

FUND TYPES — BRITISH VIRGIN ISLANDS

The BVI Approved Fund

The Approved Fund carries the Incubator Fund's fast, light-touch approval process into an indefinite-term vehicle with a materially higher US\$100 million net asset cap — a natural next step as an emerging manager's fund matures.

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Overview

The Approved Fund shares the Incubator Fund's core design philosophy — a fast, low-cost route to market for smaller or emerging managers — but removes the fixed two-year term in exchange for no prescribed minimum investment and a higher US\$100 million net asset cap. Like the Incubator Fund, it is capped at 20 investors, and neither an audit nor the appointment of a licensed investment manager, custodian or administrator is statutorily required at the outset.

Because it carries no fixed term, the Approved Fund suits promoters who expect to operate indefinitely within the 20-investor and US\$100 million caps, rather than using the category purely as a stepping stone. It is also a common conversion destination for an Incubator Fund approaching the end of its two-year term where the manager's assets have grown beyond the Incubator's US\$20 million cap but remain within the Approved Fund's higher ceiling.

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Key features

Feature	Approved Fund	vs. Incubator Fund
Investor cap	20	20
Minimum investment	None prescribed	US\$20,000
Net asset (NAV) cap	US\$100 million	US\$20 million
Term	Indefinite	Two years, extendable by up to 12 months
Audit requirement	Not required	Not required
Approval timeline	Typically within 2 business days of a complete application	Typically within 2 business days of a complete application

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Regulatory framework

As with the Incubator Fund, the Approved Fund is recognised swiftly by the FSC on filing a complete application, without the manager needing to appoint a licensed investment manager, custodian or

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Enquiries: enquiries@berkleyfunds.com

administrator as a condition of approval, and without a mandatory audit. The absence of a fixed term means the FSC's ongoing supervision relies more heavily on the fund's directors to monitor and respect the 20-investor and US\$100 million caps than on a scheduled conversion event.

Once the US\$100 million NAV cap is approached or exceeded, conversion to a Private or Professional Fund becomes mandatory — there is no higher-cap variant within the Approved Fund category itself. Promoters should treat the cap as a hard compliance boundary requiring proactive monitoring, particularly for strategies with the potential for rapid NAV growth through performance rather than new subscriptions, which can bring a fund close to the cap without a corresponding increase in investor numbers.

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Practical considerations

- Monitor NAV growth from both subscriptions and performance — a strong-performing fund can approach the US\$100 million cap organically, not only through new capital raised.
- Plan the conversion to a Private or Professional Fund well ahead of the cap, since the process (offering document, auditor appointment, and any manager licensing considerations) takes materially longer than the Approved Fund's own two-day approval.
- If converting from an Incubator Fund, confirm with the FSC and counsel the specific notification and documentation required for that conversion before the Incubator Fund's term expires.
- Even without a statutory audit requirement, consider engaging an auditor once approaching the higher end of the NAV range, both for investor comfort and to ease a future conversion to an audited category.
- Because the Approved Fund has no fixed term, review the fund's category choice periodically as part of ordinary governance, rather than only at a scheduled trigger point as with the Incubator Fund.

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How Berkley can help

Berkley Fund Services administers BVI funds across all six SIBA categories, handling NAV calculation, investor register maintenance, FSC and International Tax Authority filings, and coordination with a fund's auditor, directors and appointed persons. Promoters weighing up which BVI category best fits a proposed structure are welcome to discuss their plans with Berkley's team before finalising an offering document.

ENQUIRIES enquiries@berkleyfunds.com

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