

## [WHAT THE EXPERT SAYS]

# SHAPING THE CONVICTION OF MAURITIUS AS AN INVESTMENT HUB

IT'S convenient to say that Mauritius has established itself as a jurisdiction of choice for investors. Continuously improving on both governance and regulations, offering a pro-business environment, excellent infrastructure, high-speed connectivity and a highly skilled labour force, all bode well to promote a habit of excellence. However, a more constructive orientation shall be required to develop and further enhance the regulatory framework for the fund/asset management industry. The aim, obviously, is to make Mauritius a regional as well as an international investment hub in an increasingly competitive global market.

The asset management industry in Mauritius has come a long way since its inception, but still lacks relevance and acumen. The number of licenses has remained stagnant since 2018 (22 CIS Manager's license as @ Dec 22 – FSC website). A pragmatic regulatory approach, together with bold and innovative endeavours are required by all industry players to innovate and promote the fund management offerings. The substance requirements shall be continually re-engineered and reconfigured to adapt to challenges and opportunities. There is a high degree of envy among local players to overthrow the conventional thinking and embraced cosmopolitan thinking for an innovative, competitive, and secure asset management industry. A 'Behaviour Charter' shall be developed by all stakeholders viz regulator, industry players, government, etc, in shaping the landscape of the future. It is in this type of domestically driven dynamic envi-



**“THERE IS A HIGH DEGREE OF ENVY AMONG LOCAL PLAYERS TO OVERTHROW THE CONVENTIONAL THINKING AND EMBRACED COSMOPOLITAN THINKING FOR AN INNOVATIVE, COMPETITIVE, AND SECURE ASSET MANAGEMENT INDUSTRY”**

ronment that companies will be able to claim tax exemption as the Core Income Generating Activities (CIGA) will be managed, administered, and controlled from Mauritius. Ultimately, it will lure foreign funds to set up base in Mauritius, adding legitimate value to their structure under a well-regulated framework.

The global asset management market size is expected to reach USD 3,677.39 billion by 2030, registering a CAGR of 34.7% from 2023 to 2030, according to a new study conducted by Grand View Research, Inc. The three key trends that will drive the industry growth are the increasing number of High-Net-

Worth Individuals (HNWIs), the government-incentivized shift to individual retirement plans, and the expansion of Sovereign Wealth Funds (SWFs). With this increasing wealth pool, Mauritius is well positioned to capitalize on this trend. The launch of the Variable Capital Companies (VCC) in 2021 is a right move in the right direction. Versatile in nature, this legal vehicle provides flexibility to fund managers to originate a wide range of investment strategies, whilst at the same time also bringing about cost savings. Under the VCC, an unlimited number of sub-funds and Special Purpose Vehicles (SPVs) can be created. The sub-funds can

operate as collective investment schemes or closed-end funds, whilst the SPV can only operate as a vehicle ancillary to the sub-fund of the VCC. Moreover, the introduction of SPAC “Special Purpose Acquisition Companies” is a thoughtful initiative that could encourage investors to use Mauritius as a base for their transactions on the African and Asian continent. Special Purpose Acquisition Companies are becoming a key aspect of the investment world. As of September 2022, there were 681 active SPACs, according to SPAC Research, creating new opportunities and changing the investment landscape.

Vibrant market innovation forms part of the Mauritius' DNA as a forward-looking international financial centre. In today's ever changing business and economic cycles, exponentially accelerating pace of technology, and cybersecurity challenges, we are poised to make decisions with imperfect information. Maintaining a global leadership position is a constant effort by all stakeholders. 'Mauritius is not the only beautiful girl in town! Other jurisdictions are uplifting the game. The coordination and collaboration of the financial regulator, industry players and related organisations are paramount in building a robust and sustainable investment management hub. It is in this type of collaborating and pioneering environment that Mauritius can become a leading player in shaping the investment management franchise.

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