



HALSEY GROUP^{Srl}

**PROFESSIONAL SERVICES
FOR COMPANIES**



SIF

153 -155, rue du Kiem
L-8030 Strassen
Luxembourg
T +352 22 60 22
F +352 22 42 52
office@halsey-group.com
www.halsey-group.com

The Specialised Investment Funds (SIF), governed by the Luxembourg law of 13 February 2007 (the "SIF Law"), as amended by the AIFM Law of 12 July 2013, is designed as a more lightly regulated investment vehicle which offers an operationally flexible and fiscally efficient multipurpose investment tool for international, institutional and qualified investors (the same definition as for SICARs,); eligible assets might include, in addition to traditional securities or money market instruments, real-estate, hedge fund, private equity or tangible or intangible assets (debt, art, antiques, wine, jewellery, IP or sporting rights etc.).

The only investment restriction is that the SIF must respect a minimum risk diversification, i.e. one single investment may not represent more than 30% of its total assets.

General features

SIFs may adopt the contractual form of a common investment fund (FCP), without legal personality, a special limited partnership (S.C.Sp.), a partnership form without legal personality), a limited partnership (S.C.S.) or a partnership limited by shares (S.C.A.), a cooperative in the form of a public limited company (S.COOP.S.A.), a limited company (S.à r.l.) or public limited company (S.A.) governed by Luxembourg law.

The SIF Law expressly allows the creation of undertakings with multiple compartments (umbrella structures) so as to allow the grouping of different investment strategies or to meet the demands of different investors, within one single legal structure.

The share capital of a SIF (the net asset value, in the case of a SIF with variable capital), including share premiums, or the value of the amount constituting partnership interests, shall not be less than EUR 1,250,000 (to be reached within 12 months following authorization by the regulator).

SCA, S.A., S.à r.l. and S.COOP.S.A. may foresee in their articles of incorporation that the share capital amount is always equal to the total net assets.

At least 5% of each share (except for SCS and SCSp for which there is no such minimum) must be paid up at subscription. A SIF may opt for a variable or fixed share capital, and may be structured as an open-ended or closed-end fund. The issue and redemption of shares/units is not subject to restrictions other than those provided in the constitutional documents.

Regulatory environment

The SIF is a regulated vehicle, supervised by the CSSF. A request for authorisation must be submitted to the CSSF prior to its launch.

The authorisation will be granted subject to:

- approval of the constitutional documents and of the prospectus;
- approval of a custodian bank located in Luxembourg and an independent auditor;
- approval of the directors of the SIF, who must be of good repute and have sufficient experience of the duties required in the private equity field;
- designation of a central administration agent located in Luxembourg.



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The SIF must periodically report to the CSSF and produce an audited annual report for its shareholders.

A one-time fee of EUR 3,500 (EUR 7,000 for umbrella funds) is payable to the CSSF for the initial authorisation, as well as an annual fee of EUR 3,000 (EUR 6,000 for umbrella funds) for permanent supervision.

SIFs qualify as alternative investments funds (AIFs) under the Directive 2011/61/EU of June 8, 2011 (the AIFM Directive).

SIF (AIFs) managed by an EU authorised AIFM benefit from a passport allowing AIFMs to market the SIF's shares, units or partnership interests to professional investors within the EU through a regulator-to-regulator notification regime.

Tax aspects

SIFs are tax exempt entities except for registration duty and annual subscription tax.

Registration duty

SIFs incorporated as investment companies are subject to a registration duty of EUR 75 upon incorporation and/or amendment of the articles of association.

SIFs constituted as common funds are not subject to registration duty.

Subscription tax

SIFs are subject to an annual subscription tax of 0.01% payable quarterly based on the net asset value on the last day of the relevant quarter.

A subscription tax exemption applies where there is investment in other Luxembourg UCIs subject to subscription tax, investment in institutional cash UCIs, pension fund pooling vehicles, microfinance UCIs, exchange traded funds, and (under certain conditions) investments in LuxFlag labelled institutions.

No Luxembourg tax is payable on realised or unrealised capital appreciation of the assets of the SIFs.

VAT

Article 4 of the Luxembourg VAT law exempts from VAT the management of UCIs. Luxembourg UCIs are considered as VAT taxable persons with – in principle – no right to an input-tax deduction as they are active in VAT exempt activities only (it being understood that in the case of an FCP the management company is the VAT taxable person).

Management services relating to investment funds include:

- Portfolio management;
- Administration of funds (annex II UCITS IV directive);
- Investment advisory services.



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Accounting aspects

SIFs must publish accounts annually. SIFs report under Luxembourg GAAP and may use IFRS by agreement with the CSSF and in particular if the SIF is listed in accordance with EU regulation. Accounts must be reviewed by an independent auditor approved by the CSSF.

The SIF Law provides a very flexible regime in terms of valuation of assets, frequency of NAV calculation and price of shares /units issued or redeemed.

The minimum frequency of NAV calculation is annual in line with the requirement to prepare annual accounts.

The valuation of assets shall be based on fair-market value unless the documents constituting the SIF provide otherwise. This allows SIFs holding specific investments to select a more appropriate valuation methodology, for example the "International Private Equity and Venture Capital Valuation Guidelines" or the valuation rules of the "Royal Institution of Chartered Surveyors" for Real Estate investments.

SIFs are exempt from any obligation to prepare consolidated accounts.

SIFs must provide financial information to the CSSF which the CSSF will use for supervision of SIFs as well as for statistical purposes.

Services offers by Halsey Group

Established for more than 20 years, regulated by the Commission de Surveillance du Secteur Financier, we are independent and wholly owned by our management. We offer a personalised and objective approach to your specific needs.

HALSEY offers its clients an extensive range of high quality services in connection with Luxembourg financial companies both at the time of incorporation and throughout the life of the company:

- Company formation
- Administrative and accounting
- Corporate secretarial
- Fund administration
- Tax compliance
- Management of companies
- Assistance in setting-up own offices & management of client staff

The objective of this fact sheet is to provide the reader with a general view of relevant aspects relating to the SIF. No action shall be taken without prior consultation with Halsey Group, as this document alone cannot cover all aspects relating to the incorporation and administration of the SIF. Finally, please note that this document is provided for information purposes only and should not be understood as legal or fiscal advice.