

**FOR MONACO PRIVATE LABEL ONLY**

**Advantages of setting up an investment fund in Monaco for a Single Family Office or for private investors.**

“Family Offices” are often defined as entities which are established by wealthy families to manage their wealth and provide other services to family members.

When you are a Family you may wish to organize the management of your assets, whether financial or non-financial assets, and consider the idea of setting up an investment fund dedicated to achieving the goals of the family.

An investment fund dedicated to the family business can match many of the objectives of a family as follows:

- The interests of the family are gathered up within an investment tool, which then reinforces cohesion among the family members.
- Setting up an investment fund is part of a diversification policy, providing access to a variety of investments, whether they are financial or non-financial, with expectation of returns, which the owners and managers of the family would like to have.
- The members of the family can decide upon their own investments, which comforts them in their ultimate sense of ownership.
- The management structure (the fund manager) is distinct from the owners of the family business, helping the family to follow clear governance principles.

Apart from these general considerations, it is true that setting up an investment fund is part of a relocation strategy of the family business owners to Monaco and offers additional advantages as follows:

- Proximity, trust and expertise: owners of the family business are the decision makers who can use all the advantages of the ecosystem in Monaco: asking Monaco experts in non- financial assets (art or real estate agents) to make independent valuations, managers having access to international banking platforms.
- Security: for instance, the setting up of the “Freeport” recently, allows owners of a family business to locate their art investments in a secure place and environment.
- Protection of data: Monaco has enacted legislation for the protection of data ensuring that any transfer of data outside Monaco is made within the general principles deriving from the European Convention of Human Rights.

With this in mind, it is important to understand that Monaco offers all the facets that permit a Family Office to set up an investment fund dedicated to the family interests and which can invest in financial and non-financial assets as part of the family strategy.

The Monaco regulations allow for the creation of such an investment fund and provide all the governance principles which will reassure the family, since the inception of the 2007 legislation on Monaco investment funds. This Monaco legislation provides with possibility of creating investment funds dedicated to families or other private investors. Subscription to the Monaco Fund is not open to the general public and the Monaco investment Fund follows specific rules in respect of investment ratios, privacy of prospectus or other contractual arrangements.

In particular it is important to keep the following in mind:

- The Monaco Fund is licensed and controlled by the local regulator (*Commission de Contrôle des Activités Financières*). Dedicated Monegasque funds can be licensed within a time frame of 8 days where the asset manager and the custodian are already licensed in Monaco
- A Monaco investment fund is necessarily created under the auspices of a Monaco asset manager and a Monaco credit institution which act as custodian of the Monaco Fund's assets.
- The Monaco asset manager and the Monaco bank are licensed by the competent authority (the *Commission de Contrôle des Activités Financières*) which will grant a licence only when prudential criteria and other governance criteria have been fully complied with (fitness and properness of shareholders and managers for instance).
- According to the very provisions of the Law, the investment fund can be invested in financial assets as well as non- financial assets.
- A dedicated fund can be composed of traditional financial assets (securities etc ) and non- financial assets depending on the family needs (real estate, works of arts, cars etc )and the investment policy can be adapted to the a wide variety of investment strategies which are provided within the terms of the local legislation.
- The main legal documentation of the Monaco investment Fund is composed of the prospectus (simplified prospectus and by laws) and other contractual documentation relating to the functioning of the management of the assets and / or the custody of the fund.

All these advantages underpinned by clear regulatory principles contribute to the development of investment funds owned by Single Family Offices.

Nathalie TANZI  
Co Managing Partner  
**TEMPEST LEGAL MONACO SERVICES SARL**