

Luxembourg Specialized Investment Fund (SIF)

GENERAL OVERVIEW

Legal Basis: Governed by the Luxembourg Law of 13 February 2007, as amended.

Regulatory Oversight: Supervised by the Commission de Surveillance du Secteur Financier (CSSF).

Target Investors: Reserved for well-informed investors, including institutional investors, professional investors, and high-net-worth individuals.

Setup Timeframe: The setup timeframe ranges from 2 to 3 months, though it can vary depending on the complexity of the structure.

Key Features

Corporate Flexibility: Can be structured as:

- **Common fund (FCP)** (managed by a management company)
- **Investment company (SICAV/SICAF)** with variable or fixed capital
- **Partnerships (SCS/SCSp)**

Investment Scope: No restrictions; can invest in private equity, real estate, hedge funds, debt, infrastructure, and other alternative assets.

Diversification Rule: No single asset may exceed 30% of the fund's total assets (exceptions may apply).

Approval Process: Requires CSSF authorization before launch, but post-launch compliance is lighter than UCITS.

Umbrella Structure: Can create multiple sub-funds with distinct investment strategies.

Taxation

Tax Neutrality: Exempt from corporate income tax, municipal business tax, and net wealth tax.

Subscription Tax: Annual rate of 0.01% on net assets (some exemptions apply, e.g., pension funds, microfinance funds).

No Withholding Tax on distributions to investors.

Tax Treaty Benefits: May access double tax treaties depending on structuring.

Advantages of SIF

1. **Regulated yet Flexible:** Provides investor protection with lighter ongoing regulatory compliance than UCITS.
2. **Broad Investment Scope:** Can invest in virtually any asset class.
3. **Cost-Effective:** Competitive tax treatment and ability to pool multiple strategies in an umbrella structure.
4. **EU Passporting:** If managed by an authorized AIFM, can be marketed across the EU.
5. **Strong Market Recognition:** Well-established framework widely accepted by institutional investors.

Governance & Service Providers

CSSF-Regulated: Requires authorization and ongoing compliance.

Alternative Investment Fund Manager (AIFM):

- Mandatory unless exempt (small AIFM regime).
- If appointed, enables EU passporting rights for marketing to professional investors across Europe.

Depository Requirement: Must appoint a Luxembourg regulated depository for safekeeping of assets.

Central Administration: Must be based in Luxembourg.

Auditor: A Luxembourg statutory auditor must be appointed.

Use Cases

Private Equity & Venture Capital Funds
Real Estate Investment Vehicles
Hedge Funds & Debt Funds
Infrastructure Investments
Fund of Funds Structures

Setup & Support

- Assistance with CSSF approval and fund registration.
- Drafting of regulatory documentation (Offering Memorandum, Limited Partnership Agreement, etc.).
- Ongoing fund management, administration, and compliance services.

For further details or assistance in setting up a Luxembourg SIF, please contact **KENDRIS Capital Limited**.

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