

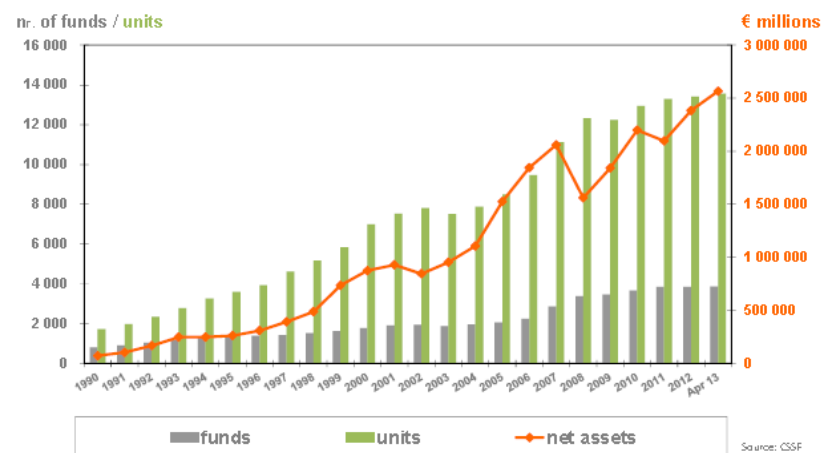


LUXEMBOURG FUND MANAGEMENT INDUSTRY AND THE SICAV-SIF

The development of the Euromarkets in the 1970s saw the emergence of Luxembourg as a successful international financial center, and the country is now the world's 7th largest financial center. Luxembourg's position as a key domicile for internationally distributed funds began from 1988 when the first UCITS Directive was implemented into local law, and the country is today a leading center for each of the primary alternative asset classes:

- **Real Estate funds** have been a particular success story with Luxembourg now recognised within this market segment as the leading domicile for structured real estate products targeting international investment and distribution.
- **Hedge funds** and fund of Hedge funds products have enjoyed rapid growth in recent years as a result of regulatory and market developments.
- **Private Equity funds** are emerging as the third significant alternative asset class with Luxembourg building on its dominance as a location for structuring transactions to become a leading center for establishing the fund-level vehicles themselves.

In February 2007 the Luxembourg Parliament adopted a law on Specialised Investment Funds (SIF), which offered a number of new features, including a broader definition of “eligible investors” to include both professional and private “well-informed” investors. The law required that the managers of a SIF, as well as the directors of the custodian bank and the auditor, be approved by Luxembourg's Financial Ombudsman, the CSSF. Funds are supervised by the Luxembourg Monetary Institute which authorises them and looks after investor protection. There is also a Luxembourg Investment Fund Association (“ALFI”).



Apart from the Stock Exchange, on which most Eurobonds are listed, there is a well-developed commercial and private banking sector, and Europe's biggest investment fund industry. 75% of the world's cross border funds are domiciled in Luxembourg, and as at April 2013 Luxembourg held over €2,565 billion in net assets in over 13,554 funds and sub-funds - representing more than 25% market share in Europe - easily placing Luxembourg as the second largest fund center after the United States. Much of this growth has been due to the availability of suitable 'low tax' or 'offshore' forms and structures alongside the normal economy.

The SICAV SIF is the principal form of onshore Luxembourg investment fund. It is a multi-purpose investment vehicle that is both operationally flexible and fiscally efficient and is marketable both internationally and within EU member States to Institutional Investors and individuals who qualify as “well informed investors”. This structure can play host to a wide variety of asset types, including both traditional and alternative investment products.