Rees-Mogg’s investment management firm to shut

The investment management firm co-founded by Tory MP and former business secretary Sir Jacob Rees-Mogg is to be wound down.

Somerset Capital Management is understood to have taken the decision after the loss of its largest client, wealth management powerhouse St James’s Place, last month.

That built on earlier outflows.

It meant that around two-thirds of Somerset’s remaining assets under management were stripped out as St James’s moved to cut costs and amend its own fee structures.

The move, the Financial Times earlier reported, also sparked a loss of confidence among other remaining clients.

Somerset specialised in emerging market funds for institutional investors and values are believed to have been hurt by the global economic struggles, particularly in China.

The company said it was in advanced talks to transfer its top performing funds to a new investment adviser.

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“The firm will be closing its wider institutional business in London,” the statement concluded.

Oliver Crawley, a partner at Somerset, added: “Somerset’s UK funds, including the top performing Somerset Asia Income Fund and Somerset Emerging Market Dividend Growth Fund, along with their key investment team, are seeking to transition to a new investment adviser but would retain the existing fund and third-party infrastructure.

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“If agreed, this will ensure the seamless continuity of these funds and their managers, while positioning them for continued growth.

Somerset was co-founded by Rees-Mogg and two other colleagues in 2007 – one of whom is a former chief executive, Lord Dominic Johnson.

He currently serves as investment minister in Rishi Sunak’s government and was the driving force behind the Global Investment Summit that took place in London last week.

Sir Jacob and Lord Johnson retained minority stakes.

Somerset had around £10bn in assets under management five years ago.

Sky News reported a year ago that a sale of the business, which would have netted the founding members payouts worth millions, had **stalled**.

Emso Asset Management was understood to have been considering a bid of up to £30m.