



Investor &
Treasury Services



Luxembourg Funds Trends and Opportunities for the Nordics

**Breakout session 2:
The Luxembourg toolbox,
an opportunity for every situation**

Speakers



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Agenda



1. Introduction: Scandinavian structuring trends in Luxembourg

2. Key features of a RAIF

3. Evolution of the RAIF market in Luxembourg

4. Focus on SICAR-like RAIFs

5. Tax considerations around the RAIF

1. Introduction

Scandinavian Structuring Trends

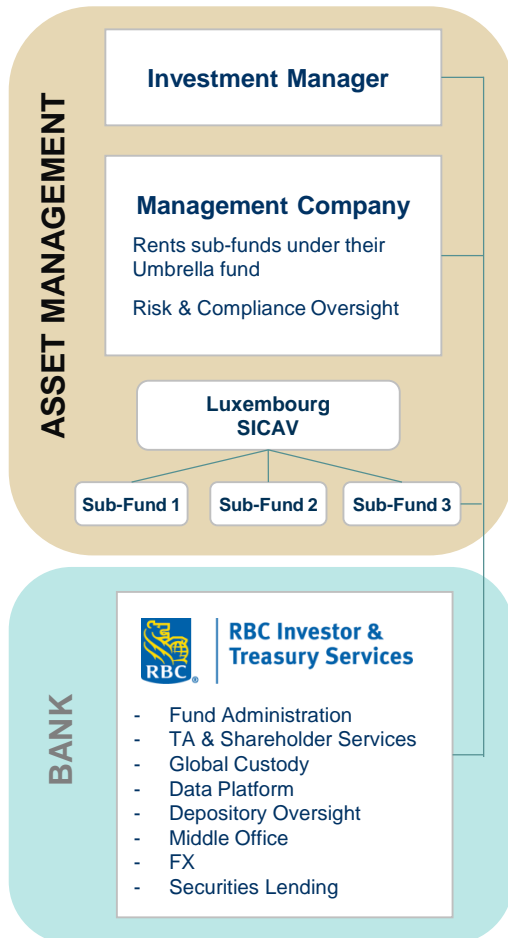
Gradual increase of presence in Luxembourg for regulatory reasons:

- Jersey vs Luxembourg sleeves
- Parallel funds
- Flagship funds
- Third party AIFMs
- Lux AIFMs
- Substance: CSSF Circular 18/698

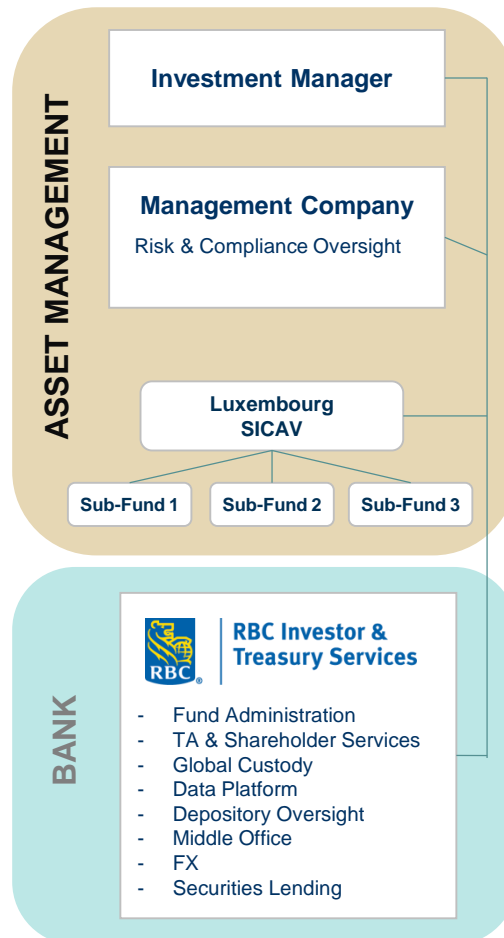
1. Introduction

RBC I&TS Models with Asset Managers

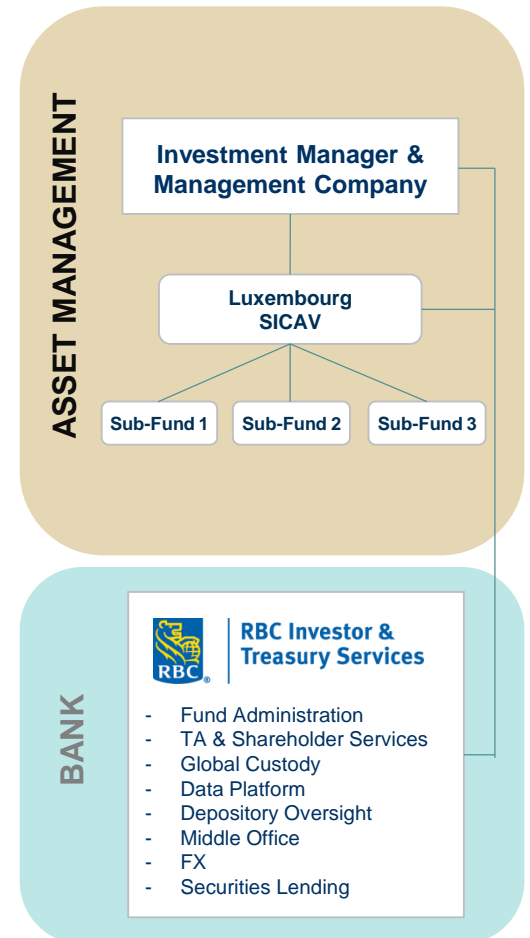
The Rent a Sub-Fund Model



The Own SICAV Model



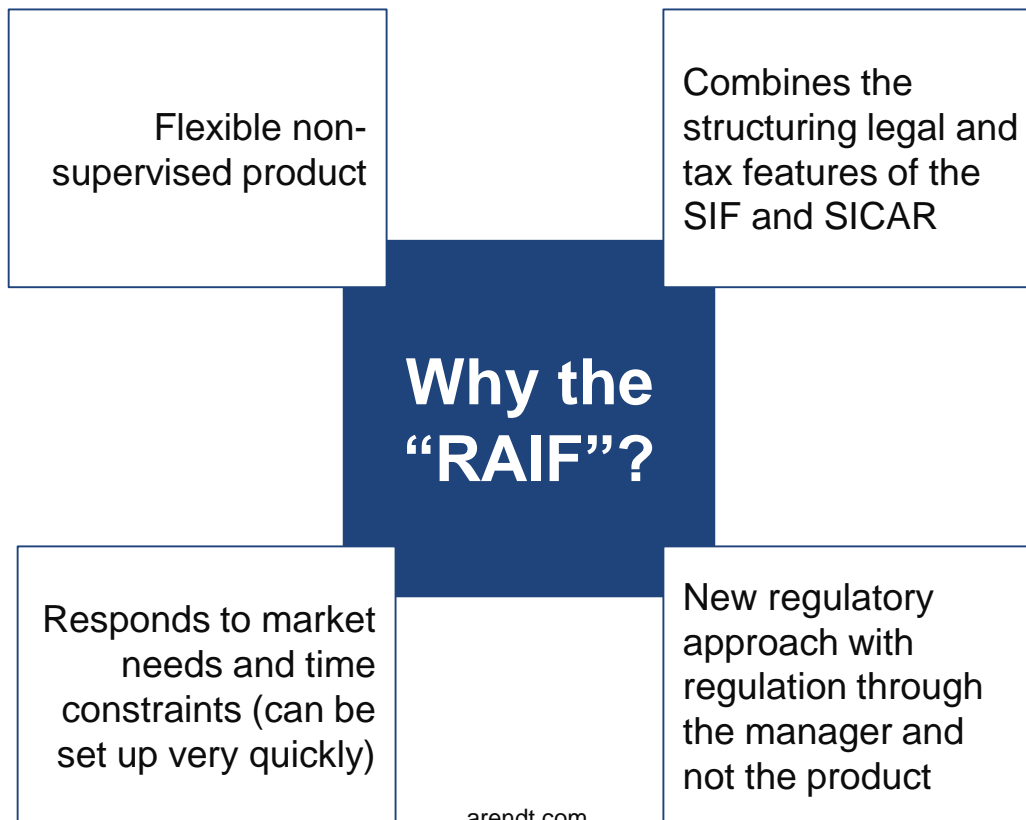
The Own SICAV and ManCo Model



2. Key features

Key features of a RAIF

The latest addition to the Luxembourg fund structuring toolbox



2. Key features

Key features of a RAIF

- RAIF is an **AIF not supervised by the CSSF**. No CSSF's prior authorisation or supervision required.
- **External authorised AIFM** to be appointed by the RAIF (Luxembourg based or EU-AIFM)
- RAIFs have to prepare annual accounts audited by an **independent auditor** (*réviseur d'entreprises agréé*).
- **Legal structuring flexibility.** All Luxembourg corporate, partnership and contractual legal forms available
- **Fixed or variable capital structure.**

2. Key features

Key features of a RAIF

- **Umbrella structure** (i.e. multiple compartments or sub-funds).
- **Investment policy**
 - ❑ Any types of assets (except when the RAIF opts in for the SICAR-like regime electing to invest in qualifying risk capital investments only)
- RAIF designed for **institutional, professional and well-informed investors**.
- **Conversion possible from an unregulated RAIF to regulated structure**.

2. Key features

Legal structuring flexibility

S.A.R.L

S.A.S.

S.C.A.

SCOSA

RAIF
as per the
2016 RAIF Law

S.A.

Vast majority
are structured
under the three
forms

FCP

S.C.S

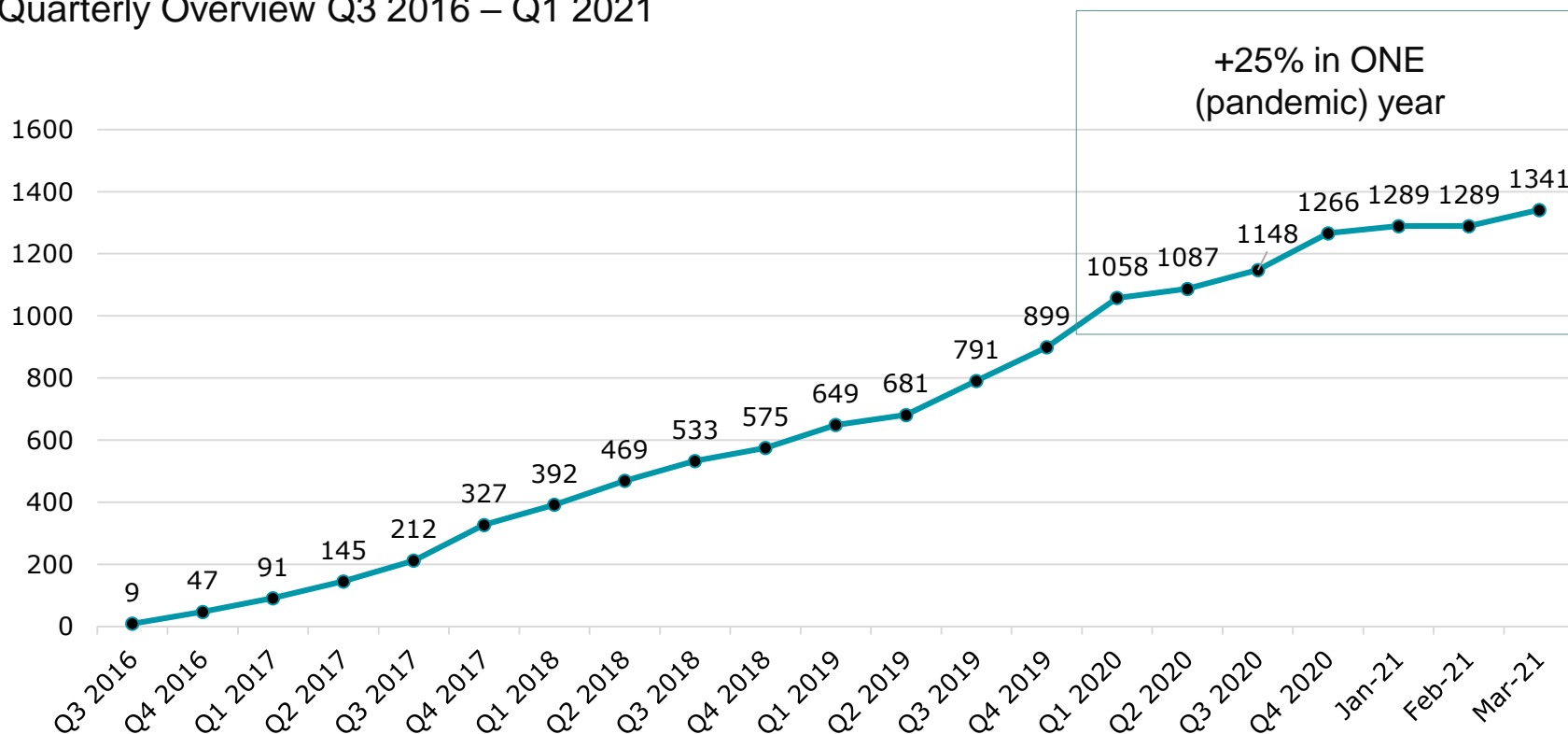
S.C.Sp.

3. Evolution

Evolution of the RAIF market in Luxembourg

RAIFs in Luxembourg

Quarterly Overview Q3 2016 – Q1 2021



Source: ALFI

9 June 2021

arendt.com

4. Focus

Focus on SICAR-like RAIFs

1. SICAR-Initiators

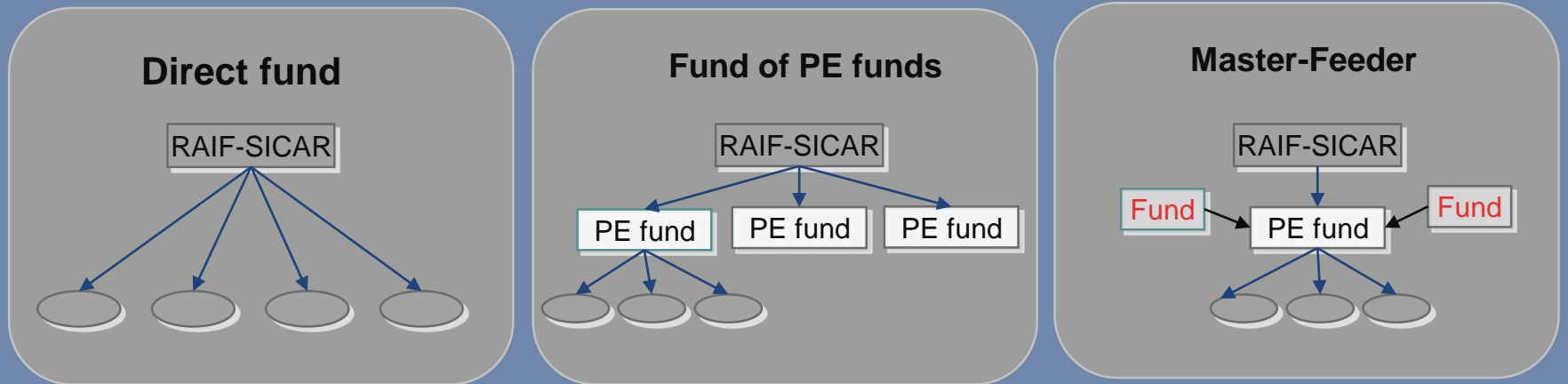
Private Equity GP's, Real Estate GP's, HNWI's, Corporations

2. Underlying Assets

Venture Capital, Buy-out, Secondaries, Mezzanine, Infra/Renewable energies, Special situations, RE-Opportunistic, Fund of PE Funds, Microfinance

3. RAIF SICAR-Structures

Umbrella structures or stand alone vehicles



SICAR = investment company in Risk Capital

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"Risk capital" is defined as the combination of 2 criteria: (1) High risk environment, (2) Development / Added value

5. Tax considerations

Tax considerations around the RAIF

RAIF tax considerations

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graph LR; A[RAIF tax considerations] --- B[SIF Tax regime]; A --- C[SICAR Tax regime];
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SIF Tax regime

- Exempt from corporate income tax, municipal business tax and net worth tax
- No withholding tax on distributions
- Annual subscription tax (*taxe d'abonnement*) at a rate of 0.01%

SICAR Tax regime

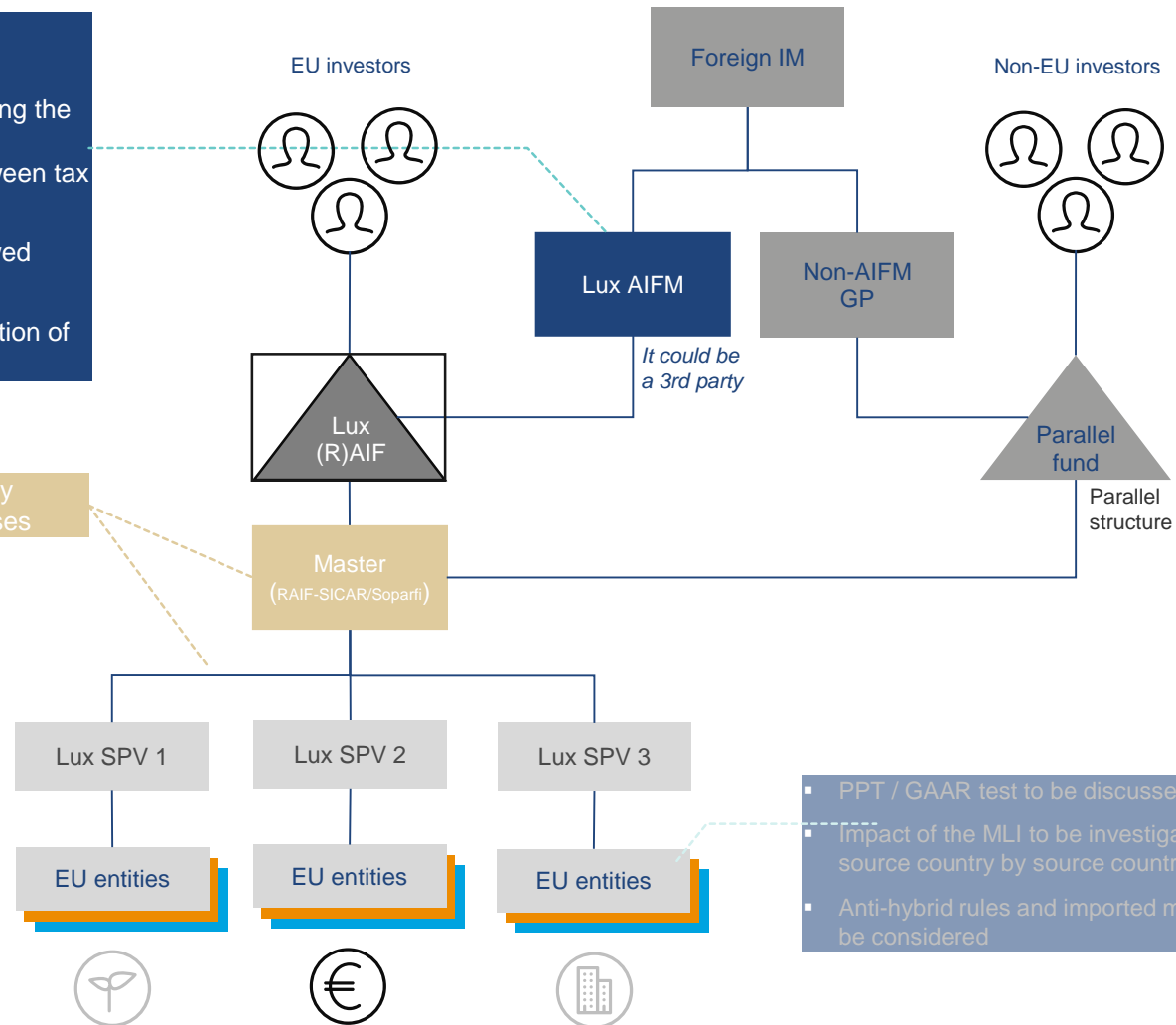
- Only re. RAIFs investing in qualifying risk capital investments
- Subject to corporate income tax and municipal business tax (exception for income and capital gains realised on risk capital securities)
 - No withholding tax on distributions
 - No annual subscription tax
 - For SCS or SCSp: fully tax transparent

5. Tax considerations

Tax considerations around the RAIF

- Management activities and fund consolidated in one place
- Substance and functions (including the oversight of delegation) required illustrating the convergence between tax and the AIFMD
- Cross-border management allowed within the EU
- BEPS development on the definition of PE to be monitored (action #7)

- Pooling regional platform possibly qualifying to PPT for DTT purposes



- PPT / GAAR test to be discussed
- Impact of the MLI to be investigated on a source country by source country basis
- Anti-hybrid rules and imported mismatch to be considered

Q&A

Contact us



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