

# Investing in the Channel Islands



Solid investment in Channel Islands' businesses has proved highly successful for Bailiwick Investments Limited, which this year celebrates its 10th birthday. Names such as Sandpiper CI, Jacksons CI Group, The International Stock Exchange and Guernsey Recycling Group are but just a few companies that have benefited from its investment.

Sir Geoff Rowland, the former Bailiff of Guernsey, has also moved from director to chairman – taking over from David Lowe who has been at the helm from the start. Will Green met them at Oatlands in Guernsey, which just happens to be one of the closed-ended collective scheme's investments



## What was the spur to creating Bailiwick Investments?

**David:** 'Jon Ravenscroft, CEO of Ravenscroft, was basically looking around, and saying: "Well there's no businesses left in the Channel Islands, which local people can invest in. There's demand for islanders to invest locally but options were limited".

'So, apart from Jersey Electricity, there were really no shares that you could go out and buy. So that was the idea behind forming Bailiwick [Investments]. I was chairman of a company called Cadic, which was basically the old Bucktrout shareholders who got together, and there was a lot of money floating about with the sale of CI Traders in the hands of private investors including Cadic. That was really the basis that Jon started Bailiwick [Investments].'

**Sir Geoff:** 'The aim of the fund from the outset has been to attain long-term capital growth by investment in a diversified portfolio of investment principally in businesses, property and assets situated, registered, headquartered or managed from the Channel Islands.

'There is no prohibition requiring that all investments made by BIL must be in the CI and there is one investment in an Isle of Man company and another based in London. Companies in which investments are made are encouraged to develop beyond the Channel Islands as well as within.'

## A decade on, what's your view of the global financial crisis?

**David:** 'Bailiwick [Investments] was formed in a storm, in December 2008. When the financial crisis started, we were halfway through setting it up and were looking for shareholders. It may have meant we raised slightly less than we originally hoped, but that's just me guessing. We raised £25m. on the first tranche of shares.'

**Sir Geoff:** 'The growth of the company has occurred during the decade since there was chaos in the international finance system and, unsurprisingly, high volatility in share prices, often triggered by automatic, computer driven sale of shares.

'BIL was largely immune from the problems thrown up by the crisis because its investments have been largely in the Channel Islands and the Isle of Man, and have been in solid



companies serving the communities in one way or another. The investment policy resonated with the needs and investment culture of many Channel Islanders.'

**What was the first investment and has it changed over time?**

**David:** 'It was Legis. When Mourant and Ozannes merged, they had to divest themselves of a trust company as there was a conflict. That was the first meaningful investment we made. It wasn't called Legis when we bought it, it was part of Ozannes. That would have been in about 2009.'

'What happened in 2008 when it [the launch of BIL] was announced in the paper, we had every budding entrepreneur in Guernsey coming along and saying: "I've got this ramshackle old building, would you like to buy it and turn it into a block of offices", which was totally not what we were looking for. Then we got Legis, and that was an extremely good one to get.'

**Sir Geoff:** 'The composition of investments has evolved over the decade since incorporation. There is a continual review of possible acquisitions and sales.'

**Since BIL was founded, what have been the highlights and key investments?**

**David:** 'If I had to pick three out, I would go for Jacksons, Guernsey Recycling Group and Legis – and then Sandpiper came along later. Those are the star performers, but they are all good in their different ways.'

**Sir Geoff:** 'The return to investors has been over 100% since incorporation if account is taken of six-monthly dividends, exceptional special dividends and share price growth.'

'Jacksons Garage has expanded into the Isle of Man and the Isle of Wight, and has modernised in lots of ways. Sandpiper has a range of investments, although it is still predominately a retail company with a wide portfolio of outlets.'

'Both companies employ large numbers of islanders and provide a wide range of skill opportunities, particularly for those not keen on being employed in routine jobs in the finance sector. The culture of BIL is to serve the communities in our islands.' ►





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► Has compliance changed over the last decade?

**David:** ‘The thing that stands out is how much that has changed. It’s always been there and we have always been very compliant, but we have to do far, far more than we had to do originally. It’s a good thing and we live in a world where it’s a necessary, but it’s time consuming.’

**Sir Geoff:** ‘Good governance is not something new. Indeed it is a golden thread which should run through all activities in business life. What is new is the plethora of guidance on the subject, and the feeling that Boards need to be seen to demonstrate compliance at every turn. The Guernsey Financial Services Commission needs to be proportionate in its requirements and actions and boards need to act in a proportionate manner in interpreting and recording their compliance actions. Plainly, it is imperative to protect investors and the reputation of the Bailiwick, but I am yet to be convinced that the balance nowadays is quite right.’

Are Jersey and Guernsey still places to invest?

**David:** ‘Speaking personally, I think the answer is yes. But I think there is no doubt that Jersey is where the cream is going to be in the near future. What effect Brexit is going to have on all of this, none of us know but it is definitely the bigger market and always has been.’

‘One of the reasons, in my opinion, of why Jersey is doing so well is the airport. Until we get the [Guernsey] airport sorted out, we are not going to go very far I’m afraid.’

**Sir Geoff:** ‘For me, it is also vital that businesses in both Guernsey and Jersey can speedily recruit quality staff in order to thrive, and the governments in the islands should ensure that recruitment approvals are dealt with expeditiously. I suspect that more can be done by governments in some business areas to make the economy thrive. A thriving economy will cause an increase in tax revenues and that benefits everyone.’

What are the thoughts of the new chairman?

**Sir Geoff:** ‘Having been a leading commercial lawyer in the 1970s and 80s, I have held a number of directorships in large local companies and was closely involved with many more as a principal legal advisor giving commercial input and drafting acquisition and sale documents. Serving as a director of 3i subsidiaries in Guernsey and Jersey gave me a great insight into commercial life in the Channel Islands and the successes of companies in which 3i invested.’

‘I confess to having had withdrawal symptoms from commercial life throughout the 20 years when I successively held Crown Offices. Sufficient time has elapsed since my retirement to take on a new challenge. The chairmanship of BIL

is a neat fit after two years serving as a director. People who know me are aware that I seek challenges, goals and target dates. Given a goal, I will achieve it.’

‘I do not contemplate causing a revolution but will be much alive to the need for constant evolution, working with BIL’s investment manager, Ravenscroft, and my fellow BIL directors. We will find new investments and we will arrange sales of investments whether in conjunction with existing shareholders or by listing a company on a stock exchange.’

How do you find the next investment and what are your future plans?

**David:** ‘I think it’s getting more difficult to find good ones. I think the cream has been taken off. They’re still there, but you’ve got to dig deeper and work harder to get the best out of them. There’s a limited supply.’

Sir Geoff: ‘The company is listed on The International Stock Exchange so plans are price sensitive. However, the intention is still the same as it was, namely to achieve growth in the assets of BIL. Ravenscroft, as manager of BIL, is always searching for new opportunities and canvassing them with the BIL directors.’

‘Ravenscroft will also discuss with the BIL directors when it is timely to raise more funds from existing and new shareholders in order that BIL will grow and achieve its continuing objectives.’