AVCA Member Profile: **Augentius**

Augentius is a global independent private equity and real estate fund administrator with offices in Mauritius, London, Belfast, British Virgin Islands, Cayman, Cyprus, Guernsey, Hong Kong, Jersey, Luxembourg, New York, Singapore, and The Netherlands. The firm serves over 250 funds with circa 6,800 investors, on behalf of more than 120 fund management groups located in 35 countries around the world.

AVCA speaks with J.P. Harrop, Augentius' Group Head of Sales based in London, about how being global means Augentius is well-placed to cater to the increasing international investor interest in Africa, and to help fund managers tackle the ever-increasing demands of international regulation.

Q: With your relatively recent presence in Africa, Augentius now stands as one of the only global private equity-focused fund administrators. How did your focus on Africa come about?

A: Augentius' roots have historically been in Europe, serving private equity, real estate and private equity fund of funds. In 2007 I went to Mauritius for an initial exploratory visit as we were hearing a lot about Indian private equity managers using Mauritius to domicile their funds. On this visit, a wise man pulled out a map of the region and asked me why we were looking to the right (India) when the greatest opportunity was to the left (Africa). That has always stuck with me as there were no private equity-only fund administrators focused on the African market.

Fast forward to 2009 when Augentius led its foray into Africa by being appointed as fund administrator of Citadel Capital's Joint Investment Funds, on the basis that we opened an office in Mauritius and became regulated by the MFSC. From here, we have built our presence and have now been appointed as the fund administrator for 24 Africa-focused funds, with FUM of circa US$6.1 billion based on committed capital and targeted commitments.

Q: Today, are there any trends that you are seeing with Africa-focused fund managers that are different from other regions?

We have noticed that the fund of funds model seems to be more popular with those investing in Africa than other regions, with firms such as our client Sango Capital, and a few others establishing themselves as key players. We think this is due to investor demand for exposure to African private equity opportunities coupled with scarcity of local

In focus: what's trending?

In investor demands:
More so than elsewhere in our global network, we are seeing potential investors require that fund managers work with globally recognised service providers.

In the fundraising landscape:
We are seeing more Africa-focused fund managers engaging with placement agents, and more placement agents willing to fundraise for Africa-focused funds.

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> Group Head of Sales
> Augentius

knowledge. Investing into an African fund of funds bridges this knowledge gap in a way perceived as more economical than trying to build out their own investment teams, as many in Europe and the US have been doing of late.

At this point in the cycle, it is still very much a case of following cash – cash is still king. We have seen a number of funds in Africa that had previously sourced their commitments from local government and domestic institutions, who are now raising their next fund and looking at investors from other regions. In many cases, these investors are not comfortable with Mauritius as a domicile and consequently, they have to establish feeder or parallel vehicles in places such as Luxembourg, the Cayman Islands or the Channel Islands, alongside Mauritius, to satisfy all of the investors. We have managed this process for a number of our clients with investors joining from parts of Europe and the US.

Q: With the asset class attracting a more globalised pool of investors, fund managers in Africa need to be ever-more conscious of international regulation. Looking at FATCA, the US's Foreign Account Tax Compliance Act, how do you see this new legislation affecting fund managers in Africa?

A: The appearance of FATCA, the US's new tax avoidance laws focusing on foreign investments, initially caused concern for US-based investors, and then for any investor who had a connection with any US-based institution, over compliance, reporting and withholding obligations being imposed by the IRS, the US tax authority. As mentioned, US-based and other international investors typically participate in opportunities in Africa through funds or feeder funds in centres such as Mauritius, the Cayman Islands, and so on. One of the benefits of these domiciles is that they have inter-governmental agreements (IGAs) with the US to make compliance a more local matter, and reduce potential exposure.

Having dealt with FATCA in a number of cases, it is essential that managers and their service providers ensure they have the systems and processes in place to track their investors' tax status, and are able to report when needed. The OECD have produced a 'Common Reporting Standard' on automatic tax information exchange and as this gains traction, we would expect to see a lot more funds needing to report on a greater number of their investors down the road.

Q: AIFMD, the Alternative Investment Fund Managers Directive, which covers the management, administration and marketing of alternative investment funds in Europe, is also having an impact on fund managers in Africa. What has been your experience?

Precisely that, fund managers in Africa should be very conscious of AIFMD. Following its introduction, the European fundraising environment has been continuously evolving and certain EU countries have taken the opportunity to amend their private placement regimes. These changes particularly affect non-EU fund managers, who are not currently eligible for the EU marketing passport. Germany and Denmark are two examples; both now require fund managers to comply with certain aspects of the AIFMD, specifically the appointment of an EU-based Depositary. This means that all Africa-based fund managers planning to market their funds to Germany and/ or Denmark under private placement regimes will need to appoint an EU-based Depositary for each relevant fund.

As an EU-based Depositary, Augentius is well-positioned to help Africa-focused funds efficiently comply with these new rules, and our detailed understanding and experience of the AIFMD within the European market is complimented by our dedication to and presence within the African private equity industry. We are currently unaware of any other Africa-focused administrators with a European presence offering this service. Unlike many of the larger banks offering this service, Augentius provides this depositary service as a standalone offering, as well as offering it as part of our broader service offering.

Q: Any final words?

A: This is a very exciting time for African private equity. The main concern I have heard from investors globally is whether there are enough experienced African private equity managers to cope with the likely material increase in interest in the asset class over the next 3-5 years. I expect to see more of the experienced African professionals currently working within the larger private equity houses in the US and Europe returning to Africa to help fill this gap, and participate in what may be a golden age of African private equity.

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