Creating your OWN Fund with

IFC
International Finance Corporation LTD

Integrated Solutions for Wealth Managers

OVERVIEW
KEY DESIGN FEATURES
BENEFITS OF HAVING YOUR OWN INVESTMENT FUND
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OVERVIEW

Although investment funds such as mutual and pool funds have been in existence for many years, they have traditionally been offered mostly by large asset management firms due to the high operational cost structure of managing such funds. In other words, historically, a significant base of client assets were required to create an economically viable offering that spread the various operational costs such as custodian, fund accounting, recordkeeping, regulatory, audit and legal across the fund's investors.

Over the past few years, though, the international marketplace has experienced the entrance of established investment fund operational suppliers such as custodians and fund accounting & recordkeeping firms, who provide high quality services but at a materially lower price point than the traditional fund

These new entrants are not targeting the large mutual fund complexes but are instead focusing the delivery of their services to independent investment and advisory firms. As a result, it is now possible for small-to medium sized wealth management firms to create their own investment funds with both modest setup and ongoing operational costs.

IT IS NOW POSSIBLE FOR SMALL – TO -MEDIUM SIZED WEALTH - MANAGEMENT FIRMS TO CREATE THEIR OWN INVESTMENT FUNDS

WITH BOTH MODEST SETUP AND ON GOING OPERATIONAL COSTS.

Key Design Features

The creation of your own investment fund is not only an opportunity to provide a new investment offering that meets the unique needs of your clients but also an ability to extend the brand of your firm. For these reasons, IFB believes that you should give careful consideration to the following design components of your fund.

A. INVESTMENT FUND STRUCTURE

Depending upon the nature of your clients, you will need to decide whether to create a prospectus-based mutual fund or a prospectus-exempt pool fund. In addition, although most investment funds are structured as trusts, some wealth advisory firms have chosen to use other legal structures such as corporations. As the merits of using a corporate versus a trust structure generally involve tax considerations, it's important that appropriate legal counsel and tax advice be engaged when making these structural decisions.

B. INVESTMENT MANAGEMENT

The investment management of fund can be structured for proprietary (in-house) money management, external money management, or a combination of both proprietary and external management. Specifically, for firms who are appropriately licensed and already provide proprietary discretionary investment management services to their clients, the investment management role of their fund can be structured so they will act as the money manager, and therefore responsible for the security selection within the fund. Alternatively, external investment managers, with expertise in specialized areas of the capital markets, can also be incorporated into the investment management offering of a fund. The use of proprietary versus external money management is a design issue that can be tailored to the unique needs of each wealth management firm.

C. INVESTMENT FUND OPERATIONS

Funds are investment vehicles that require specialized operational support compared to the management of segregated investment portfolios. Specifically, all investment funds need to be valued on a periodic basis and the proportionate ownership level of each fund investor needs to be maintained. The valuation role is conducted by a Fund Accounting firm who specializes in the calculation of a given fund's net asset value on a periodic basis, whether it be daily, weekly or monthly, while the investor ownership is tracked by a Registrar (also known as a Record-keeper) who maintains an ongoing ledger of the number of units/shares that each client investor holds in a given fund. Accuracy and efficiency of these two roles, Fund Accounting and Registrar, are critical to the operational success of any investment fund.

In addition, the selection of the "best fit" custodian for your firm's investment fund is also a critical decision. Today, there exist two broad types of custodians: Trust Companies and Carrying Brokers. The features of both types of custodians need to be measured against the needs of your firm and your clients in order for you to select the appropriate custodial provider.

D. BUSINESS MANAGEMENT

Once set up, an investment fund requires ongoing support in all business functions such as operations, technology, compliance,

A SOUND FUND GOVERNANCE STRUCTURE WILL NOT ONLY BENEFIT THE FUND'S UNITHOLDERS / SHAREHOLDERS BUT ALSO MITIGATE THE REGULATORY AND BRAND RISKS…

finance & accounting. As a result, your investment fund will become a separate and additional business to your current wealth management firm.

Given this, all investment funds require a Manager, or Sponsor, who assumes the legal responsibility for the "business management" of the investment fund. Depending upon the available resources within your current firm, you will need to determine whether your firm, or a related entity, will act as the Manager of your new fund, or if you will outsource this function to an independent third party.

E. INVESTMENT FUND GOVERNANCE

Over the past few years, governance has properly become a very important component of investment fund management. At IFB, we believe that investment funds should be managed for the benefit of their unit holders / shareholders. As a result, a prudent fund governance structure should not only addresses the roles and functions of groups such as Boards of Directors, Trustees, and Independent Review Committees but also the business management processes of key areas such as investment management and regulatory compliance. A sound fund governance structure will not only benefit the fund's unit holders/shareholders but also mitigate the regulatory and brand risks for the Manager and Investment Managers of investment funds.

F. PROFESSIONAL SERVICES

In addition to the key operational services provided by suppliers such as custodians and fund accountants, there are potentially three professional services that are required in the setup and ongoing management of investment funds.

The first professional is legal counsel. Given the regulated nature of investment funds, it is absolutely critical that any firm who has made a business decision to establish their own investment fund engage the appropriate legal counsel, specifically one who specializes in securities law.

The second professional is the fund's auditor. All investment funds should have independent audits conducted on a periodic basis by an accounting firm that not only has an audit capability but with a sound understanding of the investment fund industry. Prudently audited financial statements are critical documents required by the governing bodies of any investment fund.

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The final professional that may be required by an investment fund is an investment manager research firm. For those wealth management firms that desire to setup a multiple manager investment fund, we believe that it's very important to ensure that the investment managers selected for your fund not only have an attractive performance track record but also have a well-defined investment philosophy & discipline, high quality money managers, and a solid set of operational best practices. Some wealth management firms have the internal capabilities to provide the investment manager selection and ongoing monitoring functions while most wealth management firms outsource this investment manager search and monitoring role to an independent manager research firm.

BENEFITS OF HAVING YOUR OWN INVESTMENT FUND

G. BROADEN YOUR CLIENT RELATIONSHIPS

Many wealth management firms have their own segregated securities portfolios that they manage for their clients or distribute third-party investment funds. Although these offerings satisfy the needs of certain clients, they don't always meet the needs of all clients. The creation of your own firm's investment fund can extend your set of investment solutions and broaden your relationship with your valued clients.

H. CLIENT SEGMENTATION

Although an investment fund is fundamentally constructed as a single pool of capital, each fund can have various classes of unit holders / shareholders in order to meet the unique needs of different client groups. For instance, by using the appropriate class structures, your firm could create one class for your clients with moderate sized investment portfolios and another class for large sized investment portfolios. As the pricing of these classes can be tailored, your firm will then be able to deliver investment fund solutions that speak to the unique pricing needs of different client segments.

I. ENHANCE YOUR FIRM'S OPERATIONAL EFFICIENCY

Many investment and advisory firms manage client portfolios that are comprised of individual/ segregated securities. Although customized securities portfolios are attractive to large clients, the creation and maintenance of segregated securities portfolios for small-medium sized clients can create many portfolio and operational

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challenges. This approach can often result in many operational inefficiencies. We believe that the use of proprietary investment funds can be a good solution to address this issue of segregated money management of small-medium sized client accounts, as the money manager is then managing one large fund portfolio instead of hundreds, or sometimes thousands, of individual small-medium sized client accounts. In addition, with the use of various classes of funds, these increased operational efficiencies for your firm without sacrificing the unique needs of your clients.

J. LOWER COST OF OWNERSHIP

Today, many clients consider the total cost of mutual fund ownership to be high. For instance, it is not uncommon for the Management Expense Ratios (MERs) of many Equity Funds to be in excess of 2.50% per annum. Although clients may be willing to pay these fee levels during periods of robust capital markets, they are typically very cost conscious during periods of moderate capital market returns. With the entrance over the past few years of established investment fund operational suppliers such as custodians and fund accounting & recordkeeping firms, who provide high quality services but at a materially lower price point than the traditional fund suppliers, it is very attainable for independent wealth management firms to create their own privately branded investment funds at a total cost of ownership to their clients that is significantly below the current industry benchmarks of traditional mutual funds.

K. EXTEND YOUR FIRM'S BRAND

The creation of your firm's own privately labeled investment fund can create many opportunities for the future growth of your firm. Specifically, many firms that create their own funds typically distribute their new fund only to their own clients. For these firms, the creation of their own investment fund is an extension of their core money management capabilities that they desire to restrict to only their own clients. In contrast, some firms may ultimately decide that they wish to distribute their proprietary investment funds to not only their own clients but also to the clients of other select advisory firms. By doing so, these investment firms have extended their brand by distributing their funds to a broader client base.

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WHAT FIRMS CAN CREATE INVESTMENT FUNDS?

Although there are regulatory restrictions on the distribution and portfolio management of investment funds, many different types of wealth management firms – IDA, investment counselors, MFDA, insurance, multiple family offices – can create their own privately branded investment funds. To ensure compliance with the pertinent regulatory requirements, it is imperative that appropriate legal counsel be engaged prior to the launch of any investment fund.

HOW CAN IFB HELP?

IFB has extensive experience in the design, implementation and ongoing management of many types of investment funds.

Privately branded investment funds can provide many client and firm benefits but the design, implementation and ongoing management of these funds can be challenging as there are numerous interdependent functions such as governance, operations, compliance, and investment management all involving several participants such as money managers, custodians, fund accountants, legal counsel and auditors.

IFB can help your firm design and implement an investment fund offering that is tailored to the unique needs of your clients and your firm. Afterwards, we can also continue to work with your firm to provide ongoing governance, business management and oversight to your investment fund.

FEES

- The fees for the creation of a Fund are typically 400.000,00 € (or equivalent in USD) including prospectus and listing. The fund can be as large as the client needs.
- Fund will be audited by an international auditing company at client's expenses.
- Roadshow costs will be paid by client

TIME

- Time to establish a Fund is less than 2 months

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IFB CAN HELP YOUR FIRM DESIGN AND IMPLEMENT AN INVESTMENT FUND OFFERING THAT IS TAILORED TO THE UNIQUE NEEDS OF YOUR CLIENTS AND YOUR FIRM

iFund Architecture
Example

Initiator or Client

Consulting Services — IFC International Finance Corporation LTD.

Authorisation & Control of Financial System — CSSF Commission de Surveillance du Secteur Financier

International Finance Filial Europe — IFF

Fund Manager Monterey Global — Monterey Global Investments

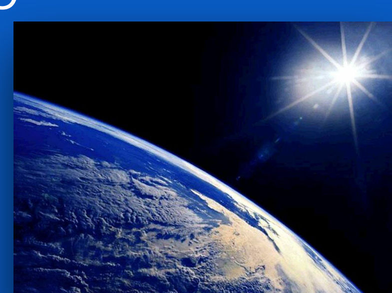
Fund Administration — APEX FUND SERVICES

Auditing — KPMG

Valuation Services — remaco corporate finance

iFund

iFund Real Estate
iFund Energy
iFund Shipping
iFund ....



Depositary Bank — ABN·AMRO

Investor in the Fund

iFund Luxembourg

Helping You Finance Your Projects

1

Why Luxembourg?

Why Luxembourg along all other jurisdiction?

Experience and know-how in one of the world's most important financial centers

Luxembourg

- ✓ Small country in the heart of Europe
- ✓ Political stability
- ✓ Business friendly legal & tax solutions
- ✓ Highly skilled & multilingual workforce

Luxembourg is a founding Member State of the European Union and of the Eurozone. It also enjoys a great political stability.

Luxembourg has the lowest debt-to-GDP ratio in the world due to sound public finances and is benefiting from high sovereign rating (AAA).

With over 143 banking institutions and 13,000 funds, Luxembourg is a major private banking centre in Europe, and the second most important investment funds centre in the world. Luxembourg is the first European platform for fund cross border distribution.

Luxembourg has always been a pioneer in the investment fund industry. It enjoys highly skilled human resources and has a long-standing reputation for business supportive and very reactive regulatory authorities.

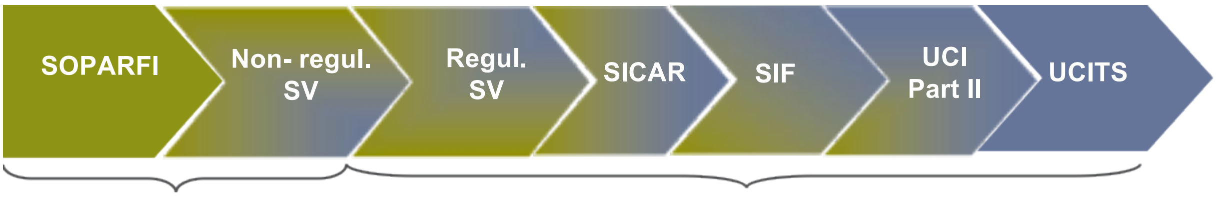
Luxembourg offers a highly mature legal and regulatory framework known for both its reliability and flexibility.

2

Funds Regulatory Aspects

Vehicles Available

Luxembourg offers a vast panel of vehicles involving varying level of regulation to answer every type of needs in terms of investment and distribution strategies.



Unregulated Funds

SOPARFI

The «*Société de Participations Financières*» is a regular corporation which purpose is the acquisition, holding and management of participations. SOPARFI may be used for capital raising as an unregulated fund.

Securitization Vehicle - SV

The securitization regime has been created in 2004 for undertakings that acquire or assume risks (relating to claims or other assets or obligations assumed by third parties) and issue securities, the value or yield of which depends on such risks.

Luxembourg securitization vehicle can be set up either as a regulated or as a nonregulated vehicle.

Regulated Funds supervised by the CSSF

Investment Company in Risk Capital - SICAR

The SICAR regime has been created in 2004 in order to offer a customised framework to private equity and venture capital projects. A SICAR can also be used as the *ad hoc* vehicle for infrastructure, real estate, mezzanine or cleantech fund.

Specialised Investment Funds - SIF

The SIF regime has been created in 2007 and is a tool to support the development of alternative management. The vehicle is characterised by its flexibility allowing all type of strategies combined with a strong protection to investors. The SIF formula has encountered a great development since its creation.

UCI Part II

UCI Part II is the historical reference framework for hosting non UCITS strategies and is open to retail and institutional investors. It also enables to sell alternative strategies to retail investors.

UCITS

The UCITS is the EU harmonised collective investment scheme for retail distribution and offers the highest level of protection to investors.

Key Features

		SOPARFI	SECURITIZATION		SICAR	SIF	UCI Part II	UCITS
			NON REGULATED	REGULATED				
Applicable law		10/08/1915	22/03/2004		15/06/2004	13/02/2007	17/12/2010	
Most used legal form	**Contractual**	N/A	Securitization fund managed by a Management Company (variable capital[1])		N/A	Common fund managed by a Management Company (fixed or variable capital)		
	Corporation	S.A., S.à r.l., S.C.A.,[2] (fixed capital)	Securitization company (fixed capital) S.A., S.à r.l., S.C.A.		S.A., S.à r.l., S.C.A.[2] (fixed/variable capital)	SICAV / SICAF (fixed or variable capital): S.A., S.à r.l., S.C.A.	SICAV/SICAF (fixed or variable capital): S.A., S.à r.l., S.C.A.	SICAV/SICAF (fixed or variable capital): S.A., S.C.A.
Min. Capital / Net Assets		EUR 31.000 for S.A., S.C.A. EUR 12,500 for S.à r.l.			EUR 1,000,000 within 12 months	EUR 1,250,000. within 12 months	within 6 months	
Compartments		No	Yes					
Distribution of dividends		Limited to the distributable profits and reserves			Possible with due respect for the minimum capital requirement			
					Possibility for distribution or capital accumulation shares			
Investors		No restriction			Institutional, Sophisticated		Retail, Institutional, Sophisticated	
Investors Exit		Close ended[3]			Close ended or open ended			Open ended only
NAV computation		None	Securitization company: no requirement Securitization fund: NAV computation for each issuance / redemption		At least once a year and for each issuance / redemption	At least once a year for each issuance / redemption	At least once a month and for each issuance / redemption	At least twice a month and for each issuance / redemption
Reporting to CSSF		None		Half-yearly + annually		Monthly + annually	Monthly+ annually + long report	
Substance		central administration in Luxembourg						None - central administration located in a EU Member
Depositary		No		Yes				
External Auditor		Under condition	Yes					
Risk Management		No requirement			Information to the CSSF			Risk management process filed with CSSF

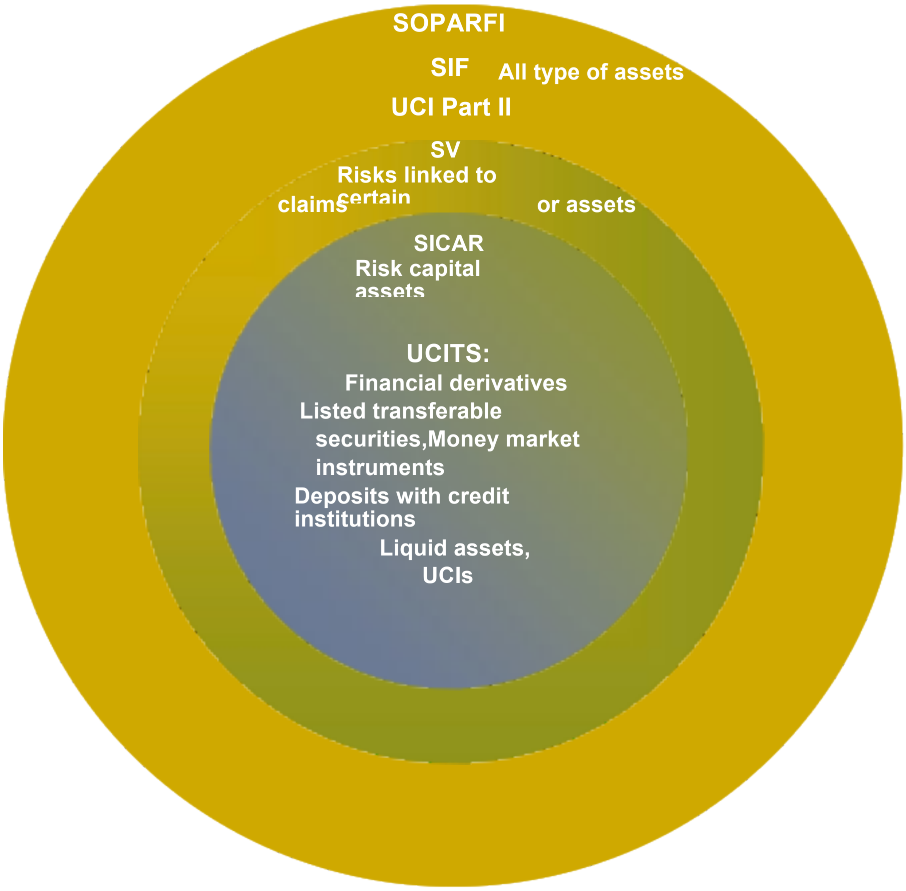
[1]The variable capital of the fund implies that (i) the shares of the fund will have no par value and (ii) the amount of the capital will at all time be equal to the net asset value of the fund. The capital increase / reduction of the fund is not subject to the formalities related to resolutions amending the articles of association.

[2]S.A. are public company limited by shares, S.à r.l. are private limited liability company, S.C.A. are corporate partnership limited by shares. A SOPARFI can also be incorporated as a S.N.C. (general partnership) or a S.C.S. (limited partnership) and a SICAR can be incorporated as a S.C.S. We have however limited our study to corporations for the purpose of this publication.

[3]Redemptions for SOPARFI and securitization company are subject to limits laid down by Luxembourg company law.

Special Focus on Investment Rules

Eligible assets



A suitable vehicle for all type of investments

Traditional Long Only	Hedge funds	Private Equity Venture Capital	Real Estate	Infra structure	Debt	Art/Wine/ Commodity fund	Renewable energy, SRI funds
Suitable vehicles	Suitable vehicles	Suitable vehicles	Suitable vehicles	Suitable vehicles	Suitable vehicles	Suitable vehicles	Suitable vehicles
✓ UCITS ✓ UCI Part II ✓ SIF ✓ SOPARFI	✓ UCITS ✓ UCI Part II ✓ SIF ✓ SOPARFI	✓ UCI Part II ✓ SIF ✓ SICAR ✓ SOPARFI	✓ UCI Part II ✓ SIF ✓ SICAR ✓ SOPARFI	✓ UCI Part II ✓ SIF ✓ SICAR ✓ SOPARFI	✓ UCI Part II ✓ SIF ✓ SV ✓ SICAR (mezzanine) ✓ SOPARFI	✓ UCI Part II ✓ SIF ✓ SV ✓ SOPARFI	✓ UCI Part II ✓ SIF ✓ SICAR ✓ SOPARFI

Special Focus on Investment Rules

Asset Concentration Threshold

UCITS	A UCITS may not invest more than 10% of its assets in securities of the same type issued by the same issuer Positions in which the UCITS has invested 5 % of its assets may not exceed in aggregate 40 % of the UCITS' NAV Additional restrictions apply depending on the asset class
UCI Part II	Up to 10% max. of its assets in non-listed transferable securities No more than 10% of its assets in securities of the same type issued by the same issuer The above investment restrictions may be less stringent depending of the investment policy (i.e. for private equity, real estate or hedge funds)
SIF	No more than 30% of its assets in securities of the same type issued by the same issuer
SICAR **SV** **SOPARFI**	No diversification rules

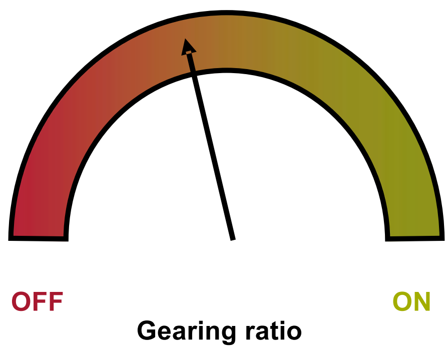
Gearing Ratio

Depending on the investment vehicle, different gearing ratios are authorised by law, regulatory and tax authorities

UCITS
=> not permitted
Derogation of 10% max of the net assets if borrowings are made on a temporary basis, or to enable the acquisition of immovable, or property essential for the direct pursuit of its business

Non-UCITS Funds
=> upon investment policy Hedge: max 200% of net assets but up to 400% for UCIs pursuing a strategy with a high level of correlation between long and short positions

REIF & Private Equity: max. 50% of net assets but a different ratio may be negotiated with CSSF



SV
=> issue of securities

SICAR

SOPARFI
=> permitted subject to thin capitalization rules

Content of the CSSF application file

Regulated funds are subject to the authorisation and the supervision of the Luxembourg financial authority. In order for the CSSF to carry out its instruction before granting its sign-off, an application file must be submitted to the CSSF. Among the fund documentation to be drawn up, attention is to be drawn on the document to be agreed by or notified to the CSSF.

Compulsory: Documentation to be submitted to CSSF

- ✓ Completed CSSF questionnaire
- ✓ Prospectus, private placement memorandum or issuing document
- ✓ Articles of association or management regulations
- ✓ Directors package (certified copy of passport, criminal records, executed curriculum vitae, declaration of honor)
- ✓ Agreements including custodian agreement, central administration agreement, investment management agreement or advisory agreement, auditor engagement letter
- ✓ Information related to promotor: certificate of supervisory authority, financial reports over last 3 years (UCITS and UCI Part II only)
- ✓ Information related to effective investment manager: certificate of supervisory authority, financial reports over last 3 years
- ✓ Conducting officer’s package (certified copy of passport, criminal records, executed curriculum vitae, declaration of honor)
- ✓ Key Investor Information Document (UCITS only)

Optional: Frequent CSSF inquiries

- ✓ Reasons for establishing a Luxembourg fund
- ✓ Risk management
- ✓ Target investors, distribution process
- ✓ Task allocation among board members
- ✓ Leverage
- ✓ Active management versus pure holding
- ✓ Subscription agreement
- ✓ Information related to the management company

3 Funds Tax Aspects

Summary of tax aspects

TAX	SOPARFI[4]	SICAR[4]	SECURITIZATION	UCITS / UCI Part II / SIF
Tax Transparency	NO	NO	YES for securitization fund NO for securitization company	YES for FCP NO for SICAV/F
Corporate Taxes **Corporate Income Tax (CIT) & Municipal Business Tax (MBT)**	YES (exemption under certain conditions of dividends and capital gains)	YES (exemption of income and gains from securities)	YES (but deductibility of payments (and commitments for such payments) to investors and creditors)	NO
Annual Subscription Tax	NO	NO	NO	0.05% NAV 0.01% NAV[5] (exemption possible)
Net Wealth Tax (NWT)	0.5% of the unitary value (exemption and reduction possible)	NO	NO	NO
Withholding Tax (WHT) **Dividends**	15%[6]	NO	NO	NO[7]
Interest	NO[7]	NO[7]	NO[7]	NO[7]
Liquidation proceeds	NO	NO	NO	NO
Capital reduction/ redemption of shares/units	NO[8]	NO	NO	NO[7]
DTT access	YES[9]	YES[10]	NO for securitization fund YES for securitization company[10]	NO for FCP / limited for SICAV/F[11]

[4]SOPARFI and SICAR can have the legal form of tax transparent partnerships (S.N.C. and S.C.S. for SOPARFI, S.C.S. for SICAR). We have however limited our study to corporations for the purpose of this publication.

[5]For SIF and for UCITS / UCI Part II under certain condition

[6]Please refer to page 17.

[7]Subject to the application of the “EU Saving Directive” (Council Directive 2003/48/EC)

[8]Capital reduction and redemption of shares can however be treated as a dividend payment under certain circumstances.

[9]Subject to substance requirements

[10]To be analyzed on a case by case basis

[11]Please refer to page 20

SOPARFI

Corporate Tax	**Principle** Fully taxable Subject to an aggregate rate of 28.8% for Luxembourg City **Exemption** Exemption of dividends/liquidation proceeds and capital gains deriving from a Qualifying Subsidiary based on Parent-Subsidiary Directive[12] **Conditions for the exemption of dividends and liquidation proceeds** ▪ Shareholding threshold: 10% or acquisition price of at least EUR 1,200,000 ▪ Holding period: 12 months (a commitment is sufficient at the date of the distribution) **Conditions for the exemption of capital gains** ▪ Shareholding threshold: 10% or acquisition price of at least EUR 6,000,000 ▪ Holding period: 12 months (a commitment is sufficient at the date of the disposal) **Qualifying Subsidiary** ▪ Luxembourg fully taxable company ▪ EU company listed in article 2 of the Parent-Subsidiary Directive ▪ Non-resident company fully subject to a corporate taxation corresponding to the Luxembourg corporate income tax
Withholding Tax	**Dividends** **Principle** 15% withholding tax on dividends paid by a Luxembourg company **Exceptions** Reduced withholding tax rates or no withholding tax provided for by applicable double tax treaties or, Exemption of withholding tax on dividends paid to Qualifying Shareholders based on the Parent-Subsidiary Directive[12] **Conditions for the exception** ▪ Shareholding threshold: 10% or acquisition price of at least EUR 1,200,000 ▪ Holding period: 12 months ▪ Qualifying Shareholder is (amongst others) a Luxembourg fully taxable company, a EU company listed in article 2 of the Parent-Subsidiary Directive, a corporation subject to an income taxation comparable to the Luxembourg corporate income tax which is resident in a country having concluded a double tax treaty with Luxembourg **Interests** No withholding tax[13] **Liquidation proceeds** No withholding tax **Capital decrease and redemption of shares** No withholding tax (if the SOPARFI has no distributable profits) No withholding tax in case of partial liquidation
Net Wealth Tax	**Principle** 0.5% on net assets of the SOPARFI as per January 1 of each year **Exemption** Shareholding of at least 10% or with an acquisition price of at least EUR 1,200,000 in Qualifying Subsidiaries are exempt from net wealth tax
Subscription Tax	Not applicable
VAT	VAT status of a SOPARFI to be analyzed on a case-by-case basis

[12] Council Directive 2011/96/EU
[13] Except in limited circumstances such as for instance the application of the EU Saving Directive

SICAR

Corporate Tax	**Principle** Fully taxable Subject to an aggregate rate of 28.8% for Luxembourg City **Exemptions** ▪ Income and gains derived from transferable securities (e.g. shares, bonds) ▪ Income from funds awaiting (max. 12 months) to be invested in risk capital securities
Withholding Tax	**Interest** No withholding tax[14] **Dividends / liquidation proceeds / capital decrease / redemption of shares** No withholding tax
Net Wealth Tax	Not applicable
Subscription Tax	Not applicable
VAT	“Management” fees not subject to Luxembourg VAT

Securitization Company

Corporate Tax	**Principle** Fully taxable Subject to corporate tax at the aggregate rate of 28.8% for Luxembourg City **Exemptions** ▪ Distributions made to investors (e.g. shareholders, bondholders) and creditors are deductible from the taxable basis of the Securitization company ▪ Commitments to make such distribution are also tax deductible
Withholding Tax	**Interest** No withholding tax[14] **Dividends / liquidation proceeds / capital decrease / redemption of shares** No withholding tax
Net Wealth Tax	Not applicable
Subscription Tax	Not applicable
VAT	“Management” fees not subject to Luxembourg VAT

Subject to the application of the EU Saving Directive

UCITS

Corporate Tax	Not applicable	
Withholding Tax	**Interest**	No withholding tax[15]
	Dividend	No withholding tax[16]
	Redemption of share/units	No withholding tax[17]
Net Wealth Tax	Not applicable	
Subscription Tax	**Principle**	0.05% of NAV
	Exceptions	
	Subscription tax may be reduced to 0.01% of the NAV in some cases (e.g. institutional compartment) and can be reduced to 0% (e.g. the value of the assets represented by units held in other undertakings for collective investment, to the extent such units have already been subject to the subscription tax)	
VAT	“Management” fees are not subject to Luxembourg VAT.	

UCI Part II

Corporate Tax	Not applicable	
Withholding Tax	**Interest**	No withholding tax[15]
	Dividend	No withholding tax[18]
	Redemption of share/units	No withholding tax[19]
Net Wealth Tax	Not applicable	
Subscription Tax	**Principle**	0.05% of NAV
	Exceptions	
	Subscription tax may be reduced to 0.01% of the NAV in some cases (e.g. institutional compartment) and can be reduced to 0% (e.g. the value of the assets represented by units held in other undertakings for collective investment, to the extent such units have already been subject to the subscription tax)	
VAT	“Management” fees not subject to Luxembourg VAT	

[15] Except for the application of the EU Saving Directive
[16] However, dividends paid by a UCITS may be recharacterised as interest subject to the EU Saving Directive if the UCITS invests more than 15% of its assets in receivables.
[17] However redemption of share/units of a UCITS may be recharacterised as interest subject to the EU Saving Directive if the UCITS invests more than 25% of its assets in receivable.
[18] However dividends paid by UCI Part II under the form of a FCP may be recharacterised as interest if such FCP Part II invests more than 15% of its assets in receivables.
[19] However redemption of units of UCI Part II under the form of a FCP may be recharacterised as interest subject to the EU Saving Directive if the FCP Part II invests more than 25% of its assets in receivable.

SIF

Corporate Tax	Not applicable	
Withholding Tax	**Interest**	No withholding tax[20]
	Dividend	No withholding tax[21]
	Redemption of share/units	No withholding tax[22]
Net Wealth Tax	Not applicable	
Subscription Tax	**Principle**	0.01% of NAV
	Exceptions	
	Subscription tax can be reduced to 0% (e.g. the value of the assets represented by units held in other undertakings for collective investment, to the extent such units have already been subject to the subscription tax)	
VAT	"Management" fees not subject to Luxembourg VAT	

Double Tax Treaties signed by Luxembourg applicable to UCIs[23]

- Armenia
- Austria
- Azerbaijan
- Bahrain
- China[24]
- Denmark
- Finland
- Georgian Republic
- Germany
- Hong Kong
- Indonesia
- Ireland[26]
- Israel
- Malaysia
- Malta
- Moldova
- Monaco
- Mongolia
- Morocco
- Poland
- Portugal
- Qatar
- Romania
- San Marino
- Singapore
- Slovakia
- Slovenia
- South Korea[24]
- Spain[25]
- Thailand
- Trinidad and Tobago
- Tunisia
- Turkey
- United Arab Emirates
- Uzbekistan
- Vietnam

[20] Except for the application of the EU Saving Directive
[21] However dividends paid by a SIF under the form of a FCP may be recharacterised as interest if such SIF-FCP invests more than 15% of its assets in receivables.
[22] However redemption of units of SIF under the form of FCP may be recharacterised as interest subject to the EU Saving Directive if the SIF-FCP invests more than 25% of its assets in receivable.
[23] The list of countries applying Double tax treaty to SICAV/F is published on the website of the Luxembourg tax authorities: http://www.impotsdirects.public.lu/conventions/opc/sicav/index.html.
[24] Under discussion
[25] Only for UCITS
[26] Including FCPs

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