

BULLETIN

LAUNCH OF SMART FUND MODEL 007 *Super Qualified Investment Fund*

Smart Fund Model 007 (the “SFM Model 007”) or the Super Qualified Investment Fund became available for use as of 22nd August, 2012.

Whilst the SFM Model 007 contains a number of features which mirror those of other Smart Fund Models such as the mandatory term sheet (or offering memorandum) and the ability of the investors to unanimously waive the annual audit, the distinguishing features are (i) a single investor is expressly permitted, (ii) the maximum number of investors is 50, (iii) there is a minimum investment of US\$500,000 and (iv) the administrative functions can be outsourced to any reputable person in a jurisdiction on an as needed basis.

These characteristics will facilitate the use of the flexible Smart Fund product by both asset managers seeking to establish a track record using the assets of up to 50 investors* (each contributing a minimum of US\$500,000) and financial advisors as a part of wealth management structures for the assets of a single investor or families. In addition, the US\$500,000 minimum investment threshold will make the SFM Model 007 a licensed and regulated investment product solution for clients in jurisdictions where external investments are only permitted if they

exceed this amount.

The ability to outsource administrative functions to any reputable person on an as needed basis will allow the board, general partner or trustee of the investment fund, to select their preferred service providers in a jurisdiction of their choice, having regard to considerations such as the investment profile of the fund, domicile of investors, the location of other service providers or any other factors which they consider to be relevant, without being restricted to administrators which are licensed or financial institutions. It should be noted however, that overall responsibility for all administrative functions (whether or not they are outsourced) remain with the administrator, if appointed, or the operators of the fund.

In summary, the SFM Model 007 is a welcome addition to the Smart Fund products currently available and is indicative of The Bahamas’ ability to develop innovative financial products within a regulated framework.

For more information, please contact Christel Sands-Feaste at csands-feaste@higgsjohnson.com.

Higgs & Johnson
Ocean Centre
Montagu Foreshore
East Bay Street
P O Box N 3247
Nassau, BAHAMAS
Tel: 242 502 5200
Fax: 242 502 5250
E-mail: info@higgsjohnson.com
Web: www.higgsjohnson.com

**In contrast, the Smart Fund Model 002 is limited to 10 investors and the Smart Fund Models 004 and 005 are limited to 5 investors.*