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Luxembourg Reserved Alternative Investment Fund (RAIF)

GENERAL OVERVIEW

Legal Basis: Governed by the Luxembourg Law of 23 July 2016 (RAIF Law).

Regulatory Oversight: Not subject to direct supervision by the CSSF; indirectly supervised through its appointed Alternative Investment Fund Manager (AIFM).

Target Investors: Professional and well-Informed Investors.

Setup Timeframe: The setup timeframe typically ranges from 4 to 6 weeks. However, this can vary based on the complexity of the structure, the preparation of documentation, and the involvement of various parties.

Key Features

Corporate Flexibility: Can be structured as a common fund (FCP), an investment company (SICAV or SICAF), or a partnership (SCS or SCSp).

Investment Scope: Can invest in all types of assets, including private equity, real estate, hedge funds, debt, infrastructure, and more.

Quick Time-to-Market: No prior approval from the CSSF required, allowing for faster setup.

Umbrella Fund Structure: Multiple sub-funds (compartments) can be created with separate assets and liabilities.

EU Passporting Rights: Managed by an EU-authorized AIFM, enabling marketing across the European Union.

Taxation

Tax Neutrality: No additional tax burden at the fund level.

General Tax Treatment:

- **SIF-Like Treatment** (default): Exempt from Corporate Income Tax; subject to an annual subscription tax of 0.01%.
- **SICAR** Treatment (if opted for): Exempt from Corporate Income Tax on risk capital income; not subject to subscription tax.
- **Limited Partnership Treatment (SCSp or SCS):** Tax transparent, not subject to Luxembourg taxes at fund level.

No Withholding Tax on distributions to investors.

Tax Treaty Benefits: Potential access to double taxation agreements and EU Parent-Subsidiary Directive relief.

Advantages of RAIF Structure

1. **Regulatory Efficiency:** No need for CSSF approval, ensuring a streamlined launch process.
2. **Flexibility in Asset Classes:** Can invest in a wide range of asset classes, including alternative investments.
3. **Cost-Effectiveness:** Lower operational and compliance costs compared to directly regulated Luxembourg funds.
4. **Investor Protection:** Managed by an authorized AIFM under the AIFM Directive, ensuring investor safeguards.
5. **Scalability:** Suitable for both single-strategy funds and multi-compartment umbrella structures.
6. **Attractive Exit Options:** Can be structured as open-ended or closed-ended, offering investor liquidity flexibility.

Governance & Service Providers

Alternative Investment Fund Manager (AIFM): Mandatory appointment of an authorized AIFM (EU based).

Depositary: Required to appoint a regulated Luxembourg based depositary.

Central Administration: Must be performed in Luxembourg.

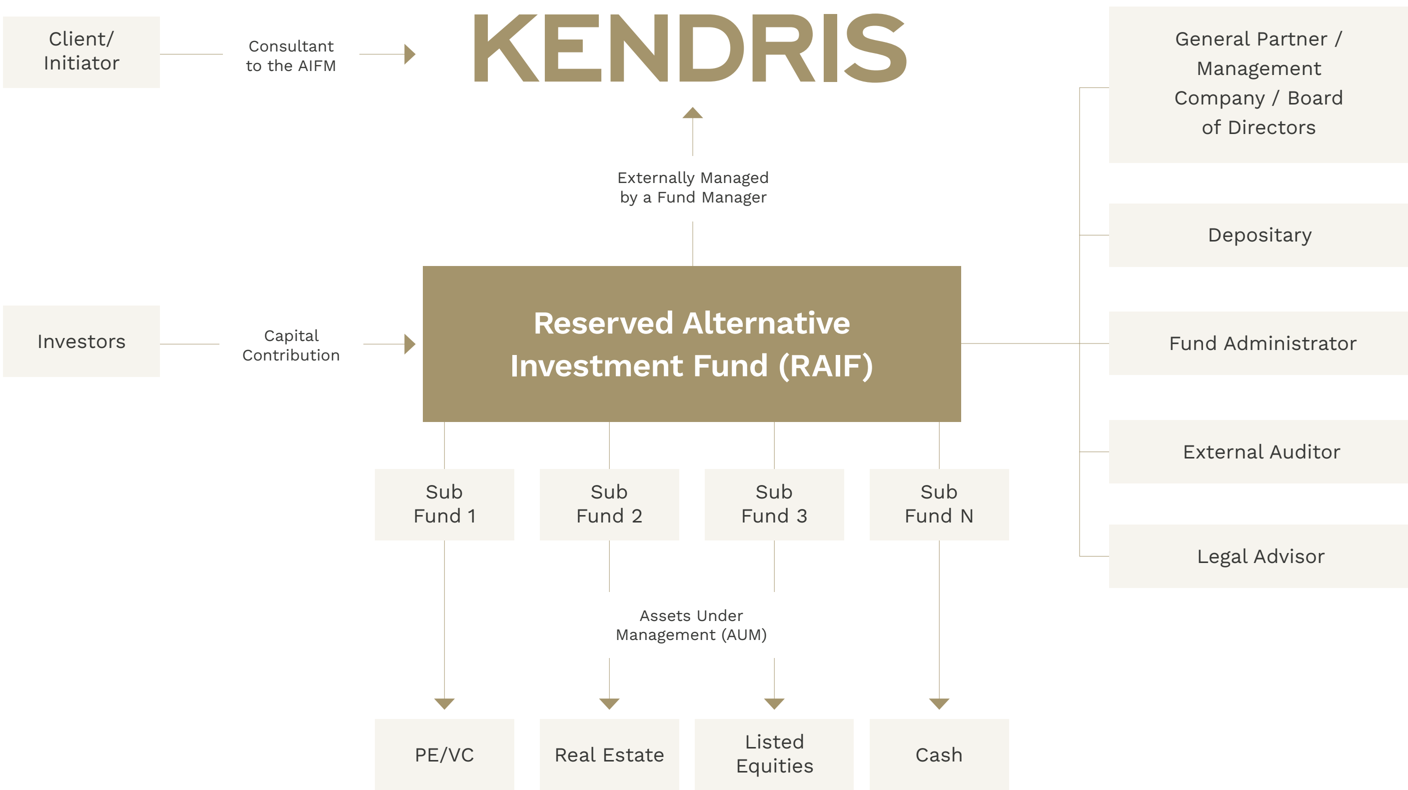
Auditor: Must be a Luxembourg based approved statutory auditor.

Conversion & Setup Support

Existing fund structures can be converted into a RAIF if compliant with the AIFM Directive.

Assistance is available for structuring, registration, and operational setup.

Below is an example of a RAIF structure



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

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