). We are perfectly placed to work with clients worldwide, with offices in Jersey, Dubai, Hong Kong and New York; representation in London, Johannesburg and Shanghai; and virtual offices in Mumbai.



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Jersey Finance

Appendix I: About the Author



Dr Stuart Gibson, PhD MSc DipM FCIM FCMI, is an expert in research, education, and business and marketing strategy within the Private Wealth sector.

His firm, Gibson Strategy, is a research, education and consultancy business that specialises in Private Wealth, globally.

Gibson Strategy is privileged to have a unique, independent, panoptic insight across Private Wealth due to unfettered access to both a network of service providers and Private Clients worldwide.

For over 15 years Gibson Strategy has undertaken in-depth research into the private client, private banking and wealth management industry by interviewing High Net Worths (HNWs), Ultra High Net Worths (UHNWs), entrepreneurs, family businesses, family offices, wealth managers, private banks, asset managers, fiduciary firms, insurance firms, legal firms and other wealth management service providers.

Previously Dr Gibson spent over 37 years collaborating with global financial organisations in Europe, Middle East, Asia, Africa and USA. After several years working in the Middle East, he moved to Jersey in 1998 and started working for Mourant Ozannes, followed by over 10 years with South African banking group FirstRand (Ashburton Investments, FNB Private Wealth and RMB Private Bank). He founded his research and business consulting firm Gibson Strategy in 2011, focusing on the private client and wealth management industry.

Dr Stuart Gibson holds a PhD in Private Banking and Wealth Management and an MSc and Postgraduate Diploma in Marketing. He is a Fellow of The Chartered Institute of Marketing (FCIM) and a Fellow of the Chartered Management Institute (FCMI).

Dr Gibson has also been a Visiting University Lecturer, served as a Parent Governor at Victoria College Jersey for three years and is currently a Governor of the Jersey Brain Tumour Charity.

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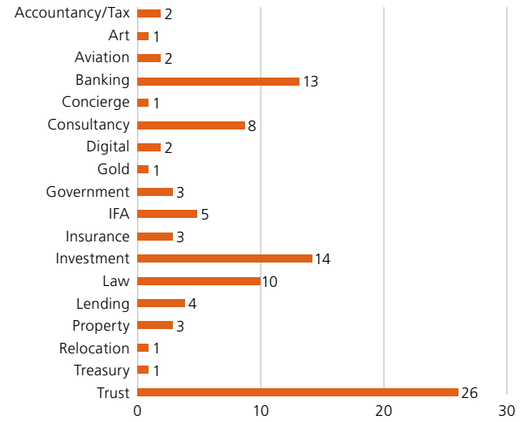
Appendix II: Research Methodology

Research methodology
This research study employed qualitative research framed within an interpretive phenomenological analysis using face-to-face in-depth interviews.

Private clients and family offices
28 Jersey private clients were interviewed, including high net worth (HNW) individuals and families, ultra high net worth (UHNW) individuals and families, high value residents (HVR) and family offices. The research population included a cross section of Jersey's wealthy individuals.

Private wealth professionals
109 private wealth professionals were interviewed across a range of private wealth sectors including accountancy/ tax, banking, trust, IFA, property, investment, government, aviation, lending and insurance.

Wealth professional participants



Private wealth service provider participants included:

Name	Position*	Company*
Charles Insley	*Head of International*	*Aberdeen Standard Capital*
Paul Douglas	*Managing Director*	*Accuro Fiduciary*
David Steigenberger	*Director*	*Advisa Wealth*
David Stearn	*Chief Executive Officer*	*Affinity Private Wealth*
Chris Cotillard	*Director*	*Alex Picot Trust Company*
Lucia Perchard	*Head of Family Office Product*	*APEX Group*
David Dorgan	*Partner*	*Appleby*
Kate Wells	*Managing Director*	*Azur Underwriting*
Tim Cartwright	*Director*	*Baccata*
Paul Savery	*Managing Director, Head of Crown Dependencies*	*Barclays Private Bank*
Philip Chambers	*Assistant Director - Investment Manager*	*Brewin Dolphin*
Roger Trower	*Chief Executive Officer*	*Broadlands*
Richard Hughes	*Chief Executive Officer - International*	*Brooks Macdonald*
Alexa Saunders	*Partner, Trusts and Private Wealth*	*Carey Olsen*
Siobhan Riley	*Partner*	*Carey Olsen*
Euan Dangerfield	*Client Director*	*Cazenove Capital Management*
Manfred Spies	*Managing Director*	*Cevalon*
Tim Rattray	*Managing Director*	*Cherry Godfrey Jersey*
Charles Millard-Beer	*Director*	*Citco Fund Services*

Matt Gilley	*Group Partner*	*Collas Crill*
Adrian Rowland	*Director*	*Colliers International UK*
Gordon Bennie	*Managing Director*	*Concentric Financial Services*
Dan Hare	*Founder*	*Continuum Consulting*
David Batey	*Executive Director, Head of Wealth Management and Private Banking*	*Coutts Crown Dependencies*
Heather Tibbo	*Director, Group Head of Family Office Services*	*Crestbridge Family Office Services*
Shani Clark	*Director*	*de Carteret Wealth*
Christian Busel	*Head of Private Banking*	*EFG Private Bank*
Tom Wiseman	*Chief Executive Officer*	*Enhance Group*
Islay Robinson	*CEO & Co-Founder*	*Enness Global*
Ed Daubeney	*Managing Director*	*Envestors Channel Islands*
Mark Porter	*Chief Executive Officer*	*Equiom Group*
John Wood	*Managing Director*	*FCM*
Simon Voisin	*Director*	*Forward Group*
Tim Pedley	*Regional Manager*	*Gama Jersey*
Geoff Cook	*Independent Consultant*	*Geoff Cook Advisory*
Paul Glennon	*Principal*	*GlenQ Private Wealth*
Daniel O'Driscoll	*Chief Executive Officer*	*Goldmoney*
Simon Vivian	*Group Partner*	*Hatstone Lawyers*
Darren Kelland	*Global Head of Private Client Services*	*Hawksford*
Naomi Rive	*Owner Manager/Group Director*	*Highvern*
Dave Allen	*Director*	*Icecap*
Michelle McMahon	*Legal Counsel*	*Innovest Advisory*
Paul Alker	*Senior Wealth Partner*	*Integritas Wealth Partners*
Paul Eva	*Head of Private Wealth*	*Intertrust Group*
Karen Scott	*Mortgage Manager*	*Investec*
David Cardwell	*Relationship Manager & Lead Business Developer - Private Clients*	*Investec Bank Channel Islands*
Ben Newman	*Managing Director*	*IQ-EQ Jersey*
Jennifer Le Chevalier	*Director, Private Wealth*	*IQ-EQ Jersey*
Mirek Gruna	*Chief Commercial Officer - Jersey*	*IQ-EQ Jersey*
Jim Purkiss	*Sales Director*	*Islands*
Matthew Millard-Beer	*Founder & CEO*	*Itriom*
Jerry O'Keeffe	*Chief Executive Officer*	*JCAP*
Jason Laity	*Non Executive Chairman*	*Jersey Finance*
Joe Moynihan	*Chief Executive Officer*	*Jersey Finance*
Nigel Le Quesne	*Chief Executive Officer*	*JTC Group*
Iain Johns	*Group Head of Private Client Services*	*JTC Group*
Thomas Cummins	*Head Of Private Banking Channel Islands*	*Kleinwort Hambros*
Eric Major	*CEO & Chairman*	*Latitude Residency & Citizenship Solutions*
Marcus Stone	*Founding Partner*	*Lexstone Lawyers*
Simon Torode	*Founder, CEO*	*Livingroom Estate Agents*
Kevin Lemasney	*Head of High Value Residency Engagement*	*Locate Jersey, Government of Jersey*
David Mashiter	*Managing Director*	*Meridian Asset Management*
Fred Milner	*Counsel, International Trusts and Private Client*	*Mourant*
Cameron Walker	*Head of Private Banking Jersey*	*Nedbank Private Wealth*
Nicola Gott	*Managing Director*	*Oak Group Jersey*
David Baker	*Managing Director*	*Oakbridge*
David Wilson	*Partner*	*Oben Law*
Nick Cawley	*Regional Head of UK/Ireland and Global Private Clients Service Line Leader*	*Ocorian*
Ian Rumens	*Executive Director - Head of Private Client, Jersey*	*Ocorian*
Karl Bekusch	*Executive Director - Private Client*	*Ocorian*
Josephine Howe	*Partner*	*Ogier*
Tobi Mathews	*Director*	*Ortac*
Garry Bell	*Head of Tax*	*PKF bba*
Christopher Clifford	*Gallery Director*	*Private and Public*
Matthew Lawrence	*Chairman*	*Prospect Capital*
Mike Byrne	*Partner*	*PwC Channel Islands*
Tim Childe	*Head of International & Jersey Office*	*Quilter Cheviot*
Jonathan Giles	*Managing Director, Jersey*	*Rathbones Group*
Haydn Taylor	*Managing Director*	*Ravenscroft Jersey*
Matthew Christensen	*Partner, Director*	*Rawlinson & Hunter, R&H Trust Company*
Fiona Waite	*Private Client Director*	*RBC Wealth Management*
Lee Refault	*Group Business Development Director*	*Rossborough Insurance*
Natasha Lucock	*Head of Commercial Markets and Private Office*	*Rossborough Insurance*
Mark Vautier	*Group Head of Private Clients & Personal Insurance*	*Rossborough Insurance*
Nigel Philpott	*Principal Consultant*	*Silversolutions*
Nigel Pascoe	*Director of Business Development*	*Skipton International*
Matthew Wilson	*Director*	*Smith & Williamson*
Chris Stead	*Executive - Head of Portfolio Management*	*Standard Bank Group*
Charles Molteno	*Chief Executive Officer*	*Standard Bank Jersey*
Henry Baye	*Chief Executive Officer*	*Standard Chartered Bank Jersey*
Mark Lewis	*Partner*	*Stonehage Fleming*
Mark Clubb	*Executive Chairman*	*TEAM Asset Management*
Michael Clarke	*Head of Private Clients*	*UBS Jersey*
Debbie Lumsden	*Private Client Director*	*VG*
Paul Roper	*Director*	*VG*
Clive Wright	*Managing Director Channel Islands*	*VISTRA*
Robert Dobbyn	*Private Capital and Trusts Partner*	*Walkers Jersey*
Darren Zaman	*Chief Executive Officer*	*Westminster Asset Management*
Don Wijsmuller	*Owner & Managing Director*	*Whitmill Trust Company*
Clifford Wilson	*Partner*	*Wilsons Knight Frank*
Aimee Sinclair-Horgan	*Partner*	*Wilsons Knight Frank*
Charles Humpleby	*Director, Head of Client Origination*	*Woodside Holdings Investment Management*
Martin Moloney	*Former Director General at the Jersey Financial Services Commission (2019-2021)*	

*At time of publication

Appendix III: Sponsors

Jersey Finance
jerseyfinance.je

PROSPECT CAPITAL
prospect-capital.co.uk

Equiom
GUIDING YOU FORWARD
equiomgroup.com

SKIPTON INTERNATIONAL
skiptoninternational.com

QUILTER CHEVIOT
INVESTMENT MANAGEMENT
Quiltercheviot.com

Itriom
itriom.com

Rathbones
Look forward
rathbones.com

CAREY OLSEN
Careyolsen.com

CRESTBRIDGE
FAMILY OFFICE SERVICES
crestbridge.com

Family Office Insurance
rossborough.co.uk

BM
BROOKS MACDONALD
brooksmacdonald.com

CEVALON.COM
cevalon.com

Appendix IV: Jersey – Useful Websites

Gibson Strategy
gibsonstrategy.com

Gibson Institute
gibsoninstitute.com

Government of Jersey
gov.je

Jersey Financial Services Commission
jerseyfsc.org

Jersey Finance Member Directory
jerseyfinance.je/member-directory

Locate Jersey
locatejersey.com

Digital Jersey
digital.je

Jersey Chamber of Commerce
jerseychamber.com

Jersey Association of Trust Companies
jatco.org

Jersey Bankers' Association
jerseybankersassociation.com

Jersey Funds Association
jerseyfunds.org

Jersey International Insurance Association
jerseyiia.org

Jersey Pensions Association
jerseypensions.org

Jersey Society of Chartered and Certified Accountants
jscca.org

Law Society of Jersey
jerseylawsociety.je

The International Stock Exchange
tisegroup.com

Institute of Directors Jersey
iod.je



Appendix V: Gibson Institute

The Gibson Institute is part of Gibson Strategy Limited and is a new global research institute, education platform and community for global private wealth professionals and global private clients High Net Worths (HNWs), Ultra High Net Worths (UHNWs), entrepreneurs, family offices, family businesses and philanthropic foundations.

Dr Stuart Gibson has interviewed over 1,000 global private clients, family offices and private wealth professionals over the last 15 years.

Gibson Institute will:

- conduct primary empirical research through qualitative and quantitative thematic research studies on global private wealth
- share primary private wealth research and insights through online community, educational courses, articles and events
- provide a community-based thought leadership think tank with leadership dialogue, debate and consultation; where experts share their views, knowledge and intelligence in private wealth in a constructive, collaborative forum with leading global private wealth professionals.
- provide a community-based thought leadership think tank with peer-dialogue, debate and consultation; where experts share their views, knowledge and intelligence in private wealth in a constructive, collaborative forum with global private wealth clients (HNWs, UHNWs), entrepreneurs, family offices, family businesses and philanthropic foundations.

Our thematic research topics and thought leadership insights are:

- Sustainability, ESG, SDG, Social Impact Investing and Sustainable Investing
- Philanthropy and Charitable Foundations
- Wealth Structuring, Succession Planning, Next Generation and Generational Wealth Transfer
- Regulation, Governance, Risk, Reporting and Cyber-Security
- The Private Wealth Landscape - Private Clients (HNWs, UHNWs), Entrepreneurs and Family Offices
- Private Client Engagement – Acquisition, Retention, Relationships, Service Quality, Trust and Loyalty
- Investments – Traditional, Alternatives and Collectibles
- Global Private Wealth Service Provision
- Digital and Technological Impact on Global Private Wealth
- The Global Citizen and Managing Lifestyle Assets
- Wellbeing in Global Private Wealth
- Global Private Wealth Post Coronavirus COVID-19 Pandemic
- Current and Future Trends in Global Private Wealth

gibsoninstitute.com

Appendix VI: Our Selected Charity

Gibson Strategy will make a donation derived from the profits of this research project to the following Charity with which the authors have a personal interest/connection.

Jersey Brain Tumour Charity

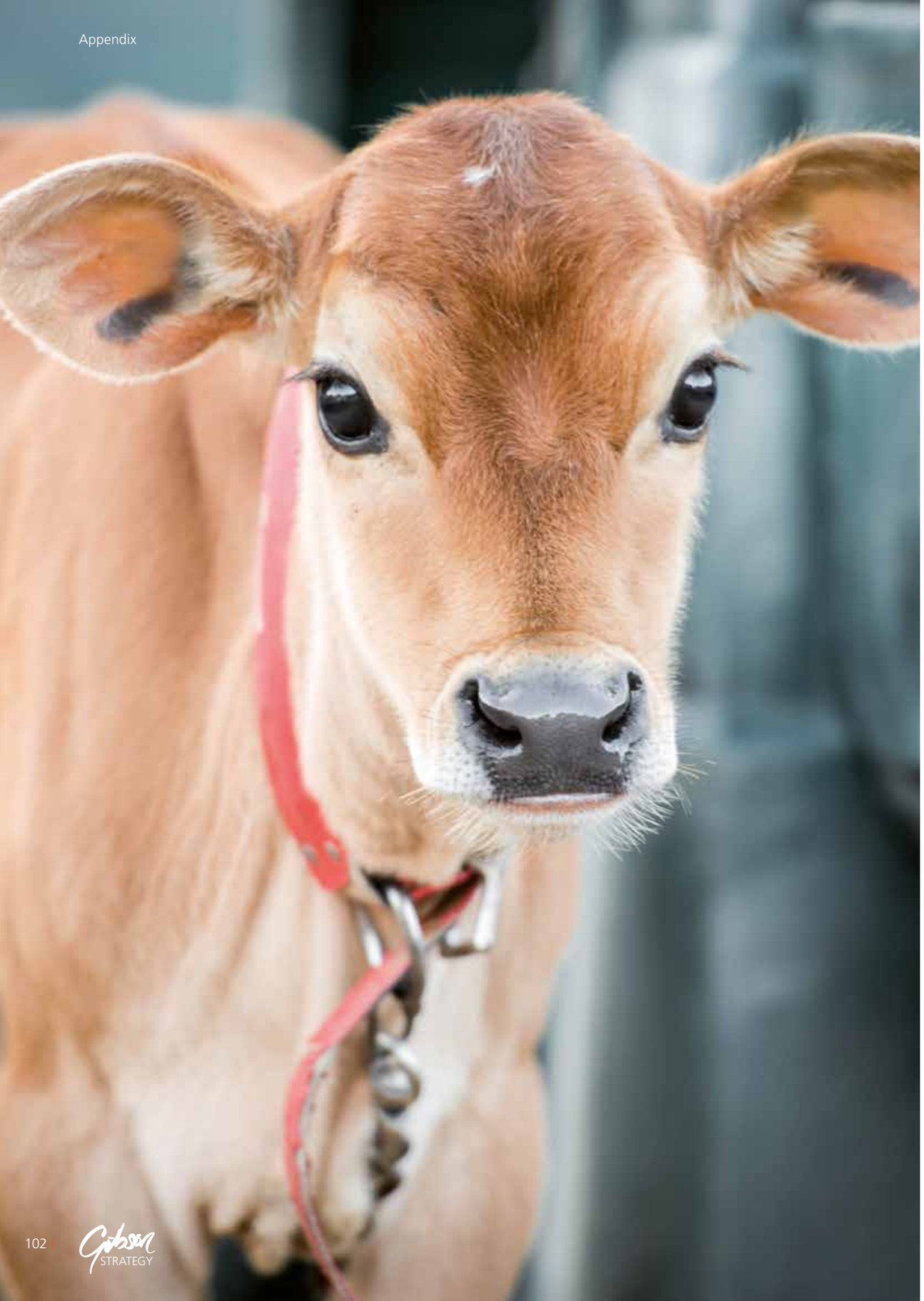
Jersey Brain Tumour Charity was originally formed 1 July 2011 to help and support the residents of Jersey, in the Channel Islands.

The inspiration behind this charity is through Sue May's own personal experience and journey, she has recognised the many challenges a brain tumour diagnosis can bring.

The charity's intentions are simple; to help and support those individuals who experience a brain tumour and provide support to their families, friends and work colleagues. The Charity can provide emotional and practical support and provide any information needed.

Over the past several years, the charity has grown and developed and has already helped and supported many Jersey residents.

Website: jerseybraintumour.com



Appendix VII: Disclaimer

This document has been prepared by Gibson Strategy Limited.

A number of private clients and private wealth professionals in Jersey were interviewed to explore various aspects of the private wealth sector in Jersey.

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