THE REASONS WHY HIGH-NET-WORTH INDIVIDUALS INCREASINGLY TURN TO MAURITIUS

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There are several reasons why the rich and ultra-rich individuals are turning to Mauritius for the management of their wealth. Firstly, Mauritius is a country that offers political and economic stability. It has a competitive tax regime and many advantages such as no inheritance tax or wealth tax. Mauritius' regulators and financial service providers respect international standards of confidentiality, while ensuring transparency and combating money laundering and terrorist financing.

With an advantageous time zone between Africa, Asia and Europe, Mauritius is recognised as a favourable business destination, offering a range of unique offerings. Compared to larger jurisdictions, the unique strength of Mauritius lies in its intimate knowledge of and proximity to the continent. This is a reason why several private management companies, both Mauritian and foreign, have established themselves in Mauritius.

The geographical location of Mauritius away from current geopolitical tensions is very important to affluent customers seeking security for themselves, their families and their wealth.

Finally, Mauritius offers a high quality of life with a pleasant tropical climate, lush nature and a rich and diverse culture. For High-Net-Worth Individuals and families who wish to settle down, the island offers high-end real estate and numerous leisure activities. For children's education, Mauritius has a growing choice of private schools at primary and secondary level, either French or English speaking.

HOW DOES MAURITIUS EMERGE AS THE IDEAL JURISDICTION FOR WEALTH MANAGEMENT?

Thanks to a number of factors that enhance its attractiveness, Mauritius has evolved into a jurisdiction of choice for wealth management. Indeed, the country has put in place a strict regulatory framework for financial services close to that practiced in Europe, especially for wealth management.

Here are some key aspects that contribute to the development of Mauritius as a hub for wealth management:

Robust compliance and regulatory framework: The Financial Services Commission (FSC) of Mauritius supervises and regulates the non-bank financial services sector, including wealth management. The island is one of the few countries to be compliant with all the 40 recommendations of the FATF, placing anti-money laundering and counter-terrorist (AML/CFT) measures as a key component. The regulatory framework aligns with international standards and supports financial transparency and compliance, making it conducive for large asset managers and high-net-worth individuals to enter the local market.

Asset protection and succession planning: Mauritius allows the establishment of various legal structures, such as companies, trusts and foundations, providing asset protection and succession planning options for High-Net-Worth clients.

International reputation: Mauritius' reputation as a transparent jurisdiction, and compliance with international standards (OECD, Financial Action Task Force, and the European Union, among others) reinforces its credibility as a wealth management hub.

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Connectivity and accessibility: Mauritius also offers excellent connectivity to conduct and facilitate business with the emerging African market, as well as global financial markets and business centres.

Strength of its people: Leveraging from its historical ties with France and Great Britain, Mauritius boasts a bilingual and highly educated local workforce. The island's positive economic growth comes from the exchange of knowledge, technology, and capital. Mauritius stands out as a unique jurisdiction that has navigated both French and English legal frameworks, allowing seamless operations of corporate vehicles and structures in both languages.

Alternative asset classes: The tech-savvy nature of younger generations extends to virtual assets, potentially fostering a distinct investment approach. Mauritius is well positioned to capitalise on this trend by establishing a robust fintech and virtual asset ecosystem tailored to these new investors. The development of a comprehensive legal framework for virtual assets is underway.

The attractiveness of Mauritius was also highlighted in the latest Africa Wealth Report published by Henley & Partners, which observes that the number of millionaires on the island now stands at 5,100 – compared to 4,900 in 2022, and 2,500 in 2013, a growth of 95% in ten years. Mauritius is also home to 15 centi-millionaires (USD 100m+).

THE ADVANTAGES OF WORKING WITH AN INDEPENDENT WEALTH MANAGER

Independent wealth management has become increasingly popular in recent years, largely due to the growing demand from clients for tailored advice for the management of their wealth. Independent asset managers often maintain long-term relationships with their clients, which can promote continuity and stability in wealth management. This is particularly important for clients who wish to work with a trusted advisor over several generations.

Independent wealth managers also differ from banks and large financial institutions in their ability to offer fully independent and unbiased management, with no conflict of interest with their own financial products or specific sales targets.

We, at PLEION Investment Adviser Ltd, have an open architecture where we can select products from a variety of providers, such as banks, insurance companies and fund management companies (as opposed to a closed architecture where the products on offer come solely from the bank or asset management company). This type of management is particularly attractive to clients with complex management needs.

Indeed, independent asset managers can provide detailed information on the products selected and the reasons why they were chosen. This approach offers clients a number of advantages, including enhanced investment diversification and increased flexibility in the management of their portfolio. Independent managers therefore have the freedom to select the best products for their clients according to their specific investment needs, rather than being restricted to a predefined range of products.

Furthermore, we form part of the Probus Pleion Group, which has a well-developed network of offices in Switzerland, Luxembourg, Dubai, Thailand and, of course, Mauritius.

The current economic context is marked by a certain amount of tension, causing many clients to challenge both the advice of their private banker and the standardised products offered by the large financial institutions, and even seek an alternative. This trend does not only apply to the younger generation, but also to investors with long experience in the field. The latter are turning to independent wealth managers for tailor-made solutions, adapted to their specific requirements and expectations.