

49 funds of qualified investors operating in the Czech Republic now

Author: SF / pb | Published: 24.11.2009

Today, there are 49 funds of qualified investors operating in the Czech Republic, and by the end of this year this figure is likely to grow significantly. “Our company alone has five funds in the approval process in the Czech National Bank, and others are asking for licenses,” says Renáta Haklová, of the investment firm Amista, which has almost a one-third share on the domestic market in funds of qualified investors.

The seminar organized by Stavební fórum under the name “Funds of qualified investors - experience in property investments” in the Andel’s hotel in Prague yesterday, hinted that funds of qualified investors are not an ordinary investment instrument in the Czech Republic yet. To some degree this is caused by their relatively young age (the establishment of funds of qualified investors was made possible by an amendment to the Collective Investments Act of 2006) and the statutory lack of practical experience in their operation.

“Risk distribution is the primary parameter for funds of qualified investors,” Jakub Joska, of the law office Vyroubal Krajhanzl Školout, said at the seminar in response to the emerging contemplations that funds of qualified investors would replace special-purpose vehicles, SPVs, well-known to property developers, and still would enjoy the tax benefits of such funds. According to Renáta Haklová, these wrong expectations also forced many founders to sell their newly established funds of qualified investors: “Amista has acquired three such funds.” In this respect, Jaromír Zbroj, of Tacoma Tax Consulting, said that the tax benefits of funds of qualified investors would probably survive the current budget problems. Not even these problems led to contemplations on income tax increases for funds of qualified investors (5%, instead of the standard 20%). “There were even proposals to cut the tax rate even further, down to 1%,” says Zbroj.

The regulation of the funds’ operation and the legislative demands on their founders are rather complex. However, as Ondřej Horák, of Amista, noted, all obligations can be transferred to investment firms and convert the self-governing fund into a “managed” fund. According to him, the fees for managing funds of qualified investors are very differentiated, but the founder has to count on an amount in the tens of thousands of Czech crowns each month. Another impulse for establishing funds of qualified investors, which should also become another route for channelling foreign capital to the Czech economy, is a new legislative arrangement for their activities from mid-2009. Among other things, its goal was to simplify the license procedure.

24.11.2009 10:07, SF / pb