




# The state of the Luxembourg fund industry

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# Luxemburgo, una plataforma para la gestión de inversiones

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# Investment funds: Latest developments

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# The Luxembourg UCITS Brand

- The Luxembourg flexibility
- New developments under UCITS IV
- The distribution potential

# The Luxembourg flexibility

- Structuring
- Investment policies
- Regulator
- Service providers
- Tax

# New Developments under UCITS IV

- Management Company passport
- Fund merger regime
- Master-Feeder structures
- Key Investor Information
- Simplified notification procedure
- Enhanced supervisory cooperation

# The Distribution potential

- Distribution within the European Union
- Distribution outside of the European Union



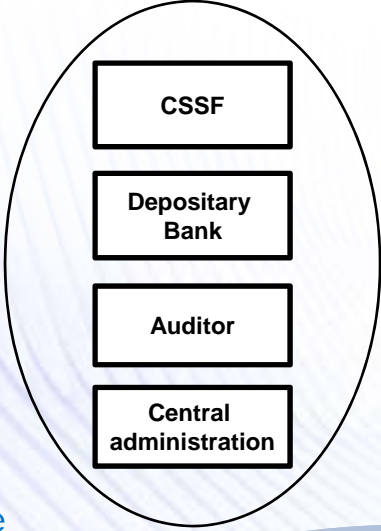
# Luxembourg: A “one-stop-shop” for alternative investments

- The Luxembourg tax regime in a nutshell
- Investment vehicles in Luxembourg
- The Luxembourg Investment Fund sector
- Specialized Investment Fund (SIF)
- Investment in Venture Capital (SICAR)

# The Luxembourg tax regime in a nutshell

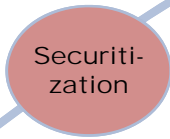
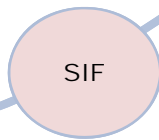
Corporate Income Tax/ Municipal Business Tax	28.59%	25.5%	<ul style="list-style-type: none"> <li>✓ To be reduced to 25.5% in a few steps as from 2009</li> <li>✓ No tax on dividend, capital gains and liquidation proceeds (participation exemption)</li> <li>✓ No tax on branch income based on DTT</li> <li>✓ 80% exemption on IP income</li> </ul>
Net Wealth Tax	0.5%	0%	<ul style="list-style-type: none"> <li>✓ No tax on qualifying assets (participation exemption, branch, IP Law)</li> </ul>
Capital Duty	0%	0%	<ul style="list-style-type: none"> <li>✓ Abolished since 1st January 2009</li> </ul>
WHT on dividends	15%	0%	<ul style="list-style-type: none"> <li>✓ Many ways to reduce/avoid it based on DTT, Internal Law or efficient tax instruments</li> </ul>
WHT on int., royalty, liquidation proceeds	0%		
VAT Rate	15%		

# Investment vehicles in Luxembourg



**Regulation & Safety**

More Regulated



Less regulated

Non regulated

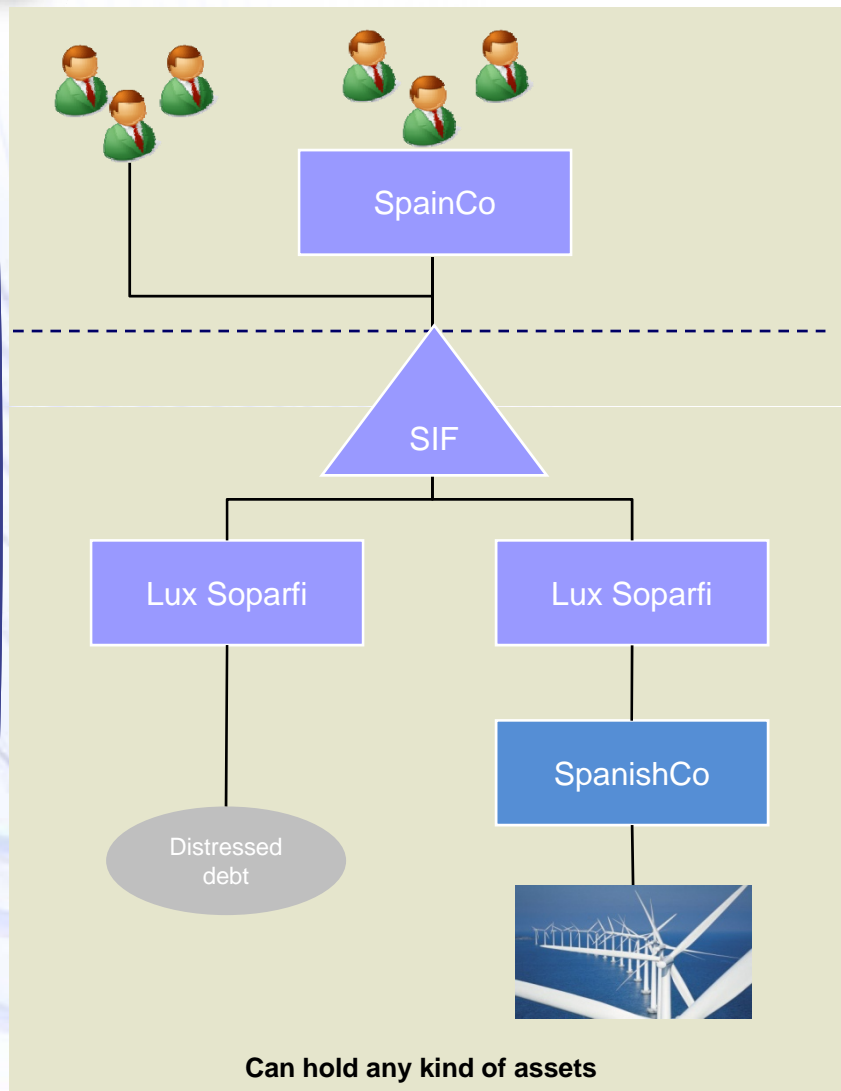
More Flexible

Less Flexible

# The Luxembourg Investment fund sector

Key criteria	UCITS	UCI	SIF	SICAR
<b>Investment restriction (eligible assets)</b>	Restricted	Flexible	Flexible	Moderate
<b>Risk diversification</b>	High	Medium	Low	None
<b>Ease of public distribution</b>	High	Medium	Low	Low
<b>Supervisory framework</b>	Targeted to retail investor protection	Targeted to retail investor protection	More flexible	More flexible
<b>Time to establish</b>	Low – Medium	Medium – High	Very low	Low
<b>Target investors</b>	All	All	Institutional / HNWI	Institutional / HNWI

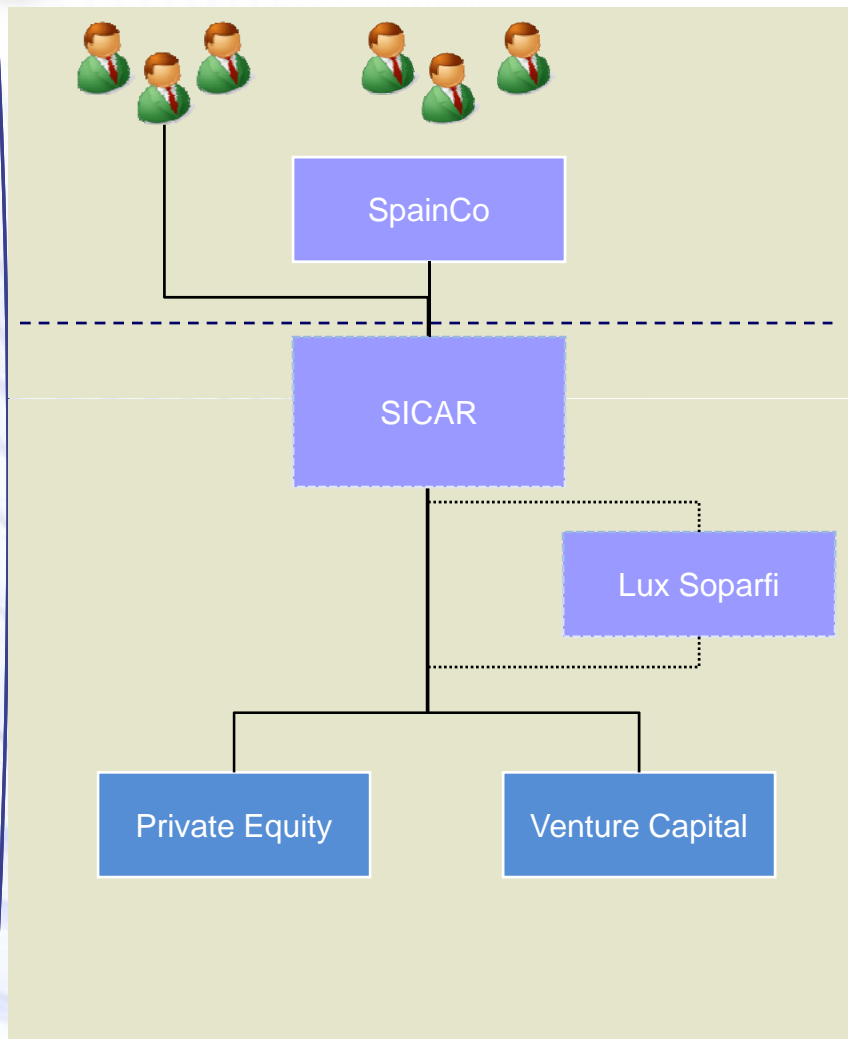
# Specialized Investment Fund (SIF)



## Tax structuring with a SIF

- No CIT/MBT/NWT. Annual subscription tax (0.01% of the NAV)
- No WHT on dividends, interest, liquidation proceeds
- No capital duty
- Use of DTT network and EU Directives achieved through use of a mid tier Luxembourg Soparfi, duly structured

# Investment in Venture Capital (SICAR)



## Tax structuring with a SICAR

- Taxable for CIT/MBT purposes but exempt on income and gains from risk securities (+ transit funds). No Net Wealth Tax
- No WHT on dividends, interest, liquidation proceeds
- No capital duty
- Investment into different types of Assets may require interposition of a mid tier Luxembourg Soparfi (case by case basis).