



Variable Capital Company (VCC)
Singapore
Research Analysis as of September 2020

The Variable Capital Company (VCC)

To further strengthen Singapore's position as a financial service hub in Asia-Pacific, the Monetary Authority of Singapore (MAS) and Accounting and Corporate Regulatory Authority (ACRA) launched the Variable Capital Company (VCC) framework. The VCC was officially launched on 15 January 2020 before the Covid-19 pandemic. Since its inception, 123 VCC funds have been registered with ACRA as of 11 September 2020.

On average 15 new VCC funds are being registered with ACRA each month. 65% of these registrations had been the umbrella fund structure. VCCs are required to appoint a Singapore domiciled fund manager who is regulated by the MAS. Our analysis of the registered VCC funds shows that 67% of Fund Managers are Capital Market Services (CMS) and 27% are Registered Fund Management Companies (RFMC) license holders offering a wide array of investment strategies.

If we related this to Hong Kong and the OFC structure given that the VCC has only been active for under one year the adoption rate far surpasses that of Hong Kong.

We also reviewed the profile of the registered fund management companies. Most of these companies are either Fund Management Companies (52%) or Wealth Management Companies (28%). Most of these target Ultra High Net Worth (UHNW), High Net Worth (HNW) or Institutions as their clients. It is also interesting to note that we see that 68% of the fund management companies originate in Singapore and 32% have their origins outside of Singapore. Size will be important as the cost of operating these structures in times of low interest rate environment, will mean that larger funds will be required to make them viable to both those who operate them and those who choose to serve them.

The VCC is a common law corporate structure that is intended to support all types of Collective Investment Schemes, and it can be structured as a standalone or an umbrella fund, supporting both open ended and close ended investment vehicles. It can also be used in master-feeder structures as the VCC is required to have a minimum of just one shareholder. The umbrella feature also allows fund managers to use different strategies within each sub-fund. As the umbrella VCC and not the sub-funds that is recognised as a legal entity, the sub-funds can be established and wound up independently. The process of notifying ACRA and MAS of new sub-fund is relatively simple and straight forward.

The construct of the VCC is similar to corporate structures in other jurisdictions, such as Segregated Portfolio Companies (SPC) in Cayman, Protected Cell Company (PCC) in Mauritius, Société D'investissement à Capital Variable (SICAV) in Luxembourg, Open-Ended Investment Companies in UK and Open-Ended Fund Companies (OFC) in Hong Kong.

The introduction of the VCC positions Singapore as the leading onshore fund domiciliation hub within Asia-Pacific and enables Singapore to rival other offshore domiciles such as Cayman, Mauritius, Bermuda, British Virgin Islands, Hong Kong etc. The launch of a similar vehicle in Australia is still pending and in Hong Kong the OFC was introduced in 2018 with a low adoption rate to date. In February 2020, The Securities and Future Commission of Hong Kong (SFC HK) undertook a public consultation of the OFC with the intent of enhancing the framework. The Securities and Futures Commission of Hong Kong has since commenced implementing changes to the private fund structures and continues with public

consultation in other areas of the OFC. The Singapore regulators have had the benefit of learning from the experiences of other jurisdictions and hence has introduced a more well thought out corporate structure for Collective Investment Schemes.

Furthermore, as the VCC is supported by an extensive and deep Singapore Financial ecosystem, Singapore is well positioned to further advance the country's standing in the Global Financial Centres Index – currently ranked 5th per Z/Yen report as of March 2020.

VCC Key Features & Benefits

The requirement for a VCC to appoint a Permissible Fund Manager will undoubtedly benefit Singapore's fund management community. There are currently 1,171 Capital Markets Services and Registered Fund Management Company Licensees offering an extensive array of investment management services for both traditional and alternative assets classes. Also, within the Funds' ecosystem is a vast number of experienced and capable financial service providers such as fund administrators, corporate governance entities, custodians, audit, and legal practitioners.

With this VCC requirement to appoint Singapore domiciled managers, the criterion of "economic substance" is avoided as the location of the board of directors and services providers are also in Singapore. Furthermore, with umbrella structures, economies of scale are created as fund structure allows for rationalization of administration cost, leveraging a single board of directors for fund governance and sharing common service providers across sub funds. The umbrella structure also allows for both open and close ended fund investment strategies with a single VCC entity. Whilst this a possibility, it raises complication from a tax perspective and any fund sponsor contemplating this structure should seek tax advice before adopting this approach.

For Singapore tax purposes, the VCC is treated as a company and as a single entity, hence umbrella VCC structures are only required to file a single corporate income tax return regardless of the number of sub-funds within the structure. The tax residence of a VCC is determined by where the control and management of the VCC is conducted from and where the board makes strategic decisions from. The tax residence of the sub-funds is determined by the residence of the umbrella VCC.

Additionally, Singapore domiciled fund managers are eligible for tax exemptions on specified income from designated investments via the 13R and 13X Schemes of the Income Tax Act. The VCC enables the fund managers using umbrella VCC structures to aggregate sub funds' balances such as assets under management (AUM) balances for 13X exemptions and annual business expense balances for both 13X and 13R tax exemption. The tax incentives are granted at the umbrella level encompassing all sub-funds within the structure.

Another benefit of the Singapore VCC is its access to Singapore network of double taxation treaties. At the point of writing this report, Singapore currently has tax treaties with 87 countries. The eligibility of the VCC and/or its sub-fund to receive tax benefit is subject to the specific tax treaty and accordingly tax advice should be sought to determine the eligibility.

Private limited companies can only distribute dividends from its profits. Furthermore, there are restrictions on the modes and methods in which the private limited company can return capital to its shareholders. With limited partnerships, distribution of profit and capital can occur at any given time, so long as the general partner remains solvent and is not made insolvent because of the distribution. With the VCC, its shareholders (investors) have the right to participate in or receive payments from the vehicle. Shares can be redeemed without Singapore capital maintenance requirements being applied as with the other structures. Dividends can also be paid to the VCC shareholders from its net assets/ capital, thus offering greater flexibility in capital distributions and returns.

VCCs being corporate structures are taxed at 17%, whilst with Limited Partnership (LP) and Limited Liability Partnership (LLP) structures, income tax is paid by the partners on the profits made by LP or LLP. The tax liability of each partner is based on their share and based on the prevailing progressive individual tax rate that currently ranged from 2% to 22%. Singapore being a single tier tax regime, does not require investors to pay taxes on its dividends, hence dividends paid out by VCCs to their investors are tax exempted in Singapore.

Other tax benefit available to VCCs is the Tax Exemption Scheme for New Start-Up Companies and is available only at the umbrella level of the VCC.

In relation to the “Goods & Services Tax” (GST), the GST is applicable to all VCC funds and its sub-funds, meaning the collection and enforcement of GST is conducted at the sub-fund level. GST remissions are available to certain VCCs and to determine eligibility please consult your tax advisors.

Sub-funds in an umbrella VCC will need to be registered with ACRA. The assets and liabilities of each sub-fund are ring-fenced, hence preventing assets from one sub-fund being used to discharge the liabilities in another sub-fund. Fund managers themselves do not have the discretion to wind up sub-funds as this discretion lies with the VCC. The VCC must follow the procedures outlined in the Companies Act and when making this decision, the VCC is expected to consider requirements relating to the Bankruptcy Act. This ring-fencing ensures that the sub-funds are treated like independent legal entities, but they do have an independent legal personality.

This notion of ring-fencing may not be recognised in jurisdictions outside of Singapore and independent legal advice should be sought before structuring these sub-funds and contracting with external parties. With Authorised Schemes, the onus is on the directors and fund manager to mitigate against cross-cell contagion and the sufficiency of the measures employed will depend on facts and circumstance associated with each case. Hence, when holding foreign asset in a VCC, it is prudent to consider if the laws of that jurisdiction recognize the notion of ring-fencing across the sub-funds or If it should contract in a manner that limits creditors’ claims against the relevant sub-fund.

Based on the above notion of ring-fencing where the sub-fund is treated as an independent legal entity, stamp duty is applicable for transactions between sub-funds within the VCC umbrella structure.

The VCC legislation provides for offshore funds currently in other jurisdictions to be redomiciled in Singapore. This is only permissible if the fund is solvent at the time of re-domiciliation and complies with the prescribed VCC requirements such as appointing a Permissible Fund Manager. Applications for re-domiciliation must be made to ACRA.

The accountability for fulfilling AML/CFT will reside with the VCC regardless of whether the VCC outsources the obligation of fulfilling this function to a third party. The VCC can outsource the AML/CFT obligation to the fund manager or to just one financial institution that is deemed eligible by the MAS guidelines.

Unlike other Singaporean fund structures that require financial statements to be prepared in accordance with the Singapore Financial Reporting Standard, VCC can prepare its financial statements using international accounting standards such as US GAAP and IFRS. This allows for greater flexibility in serving the needs of the global investors. Umbrella VCCs are required to maintain separate accounting records for each sub-fund and the accounting periods for these sub-funds must be consistent. Management must ensure that sufficient accounting controls are in place to safeguard the assets within each sub-fund and ensure that there are no inappropriate transaction activities.

Whilst financial statements are not publicly available, financial statements are circulated before a general meeting. With umbrella structures, the financial statements of all sub-funds are circulated to all investors, regardless of whether they invest in that sub-fund. This could potentially be an investor confidentiality issue.

Also available to funds until 2023 is the VCC Grant Scheme. The scheme is intended to encourage the launch of VCCs, by subsidising the registration and incorporation cost incurred by the VCC fund when engaging only Singapore based service providers. The grant covers up to 70% of the cost incurred but not exceeding S\$150,000 per fund and is limited to a maximum of 3 funds per fund manager.

Singapore as an Investment Hub

Per the World Bank study in 2018, Singapore ranked third ahead of other financial offshore centres such as Luxembourg at 9th, Mauritius at 39th and Hong Kong at 46th. In the ease of doing business rankings published by the World Bank, which indicate how conducive is the regulatory environment to starting and operating a new business in that jurisdiction. In World Bank May 2019, study, Singapore ranked 2nd ahead of Hong Kong ranked 3rd, Mauritius ranked 13th and Luxembourg ranked 72nd. In the World Justice Project (WJP) Rule of Law Index 2020, we see that Singapore has risen from 13th place to 12th. Broadly, this Index involves the assessment and rankings of countries' practical adherence to the 4 Universal Principles of the Rule of Law, that being "Accountability", "Just Laws", "Open Government", and "Accessible and Impartial Dispute Resolution". Amongst the key dimensions measured in constructing this Index are government power, regulatory enforcement, absence of corruption, and order and security. Per the 2020 WJP Rule of Law Index report, Hong Kong ranked 16th (with no change from its 2019 ranking) and Mauritius ranked 38 (down 1 place from its 2019 ranking).

Singapore together with Hong Kong and Luxembourg are fully fledged members of the Financial Action Task Force (FATF) which is responsible for overseeing and enforcing the international standards (FATF 40+9 Recommendations) for combating global money launderings and terrorist financing. Member countries of FATF have demonstrated that the counter measures that they have in place to combat money laundering and terrorist financing are largely in accordance with the FATF 40+9 Recommendations. Both

the Cayman Island and Mauritius have not gained full FATF membership status as they are identified weaknesses in their respective set of counter measures.

These rankings and memberships support the view that Singapore provides its investors with a safe and efficient investment environment.

A Straightforward Registration Process – How Does It Work?

The process to register a VCC fund is relatively straight forward and is conducted online. The steps to register a VCC can be found at <https://www.acra.gov.sg/how-to-guides/setting-up-a-vcc> . The registration process will take approximately 14 days for most applications and can take up to 60 days when a Transfer of Registration is involved.

The broad steps to launching a VCC are as follows:

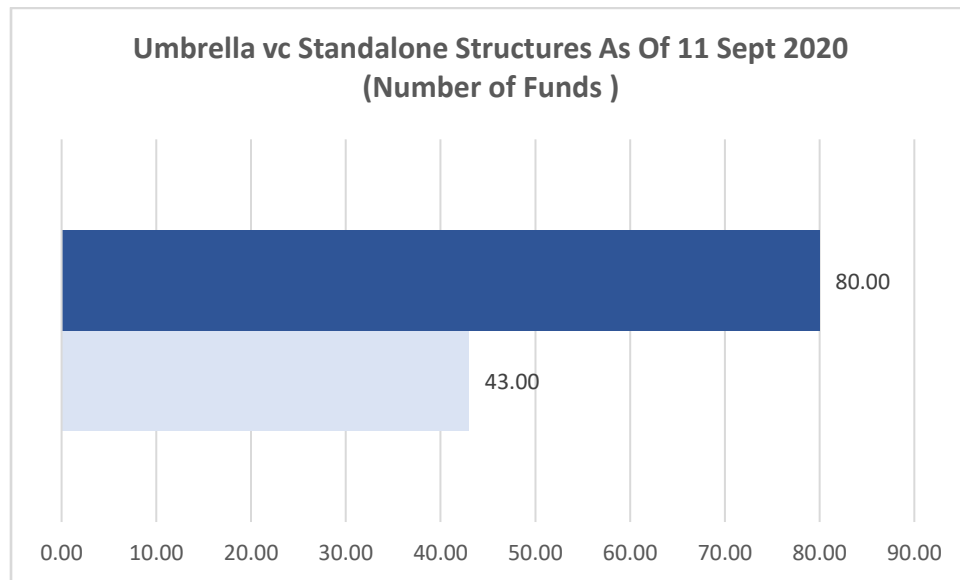
- Register the name of the VCC.
- Determine the type of VCC to be launched e.g. standalone vs umbrella, fund strategies etc.
- Determine the key appointees for the VCC fund e.g. Fund Manager, Director, Company Secretary, Banking Entity (manager that are new to Singapore) etc. (N.B. Authorised Schemes must have a minimum of 3 directors and one of these must be an independent director. Both Authorised and Restricted Schemes require the use of custodians with Authorised Scheme appointing only custodian who are approved trustees).
- Determine accounting and financial related criteria e.g. year-end date, financial reporting standards, dividend payout methodology etc. (N.B. Preparation of financial statements for Authorised Schemes must be in accordance with Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” .
- Create the constitution document for the VCC.
- File for incorporation when all the pre-requisites are satisfied (including the constitution document).

Registration of sub funds can be undertaken at any time as long the umbrella VCC has already been registered. Also, post launch activities such changes to the VCC details e.g. Name Change and Officers can be done on-line in a relatively seamless and quick manner.

ACRA maintains a list of VCC funds that have been registered since the inception of this framework and the register is updated and published on a regular basis. ACRA is currently developing an in-line register that will be available later in the year.

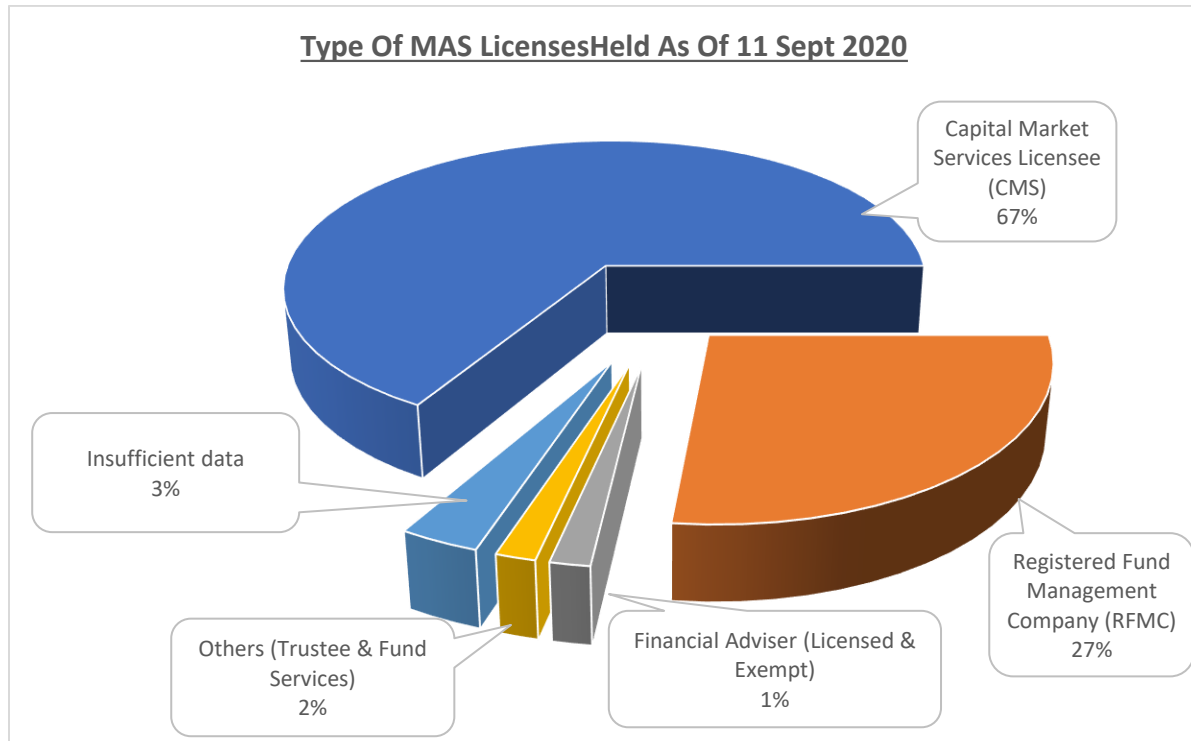
After analysing the list and conducting a high-level review of the identified fund managers associated with these funds, below is a summary of these findings.

The Permissible Fund Managers - The Preferred Fund Structure Employed



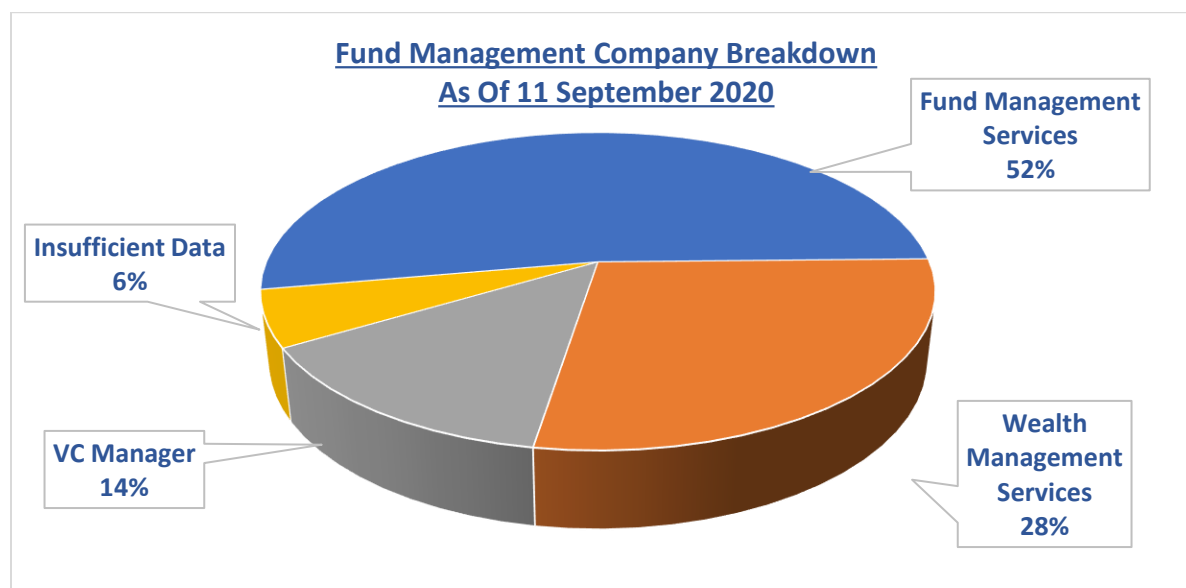
As previously mentioned, as of 11 Sept 2020, 123 VCC funds were registered with ACRA. On average 15 new VCC funds are being registered with ACRA each month. The preferred type of structure employed, 65% of funds registered to date, has been the umbrella fund structure. A key feature of the VCC is that the umbrella structure offers greater flexibility and efficiencies over other corporate structures that was previously used before the advent of the VCC. Fund managers can easily adapt the fund structure to their evolving investor base and investment strategies. Also, economies of scale and the ability to qualify for tax exemption through aggregation of sub funds are added benefits that support this choosing this option.

The Permissible Fund Managers – Who Are They?



VCCs are required to appoint a Singapore domiciled fund manager who is regulated by MAS. These fund managers are required to hold a Capital Markets Services (CMS) License for fund management, or a Registered Fund Management Company (RFMC) License issued by MAS. Alternatively, the fund managers of the VCC can be a financial institution exempted from holding a capital markets services license under the Securities and Futures Act.

Our analysis on the 123 VCC funds registered to date, shows that 67% of fund managers are CMS license holders and 27% are RFMC license holders. So thus far, 8% of the current CMS license holders and 11% of the current RFMS license holders have launched VCC funds (based on the financial institution data retrieved from www.mas.gov.sg). Notably absent from the list are the Global Fund Managers. Their absence of Global Fund Managers from the current list of fund managers can be attributed to the nascent nature of the VCC and possibly the lack of fund passporting access. We discuss this further in the next section.



We also reviewed the fund management companies' profile of the 123 funds registered to date. In the "Funds Management Company Breakdown" chart we see that most of these companies are either Fund Management Companies (52%) or Wealth Management Companies (28%). Most of these companies target Ultra High Net worth (UHNW), High Net Worth (HNW) or institutions as their clients – these are predominantly accredited investors whose net personal assets must be at least S\$2,000,000 or whose income in the preceding 12 months must be at least S\$300,000. Correspondingly, our survey results indicate that 93% of our respondents, feel that by being domiciled in Singapore they have ready access to investors (refer to "Appendix 1 - Fund Managers who are aware of the VCC fully appreciate the benefits the VCC vehicle offers by being domiciled in Singapore"). We expect that the Singaporean based Private Banks would be the next segment to start launching VCCs given their specific target client profiles. Also, to date, only one Alternative Management Division of a Singapore bank has registered VCC funds and we expect other to follow suit in due course.

Competition in servicing the High Net Worth segment will continue to be intense. Given the volatility in the market, expanding digitisation of services, increased social awareness and changing demographics, we expect customer demands to evolve and competition to increase. As with investors in other segments, the focus on fees will continue to intensify and consequently, customers will be seeking more transparency and requesting the Fund Management Companies and Wealth Management Companies to breakdown their charges. Investors expect fees to be aligned to the manager's performance and less driven by asset classes as with previous pricing structures. The advent of zero-fee trading options in the general market will only increase fee pressure on these firms.

Additionally, investor sophistication continues to drive the demand for personalised services. The demand for value added services such as tax and legal consultation services are becoming more prevalent with HNW investors. As the "HNW Boomer Investor Population" start planning to transfer their estates to the next generations, the demand for trust / inheritance planning services is also increasing. Hence to compete and retain these customer segment, we expect these wealth firms to review and expand their services accordingly as generating wealth is no longer the only evaluation criteria for staying with a

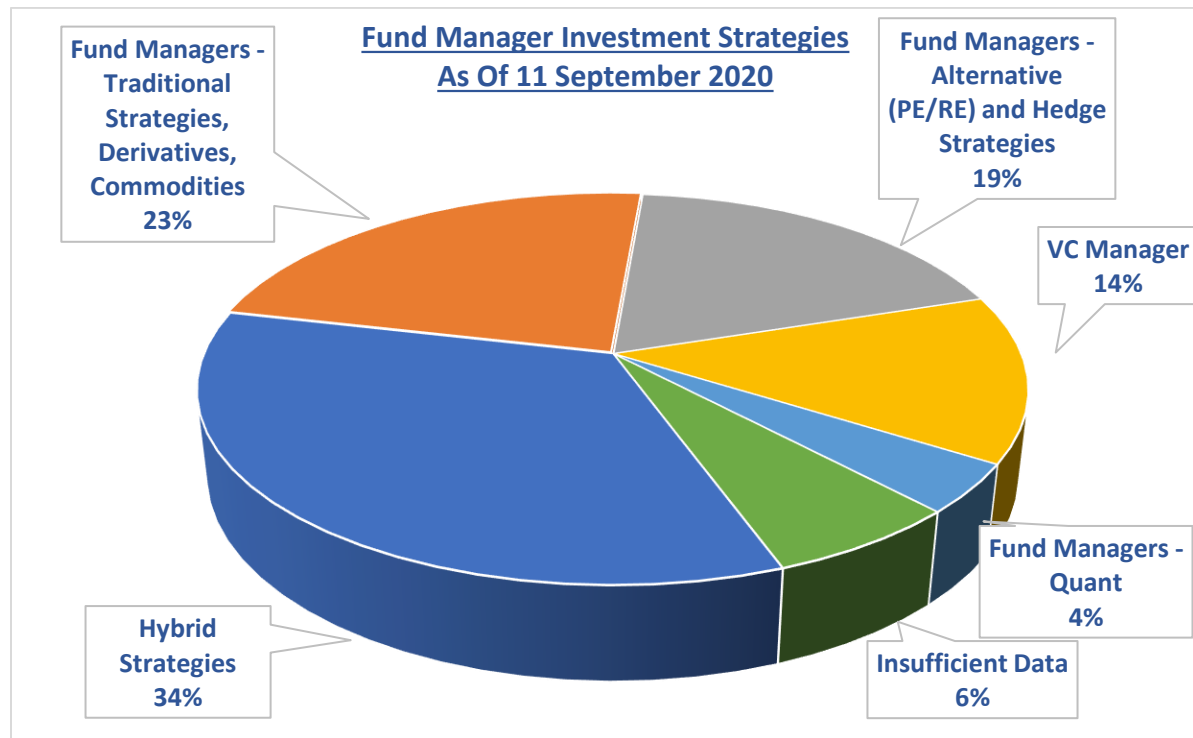
wealth manager. This gives Wealth Management Companies an inherent advantage over Fund Management Companies when targeting High Net Worth investors.

When reviewing the company profiles, we that 43% of these companies operate in multiple jurisdictions, targeting an expanded client base. Also, 16% of this multi-jurisdictional companies have originated from Singapore.

At this point, there are no Authorised VCC Schemes that have been made available to the Singapore market but that does not mean that some may already be in the works and amongst these 123 funds registered. We believe that the lack of Authorised Schemes is due to the nascent nature of the VCC, there is still several open questions relating the regulation for retail schemes amongst the Global Asset Management community. Hence, many have taken a “wait and see” stance before adopting the VCC framework. In our survey, 38% of the respondents have indicated that they may consider launching funds in 12 months (see *“Appendix 2 - There is still a need to explain the VCC to a broader audience as a number are still undecided about a new launch”*).

The other constraining factor limiting the use of Authorised Schemes is the absence of an APAC fund passporting arrangements unlike what is available to some of the European domiciled funds in Ireland and Luxembourg. 78% of our respondents consider a fund passporting arrangement to be of high or medium relevance (see *“Appendix 3 - Singapore is clearly seen as an attractive domicile for many reasons despite current challenges posed by the pandemic.”*). It is essential for Global Asset Managers to be able to reach retail investors across Asia-Pacific in order to maximise its target market and with the advent of micro-investment technologies, the potential target market appears to have grown in significance. Also, Singapore with its time-zone friendly location, stable political environment, efficient and effective tax system, leading regulatory and “business friendly” environment is ideally positioned to become the Funds Gateway to Asia-Pacific.

The Permissible Fund Managers – Their Investment Strategies



The chart above provides a view of the differing investment strategies employed by fund managers who have registered their VCCs. Our findings indicate that the VCC is currently popular with fund managers in private equity, hedge, venture capital fund management and boutique managers who employ hybrid strategies. This accounts for 67% of the VCC funds. During the Covid-19, investor appetite in the private equity sector (especially technology) has increased as the segment is seen as safe harbour for investments together with cash and cash equivalents. This coupled with the flexibility that the VCC framework offers over legacy corporate structures such as private limited companies and limited partnerships and benefits of the benefits as described in “*VCC Overview – Key Features and Benefits*” section at the beginning of this report, are drivers for the adoption of the VCC by these fund managers.

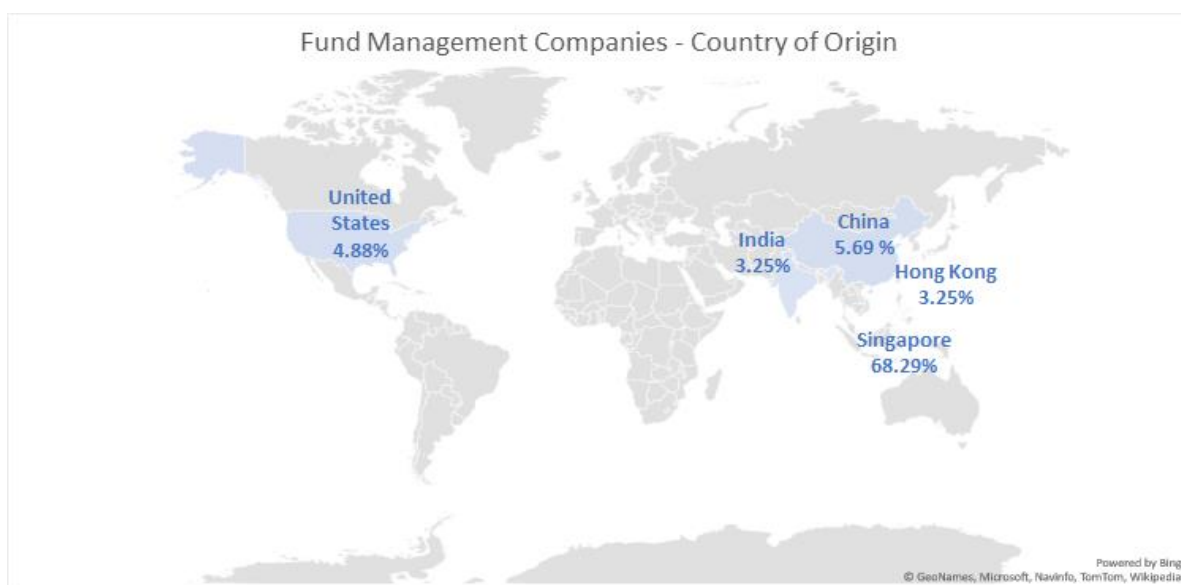
Another changing trend in global investment behaviour due to increased social awareness, has been the demand for Environmental, Social and Governance (ESG) investment options. According to the Morningstar Direct investment research platform, in first third of 2020, approximately USD 12 billion was invested into funds with ESG strategies. Our analysis of the VCC funds registered to date show that less than 20% of the funds employ ESG investment strategies. This is a product area that we anticipate will continue to expand in the immediate future.

Given the type of investment strategies that are being employed in this current batch of VCC funds, there has not been a strong demand for custody services. This demand will increase once the Global Asset Managers start launching Authorised VCC Funds.

Other contributing factors are the benefits that the umbrella structure brings such as costs efficiencies achieved through economies of scale, more efficient tax compliance practices and easier qualification for tax exemption relating to 13R and 13X of the Income Tax Act as consideration is given to the entire umbrella structure when considering tax exemption qualifications. The way dividends and capital can be easily distributed to shareholders of VCCs as compared to private limited companies and limited partnerships is another contributing factor to the decision to use this nascent framework.

The generous VCC grants offered by the MAS, will only add to the appeal of the VCC with these fund managers.

The Permissible Fund Manager – Where Are They From?



From the chart above, we see that 68% of the fund management companies originate from Singapore, 32% of these companies have their origins outside of Singapore. We expect Singapore to continue to grow as a key onshore international investment fund centres in the coming years. As countries around the world tighten their tax regulations, fund managers now confront challenges such as having to prove economic substance, principal purpose test under the Multilateral Instrument and erosion and profit shifting related legislations. Hence, by managing and operating a fund in the same jurisdiction in which the fund is registered, can only benefit, and simplify matters for fund managers. Furthermore, through the co-location of activities, the administrative burden is reduced leading to lower operating costs. These points can only strengthen the case to use Singapore VCCs. It is also anticipated that the eventual lifting of travel bans will lead to an increase of foreign fund managers establishing their presence in Singapore. 71% of our survey respondents rated travel restrictions as being of high or medium relevance to their decision to currently register a VCC fund (see “Appendix 3 - Singapore is clearly seen as an attractive domicile for many reasons despite current challenges posed by the pandemic”).

Also, given the geographic diversity of the Asia Pacific region, we expect Fund Management Companies and Wealth Management Companies to continue to enhance their digital offerings for their customer base. As we previously indicated as wealth is transferred from the “HNW Boomer Investor Population”, the more technology savvy new generation of investors, are seeking highly personalised digital services to meet their client experience demands. Failure to satisfy these client experience demands, can alter the perception the new investor has of these investment firms. They are expecting to readily receive customised and bespoke digital services relating to their investment profile. Additionally, other areas of interest would be the ability to receive micro and macro related educational material. This calls for Fund Management Companies and Wealth Management Companies to provide real-time and up to date information to their respective investor base.

Another key challenge for the Fund Management Companies and Wealth Management Companies, are that regulatory headwinds that continue to prevail ever so strongly, because of FinCEN Files, Westpac Austrac and Wirecard scandals. As a result, the scrutiny on cross border compliance obligations and AML/CFT oversight practices will only increase, thus leading to higher compliance costs for onboarding, and transaction monitoring activities.

A significant threat that these Fund Management Companies and Wealth Management Companies face are the emergence of technology firms (e.g. Amazon, Alibaba, Grab etc) in the wealth management space. These technology firms can provide their customers with a highly tailored and personalised service and have lower operational cost given their high levels of digitisation and the vast amount of the data at their disposal. With Artificial Intelligence and analytical capabilities, they can more readily identify prospects and reduce the acquisition costs of new clients in the process. Combining this technology and data advantages, with well thought out micro investment strategies, will also enable these technology firms to distribute investment products with a lower threshold of entry to the retail investor segment. This will potentially lead to more strategic alliances between Global Asset Managers and these technology firms such as Ant Financial Services Group and Vanguard in China.

To counter these threats, the Fund Management and Wealth Management firms will be required to make the necessary technology investments to remain competitive in servicing a more sophisticated HNW investor community. To achieve these objectives these firms can upskill and/or supplement their existing talent pool and/or seek to leverage the capabilities in the emerging Singapore FinTech sector. By leveraging complementary services in the Singapore Fintech space, they can develop alliances within the ecosystem to better service their investors. Speed to market considerations will also drive the establishment of these alliances.

Finally, our survey respondents clearly recognise the benefits that being domiciled in Singapore. When asked to score the relevance of Singapore market and environmental conditions when considering domiciling funds in Singapore, most respondents gave these conditions high scores (see “Appendix 1 - Fund Managers who are aware of the VCC fully appreciate the benefits the VCC vehicle offers by being domiciled in Singapore”). This supports the view that Singapore continued evolution to a leading international fund servicing hub is being recognised.

Disclaimer

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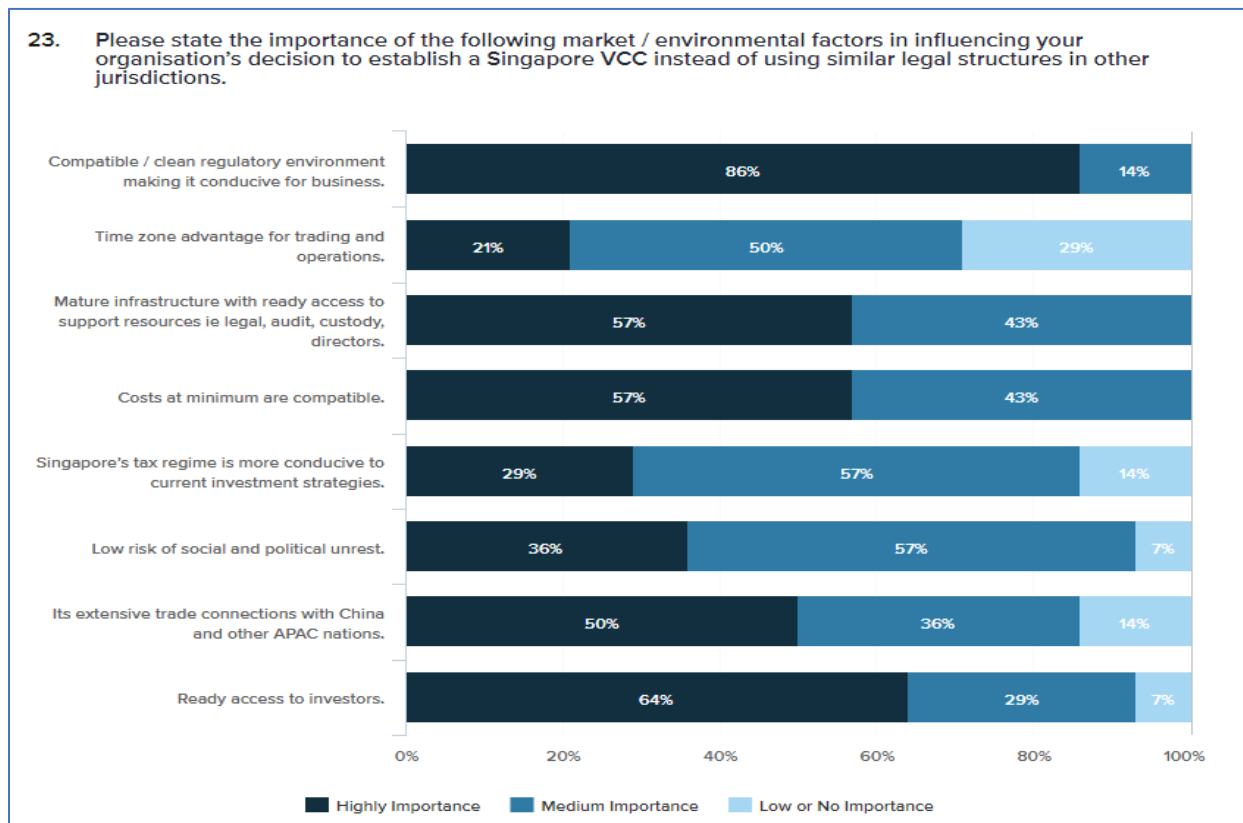
Appendices
(Survey Findings)

Appendix 1 - Fund Managers who are aware of the VCC fully appreciate the benefits the VCC vehicle offers by being domiciled in Singapore

From the chart below we see that the fund industry’s perception of the benefits is largely in-line with benefits contemplated when this framework was being designed by the Singapore regulators as outlined in “VCC Overview – Key Features and Highlights” section.

Singapore is seen as having a clean and compatible regulatory environment which was rated highly by respondents. In addition, the low geopolitical risk and trade connection to other APAC countries and access to Investors was all deemed very credible.

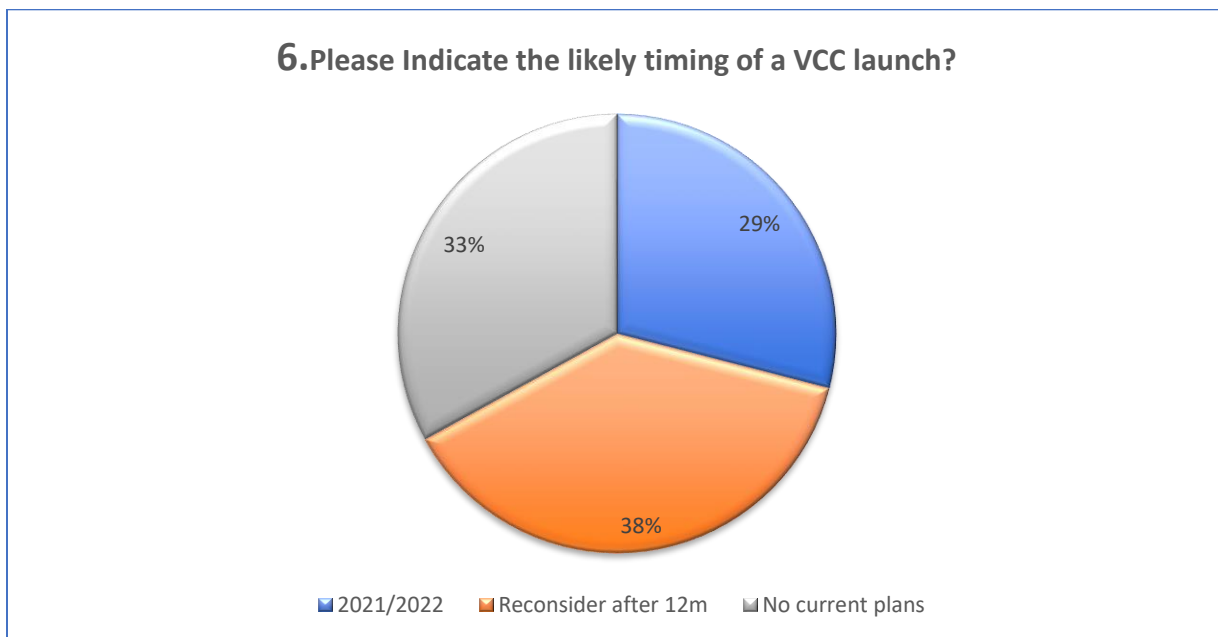
The most surprising results on this chart is time zone which although important does not feature as amongst the highest aspects. Given that many fund managers are often situated in different time zone to those who hold and manage the underlying assets this stood out.



Appendix 2 - There is still a need to explain the VCC to a broader audience as a number are still undecided about a new launch.

There is clearly an interest in the VCC and as we see above the Industry appears to have a good understanding of its attributes within the Singapore regulated environment. There may be a need to continue to promote the vehicle to Investors (rather than the Industry) which may have been made harder due to the pandemic.

An extremely high percentage of respondents (71%) indicated that they have no plans to launch or would be considering the prospect of launching funds after 12 months. This could be an indication despite the attractiveness of the vehicle, its actual usage may depend on Fund Management Companies requiring time to better understand the framework before using it in regular operational modus.



Appendix 3 - Singapore is clearly seen as an attractive domicile for many reasons despite current challenges posed by the pandemic.

Looking forward respondents were asked to rank importance of environmental factors in making their decision to launch a VCC in the next 2 years. Access to qualified resources, good regulatory environment ranked the highest by all respondents. Most respondents did not think adding another legal jurisdiction would be a challenge to their existing arrangements however in doing so staff would need to be hired to facilitate the process.

