

SETTING UP OF A CLOSED-END FUND VIA THE MAURITIUS INTERNATIONAL FINANCIAL CENTRE

Mauritius is a tried and tested jurisdiction for the domiciliation of closed-end investment funds, particularly those targeting Africa and emerging markets. For private equity managers, institutional investors, and Pan-African banks with an asset management arm, Mauritius offers a secure and efficient platform for capital raising and deployment. The country has established a robust network of double taxation avoidance agreements (DTAAs) and bilateral investment treaties with numerous African nations and its membership in regional blocs such as SADC and COMESA facilitates trade and investment flows, making it an ideal conduit for investment strategies targeting multiple African jurisdictions.

The LP-GP structuring Model

The jurisdiction is particularly well-suited for closed-end fund structures, commonly used in private equity, infrastructure, real assets, and venture capital. The most widely adopted model is the Limited Partnership (LP) structure, which is in alignment with international norms. Under this model, the fund is managed by a General Partner (GP), responsible for investment decisions, capital deployment, and fund administration. The investors, or Limited Partners (LPs), contribute capital and receive returns without assuming operational or legal liability beyond their commitments. This LP-GP model, recognised globally and fully supported under our Limited Partnerships Act 2011, provides legal clarity and investor protection, which is especially important when managing illiquid, long-term assets.

Mauritius' regulatory framework is compliant with FATF and OECD standards, which provides assurance to global institutional investors and development finance institutions (DFIs). From a tax perspective, there is a partial exemption regime whereby 80% of the source income derived by a collective investment scheme, closed-end fund, CIS manager, or CIS administrator will be exempted from income tax, resulting in an effective tax rate of 3%. As from the year of assessment 2024/2025 and in respect of every subsequent income year, 95% of interest earned by Collective Investment Schemes (CIS) or Closed End Funds will be exempted, leading to an effective tax rate of 0.75% on interests earned. There are no capital gains tax and no withholding tax on dividends in Mauritius. No withholding tax applies on interests paid by CIS and CEF holding a Global Business License. There is also no foreign exchange control and therefore funds can be repatriated freely.

Additionally, Mauritius benefits from a hybrid legal system based on English common law and French civil law allowing for strong contract enforceability and legal predictability, which are both essential for fund governance and investor protection.

Servicing Banks with a growing Asset Management division in Africa

Banks with an asset management arm operating in Africa can use the Mauritian jurisdiction as a platform for managing third-party capital. Some of these institutions are already leveraging

closed-end fund structures in Mauritius to raise and deploy capital for infrastructure, SME finance, real estate, and blended finance initiatives across the continent. By setting up a Mauritius-domiciled fund, a bank can isolate the asset management activity from its balance sheet, attract external LPs (including DFIs and institutional investors), and align with global governance and reporting standards. These vehicles enable banks to transition from balance sheet-led lending to more sustainable fund-based investment strategies, while also deepening client relationships and building long-term guaranteed income from asset management fees.

For banks seeking to grow their investment management footprint, Mauritius provides the ability to structure fully ring-fenced and compliant vehicles that meet the expectations of global capital providers. This is especially relevant in sectors such as renewable energy, affordable housing, coordination, and digital infrastructure — areas where banks often have origination capabilities but need external capital to scale impact. The LP-GP model therefore allows banks to co-invest alongside third-party capital, retaining strategic exposure while managing risk effectively.

Governance as a prime element

Mauritius offers distinctive governance advantages that align with both regulatory expectations and investor demands. The fund structures enable banks to clearly separate their asset management activities from their traditional banking operations, creating a ring-fenced vehicle that limits balance sheet exposure and manages risk effectively. This separation is critical for compliance with banking regulations and internal risk policies. Our Governance frameworks support this separation by mandating clear roles and responsibilities between the bank as asset manager (often acting as the GP) and the investors (LPs). The legal documents define fiduciary duties, conflict of interest policies, and transparency requirements, ensuring the bank acts in the best interest of investors while maintaining compliance with local and international regulatory standards. Mauritius' regulatory authorities expect regular reporting, independent audits, and adherence to anti-money laundering and know-your-customer (KYC) procedures, which reinforce operational integrity. Moreover, Mauritius allows for the appointment of independent directors or trustees to the fund's governing bodies, providing additional oversight, and mitigating risks of governance lapses. This governance layer is particularly valuable for banks that seek to reassure external investors such as DFIs, pension funds, and sovereign wealth funds about the soundness and professionalism of the asset management vehicle.

Through Mauritius, banks can also implement sophisticated risk management and compliance frameworks, aligned with international best practices. This includes clear capital call processes, distribution waterfalls, valuation methodologies, and ESG integration, all overseen under a transparent governance regime. The result is a vehicle that not only meets regulatory scrutiny but also builds investor confidence, facilitates fundraising, and enables sustainable long-term investment in African markets.

Mauritius further supports these operations through a deep ecosystem of fund administrators, legal advisors, tax consultants, and experienced fiduciary service providers, ***DTOS being one of the pioneers***. With our long-standing experience of over 30 years in the structuring and administration of cross-border investments, DTOS, as a Mauritian-based corporate service provider and fund administrator is highly geared to support asset managers on all related company secretarial, governance, regulatory compliance services, accounting and tax services. We have considerable experience in managing daily NAV calculations for large financial institutions. The team's meticulous approach and expertise in NAV calculations ensure that clients can rely on accurate and timely valuations to support their investment decision-making processes.

DTOS Expert Columnist:



Vaneeta Bickoo Brelu-Brelu is DTOS Group Business Development Manager, she is responsible for developing and implementing sales strategies across markets with a special focus on Africa. With 15+ years of experience, she gathered firsthand knowledge of the continent and its wide cultural diversity through various leadership roles in the Equatorial Africa region comprising of 21 countries. She has also built over the years an active stakeholder network in the financial services sector and is an experienced Director on the boards of Global Business companies.

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