



INCUBATOR FUNDS and APPROVED FUNDS

The types of BVI Funds are relatively new and lightly regulated fund vehicles being offered in the British Virgin Islands, **aimed at start-up emerging managers or persons wishing to manage funds for a group of investor friends or family members or non-institutional investors.**

The light touch regulation allows for the funds to be set up in a timely manner with minimal set up costs and regulatory obligations, thereby allowing fund managers to increase their assets efficiently.

With respect to the Approved Fund, it is a more likely choice for managers who wish to establish funds for the long term geared at **family offices or a tight network of friends or group of people.** The funds may begin operating within 2 business days of submitting their completed application to the BVI Financial Services Commission for approval.

Since coming on stream in 2015, the number of Incubator Funds and Approved Funds has increased from 9 funds of each type at the end of the first quarter of that year, to 46 and 71, respectively, as at the end of the first quarter of last year, 2018.

An Incubator Fund is suitable for **sophisticated private investors** only and the total number of investors in the fund is limited to a maximum of 20. An Incubator Fund may only have investments not exceeding US\$20,000,000 in net assets or its equivalent in any other currency. It provides the flexibility to managers of a start-up fund to keep costs down for a period of two years while they build up their portfolio. After two years, the fund is expected to either convert to a private or professional fund, wind up, or if it requires more time, to apply to the Commission for an extension if its incubator status.

In the case of an Approved Fund, the total number of investors in the fund is limited to a maximum of 20, and the fund may only have investments not exceeding US \$100,000,000 in net assets or its equivalence in any other currency. There is no limited on the time period of its approved status.

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