Jersey Finance
Delivering Insight ▪ Driving Innovation

Jersey for Private Equity Co-Investment

What is Co-Investment?

Co-investment is an investment opportunity structured by a private equity house, in which an investor has the discretion to participate on a deal-by-deal basis. The most common reason to arise for co-investment opportunities is that the investment is too large for the private equity fund and could create risks that outweigh the benefits, or where the investment would breach restrictions on diversification requirements previously agreed with investors. Family offices and high net worth individuals (HNWIs) are typically interested in co-investment opportunities as they permit access to opportunities that may otherwise be beyond their reach.

A current trend

Private equity houses will typically open co-investment opportunities to other private equity houses, entrepreneurs, industrial groups or wealthy families. In recent years, wealthy families with entrepreneurial backgrounds have increasingly been seeking private equity investments and have been looking for co-investment opportunities with other families or institutions.

Co-investment through the Jersey Private Fund

The Jersey Private Fund (JPF) was introduced in April 2017 and is a story of innovative success. Ideally suited to private fund raises and smaller investor bases, the JPF offers a streamlined and appropriate regulatory process, providing a quick, efficient and cost-effective route to launch. Numerous private equity, venture capital, real estate, technology and credit fund promoters have benefitted from the regime and use it successfully for co-investment structures.

Co-investment benefits

Benefits for the private equity house

- Extra resources to finance the deals
- Faster fundraising
- Input from experienced entrepreneurs
- Attract high-quality investors with good terms
- Create long-term relationships with investors and build trust
- Risk diversification

Benefits for the HNWI/family office

- To control investments on a deal-by-deal basis
- Leverage the network of the private equity house and achieve greater economies of scale
- Achieve higher returns and preferential investment terms
- Cherry-pick companies to invest in
- Diversify portfolios with investment opportunities that would otherwise have been inaccessible

Benefits of Jersey Private Funds

- Streamlined authorisation process
- No investment restrictions
- Ideal for managers with a sophisticated investor base such as family offices
- No application of the Jersey Financial Services Commission (JFSC) promoter policy
- No requirement for audited accounts
- No strict requirement for Jersey directors
- Flexible structuring options
- Offering document fully flexible and not obligatory
- For marketing into the European Union, fund managers can benefit from National Private Placement Regimes (NPPRs)

Benefits of using Jersey

Innovative jurisdiction with experienced service providers in a wide range of asset classes

Expert jurisdiction for funds, offering substance, a strong legal framework and appropriate regulation

Tax neutral

Well understood by investors

Flexible

International credentials

Disclaimer: This factsheet is only intended to provide a general overview of the subject matter. It does not constitute, and should not be treated as, legal advice.