



LUXEMBOURG FUND STRUCTURING

2020

We offer

- The expertise and experience to create the right structure for you and your fund
- Assistance on selecting how the fund will invest best to help investors, taking into account their tax position and other needs
- Co-ordination, support and liquidity management
- A global network of partners to advise on optimal fund structure with regard to taxation, legal and compliance matters almost anywhere in the world

Comprehensive range

- Assistance and advice on selecting the best mix of asset classes within your fund to help meet your objectives
- Years of experience in creating award-winning funds across all asset classes, including:
 - Equity
 - Fixed income
 - Real estate
 - Alternative investments
 - Ethical funds
 - Funds of funds
 - Multi-asset funds

Benefits at a glance

- Years of experience advising on UCITS and MIFiD compliant funds, financial products and services
- Dedicated global support and services network meaning we can assist at all stages – from concept to marketing to launch and investment management
- Local partners with full knowledge of technical, regulatory and tax matters in their domestic markets

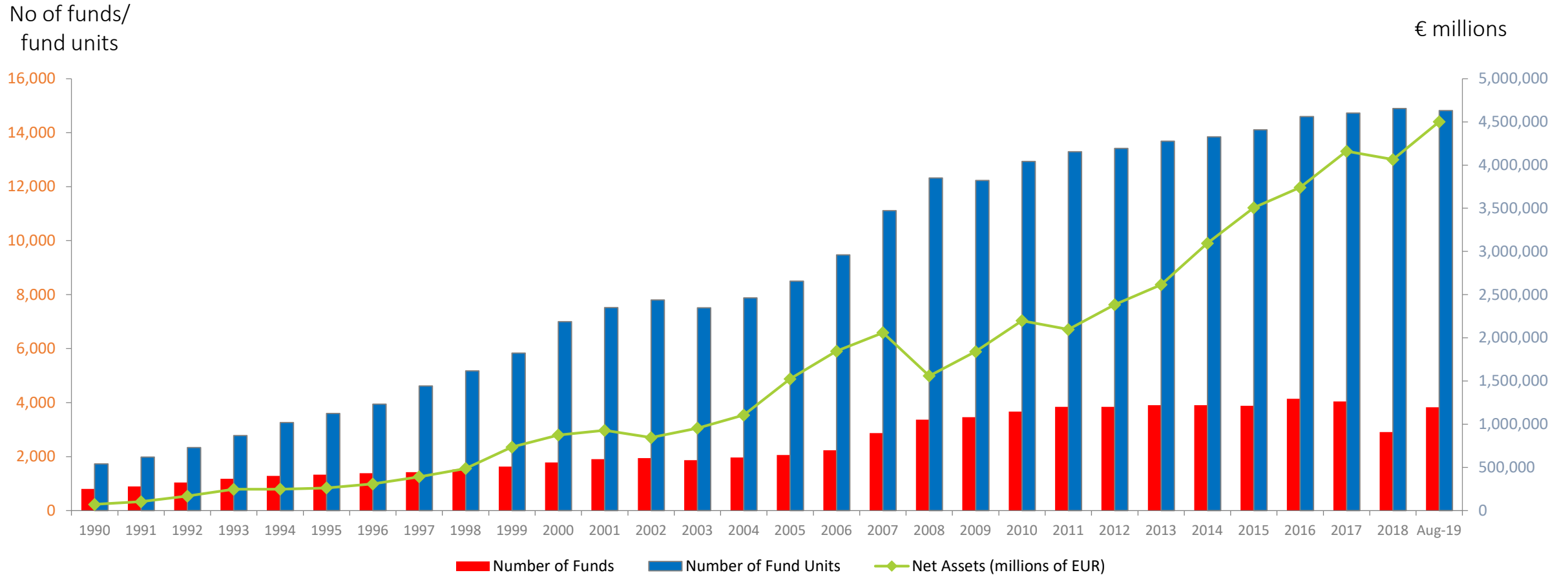
Luxembourg: home of the global fund industry

- State-of-the-art legal and regulatory framework for investment funds – recognised as such by the global asset management community
- With EUR 4.5 trillion in AUM, Luxembourg is the number one investment fund centre in Europe and number two in the world after the US CSSF 2019
- A unique concentration of investment fund experts specialised in all aspects of product development, administration and distribution



- Stable political and social environment; strong economy; a founding member of the EU
- Of the top 100 asset managers in the world, 98 have funds domiciled in Luxembourg PwC Global Fund Distribution 2018
- Blessed with an international and multilingual workforce
- Luxembourg-domiciled investment funds are distributed in over 70 countries, concentrated in Europe, Asia, Latin America and the Middle East alfi

The growth of Luxembourg as a fund centre (since 1990)



Source: CSSF (Commission de Surveillance du Secteur Financier)

Société d'investissement à Capital Variable (SICAV)

A SICAV is a publicly-traded open-ended investment fund structure offered in Europe. Shares in the fund can be bought and sold based on the fund's NAV. Each individual share holder has voting rights and is entitled to attend annual general meetings. SICAVs are regulated under European law and structured as either a UCITS or a SIF.

UCITS	Legal framework	Eligible assets	Supervision	Capital base	Service providers
<p>Undertaking for Collective Investment in Transferable Securities</p> <p>An investment fund that invests in liquid assets</p> <p>Can be distributed publicly to retail investors</p>	<p>UCITS are governed by the Luxembourg law of 17 December 2010 as amended by EU Directive 2014/91/EU ('UCITS V')</p>	<p>UCITS must invest in transferable securities dealt on a regulated market and certain other liquid assets</p> <p>Risk diversification is required by the 2010 law</p>	<p>UCITS must be authorised by the Commission de Surveillance du Secteur Financier (CSSF) before commencing activity</p> <p>CSSF will supervise on an ongoing basis</p>	<p>Minimum net assets of EUR 1,250,000 within 6 months of authorisation</p>	<p>Management Company, Depository, Auditor, Domiciliation Agent, Transfer Agent and Registrar, Administrator</p>

Luxembourg is the world leader for UCITS funds

Luxembourg was the first financial centre to embrace UCITS following their creation in December 1985 – today it is acknowledged as the world's leader in UCITS funds

Global brand

Although initially intended for use in the EU, UCITS are now distributed in over 70 countries worldwide

Highly regulated

EU regulation covers the organisation, management, and oversight as well as diversification, liquidity and use of leverage

Risk diversification

UCITS diversification rules aim to reduce the vulnerability of the fund to the performance of a small number of assets, e.g. 5/10/40 rule

Liquidity

By law UCITS are redeemable at NAV at least bi-monthly with redemption proceeds to be paid within ten business days

Leverage limits

A UCITS may not have total market exposure exceeding 200% of its net asset value

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SIF	Legal framework	Eligible investors	Supervision	Capital base	Service providers
<p>Specialised Investment Fund</p> <p>An investment fund that can invest in all types of assets</p> <p>Can be sold to well-informed investors across the EU</p>	<p>SIFs are governed by the Luxembourg law of 13 February 2007, amended by the law of 12 July 2013 on Alternative Investment Fund Managers</p> <p>(most SIFs qualify as AIFs)</p>	<p>Well-informed investors are institutional or professional investors or investors who have confirmed in writing that they are well-informed</p> <p>Minimum investment is EUR 125,000</p>	<p>SIFs must be authorised by the Commission de Surveillance du Secteur Financier (CSSF) before commencing activity</p> <p>CSSF will supervise on an ongoing basis</p>	<p>Minimum net assets of EUR 1,250,000 within 12 months of authorisation</p>	<p>SIFs qualifying as AIFs must appoint an AIFM</p> <p>Management Company, Depository, Auditor, Domiciliation Agent, Transfer Agent and Registrar, Administrator</p>

Regulation with investment freedom

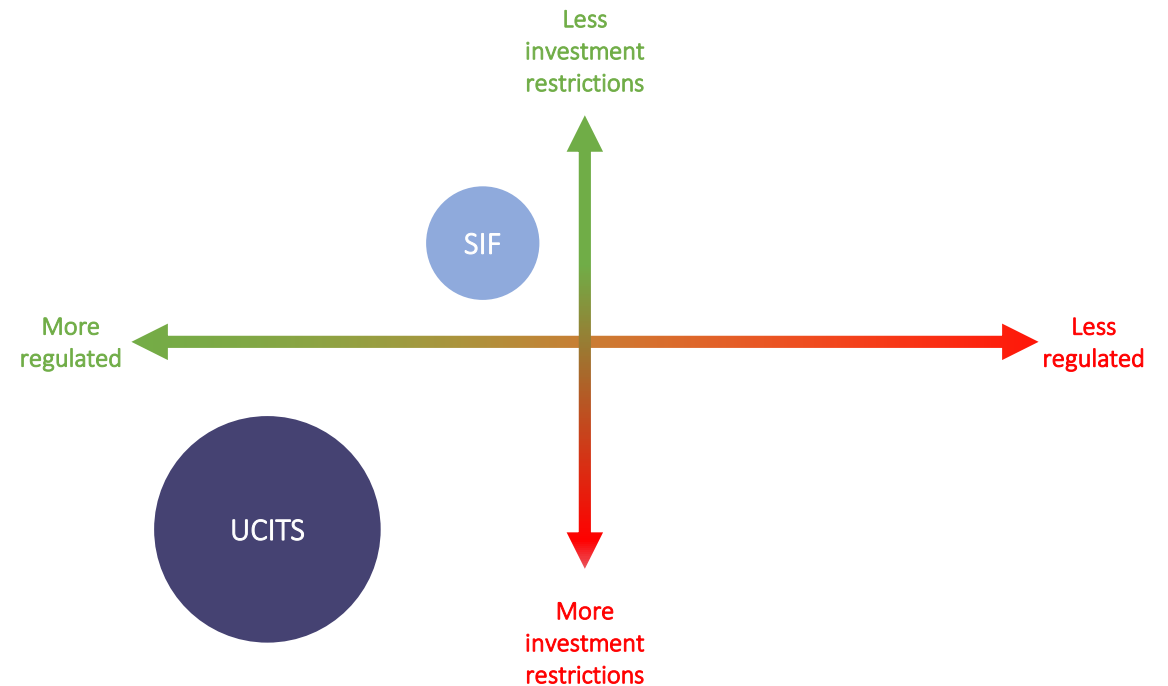
Luxembourg SIFs benefit from a regulatory environment but are free to invest in all types of assets

Less risk diversification

Less diversification required than UCITS – main requirement is not to invest more than 30% of assets with the same issuer

Leverage unlimited

There are no specified restrictions on leverage in the SIF law but CSSF may impose restrictions on a case-by-case basis



Securitisation

A Securitisation Vehicle (SV) transfers assets or risks into transferable securities. It does this by purchasing an income-producing asset or the rights to the future income stream of an asset. The SV then issues tradeable interest-bearing securities to individual investors to finance the purchase. In return the investors receive fixed-rate interest or coupon payments funded by the future income or receivables generated by the asset.

SV	Legal framework	Eligible assets	Supervision	Capital base	Service providers
<p>Securitisation Vehicle</p> <p>Can be sold to anyone possessing a minimal investment of EUR 125,000</p>	<p>SVs are governed by the Luxembourg law of 22 March 2004</p>	<p>Virtually any tangible or intangible asset or activity with a reasonably ascertainable value or predictable future revenue stream can be securitised</p>	<p>No supervision by the Commission de Surveillance du Secteur Financier (CSSF)</p> <p>Only SV's that issue securities continuously to the public require CSSF authorisation and supervision</p>	<p>Minimum capital is EUR 300,000 at time of autorisation and EUR 1,250,000 within six months</p>	<p>Management Company, Depository, Auditor, Domiciliation Agent, Transfer Agent and Registrar, Administrator</p>

Efficient access to capital

Reduces the cost of access to capital without the need to take out a bank loan or issue more shares

An alternative route to raising capital

Entities that are unable to raise equity or fund themselves easily may be able to do so via securitisation

A diversified source of funding

Possibility to expand beyond existing bank lending and corporate debt markets by tapping into new markets and investor groups

Raising capital to apply elsewhere

Capital raised can be used to retire debt, fund expansion, purchase stock, purchase additional assets

Raising capital without full disclosure

Allows the raising of capital without having to publish commercially sensitive information about business operations

Creating liquidity

Non-liquid assets can be converted into cash at relatively low cost with the risk transferred to external investors

Cornhill's investment platform

Cornhill has an investment platform – 'FlexMax' – which can be made available to investors; money also welcome from other sources

fund-forum.com

Website showcasing a range of alternative fund investment opportunities aimed at professional investors. Investors can find all fund-related information as well as sign up to receive fact sheets



Some of our partners...



Depository



Domiciliation Agent
Transfer Agent and Registrar



Management Company



Auditor



Investment Adviser

- Contact us today about creating a fund to suit your needs
- We operate a clear and simple questionnaire-based discovery model
- Once the questionnaire is completed we will generate a detailed and tailored quote based on your requirements

Cornhill recommended minimum capital requirements		
UCITS	SIF	SV
At launch: EUR 1.25m	At launch: EUR 1.25m	At launch: EUR 1.25m
within 3 months: EUR 3m	within 3 months: EUR 3m	within 3 months: EUR 3m
within 6 months: EUR 5m	within 6 months: EUR 5m	within 6 months: EUR 5m
within 12 months: EUR 10m	within 12 months: EUR 10m	within 12 months: EUR 10m

IMPORTANT NOTE – please read carefully

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**Freedom to invest.
To grow.**

To find out how Cornhill can help structure your fund or create a financial product to suit your needs, speak to your financial adviser or get in touch with us at sales@1cornhill.com

