

## PricewaterhouseCoopers Luxembourg Asset Management Services

We have a fully integrated Asset Management service offering for promoters operating and distributing UCITS funds.

As the leading professional services firm in the Luxembourg Asset Management industry, we provide:

- Assistance in the form of ad hoc advice or analyses
- Organisation of training sessions and bespoke workshops
- Fund restructuring integrated advisory and tax services
- Fund redomiciliation and migration services (operating model definition, business, regulatory and tax analysis, project management, operational support, contributions in kind)
- Implementation of master-feeder structures (business, regulatory and tax analysis, project management, operational support, contributions in kind)
- Offshoring and outsourcing strategies (operating model definition, business, regulatory and tax analysis, project management, operational support)
- Global fund distribution solutions (fund and management company set-up assistance, support in definition of distribution strategy, support in fund registration, project management)
- Tax management of the management company
- Tax management of the investors
- Tax impact analysis

## Why PricewaterhouseCoopers Luxembourg?

PricewaterhouseCoopers Luxembourg ([www.pwc.com/lu](http://www.pwc.com/lu)) has about 1,800 professionals from 49 different countries. PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

### For further information please contact:

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## UCITS IV

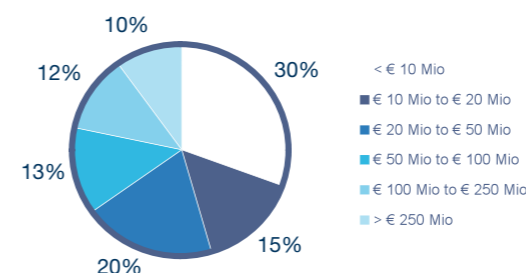
The investment fund industry has made an important step forward with the adoption of the UCITS IV Directive on June 22, 2009. While many details still need to be worked out even at the legislative level, industry players should now start considering the likely implications on their business. UCITS IV will become effective on July 1, 2011, being the date by which all Member States must have implemented the Directive into national law.

UCITS IV aims at addressing specific aspects of operating UCITS which were identified by the European Commission and the industry.

### Unexploited economies of scale

It is not a surprise; there are too many small funds in Europe. The financial markets downturn stresses the fact even further. Managing a large range of small funds is costly and prevents economies of scale. 65% of UCITS have less than EUR 50 Mio AuM, and 30 % have less than EUR 10 Mio AuM. The Total Expense Ratio of these small funds is often too high.

#### Size of UCITS



Source Lipper - Figures as at end 2008 on a sample out of 19 614 funds

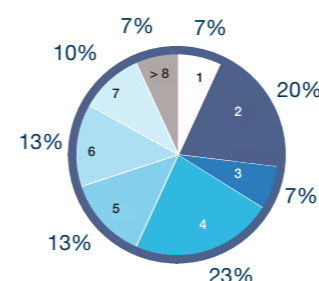
UCITS IV introduces mechanisms for amalgamating assets, be it through the provisions on the merger of UCITS funds on a cross-border basis or by allowing cross-border master-feeder structures.

### Lack of operational flexibility

The UCITS framework in its current form has created a geographic fragmentation of the value chain, notably by imposing a local presence in the country of the UCITS fund. As many fund promoters have traditionally set up funds in several countries in order to satisfy the perceived needs of clients to have access to "local" funds, the overall UCITS funds and management companies map shows a scattered picture of the industry.

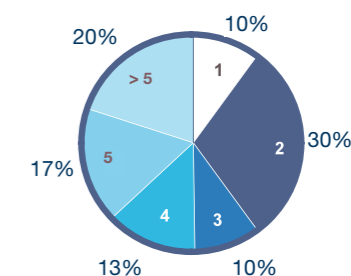
The following pie charts illustrate this for the top 30 asset management groups (in terms of cross-border selling of UCITS funds).

#### Number of UCITS domiciles per group



Source Lipper - Top 30 cross-border group promoters - Figures end 2008

#### Number of UCITS Management Companies domiciles per group



Source Lipper - Top 30 cross-border group promoters - Figures end 2008

More than 65% of this sample has more than 3 different countries of domicile for their UCITS funds. Consequently, they also have several management companies fulfilling resources and capital requirements. Out of our sample, 6 promoters have UCITS management companies in 6 countries or more!

UCITS IV will introduce a full passport for UCITS management companies, allowing a management company approved in one Member State (MS) and operating in that MS to render collective portfolio management services to UCITS funds in other Member States, irrespective of their country of domicile. Asset management groups will be allowed to centralise their operations in one management company, which will be able to set up and manage UCITS funds in all European countries. However, the delegation of Management Company functions will still be subject to local rules. Combined with the master-feeder possibility of UCITS IV, the passport will allow the creation of management and administration centers of excellence, while keeping a "local" touch for the products as needed.

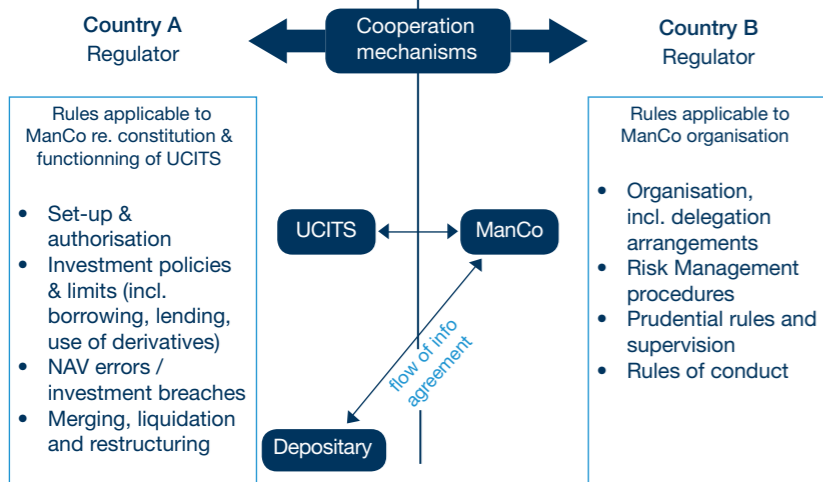
### Administrative burden and lack of transparency

In addition, UCITS IV seeks to address the burdensome notification procedure for UCITS funds, which often puts these products at a disadvantage compared to other retail products, such as certificates or other structured instruments. The new regulator-to-regulator notification should at least partially resolve this issue.

Finally, the simplified prospectus will be replaced by a two-page document providing key investment information for investors. The Key Information Document (KID) should improve transparency of the product for investors and facilitate comparison between UCITS funds.

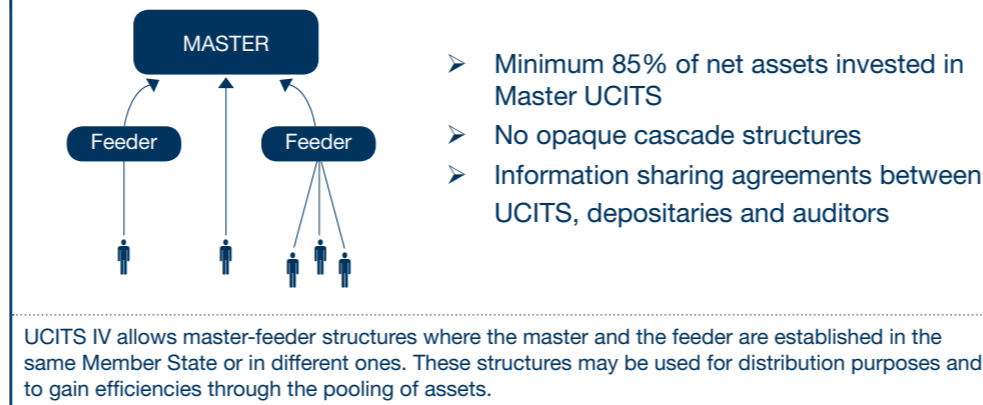
# UCITS IV at a glance\*

## Management Company Passport

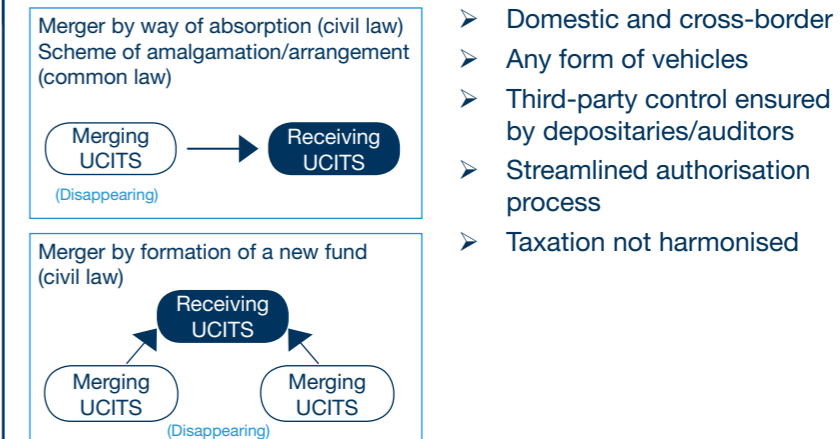


UCITS IV aims at ensuring the mutual recognition of a single authorisation and prudential supervision of management companies and provides them with a European passport. Management companies will be permitted to passport the services for which they have received authorisation, by establishing branches or under the freedom to provide services, including the set-up and management of UCITS established in another Member State.

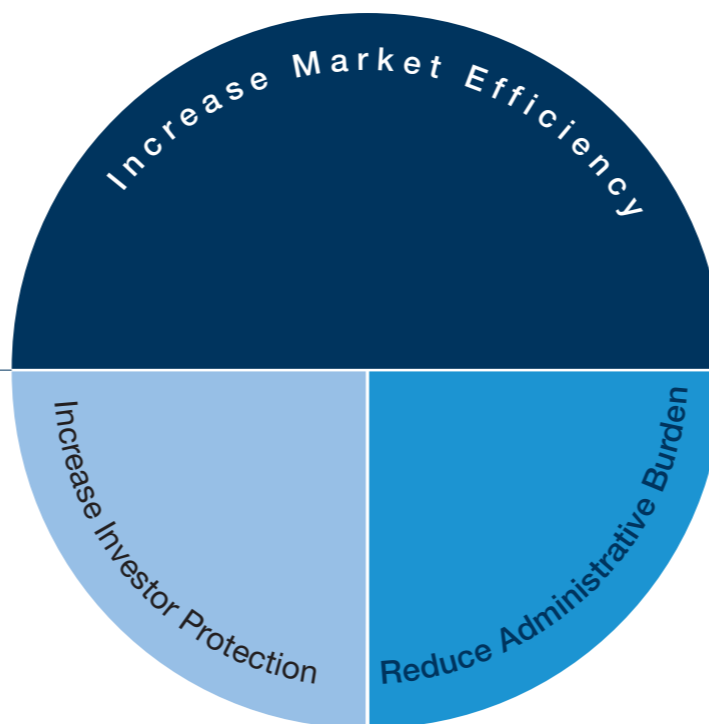
## Master-feeder Structures



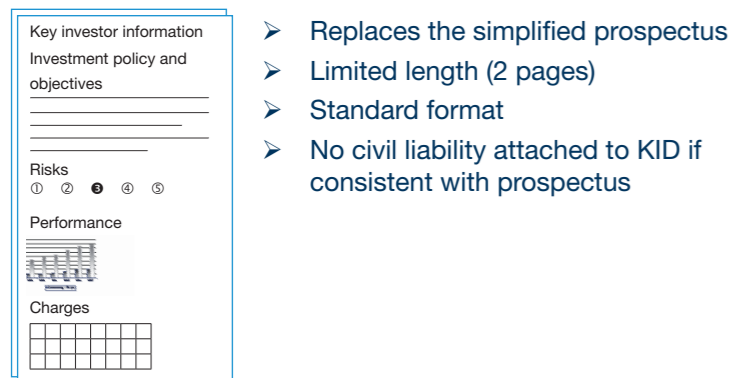
## Mergers of UCITS



UCITS IV facilitates mergers between UCITS (and sub-funds thereof). Mergers are subject to the authorisation of the home Member State of the merging UCITS while the protection of the investor's interests of the receiving UCITS is ensured by the regulator of the receiving UCITS (cooperation mechanisms between regulators).

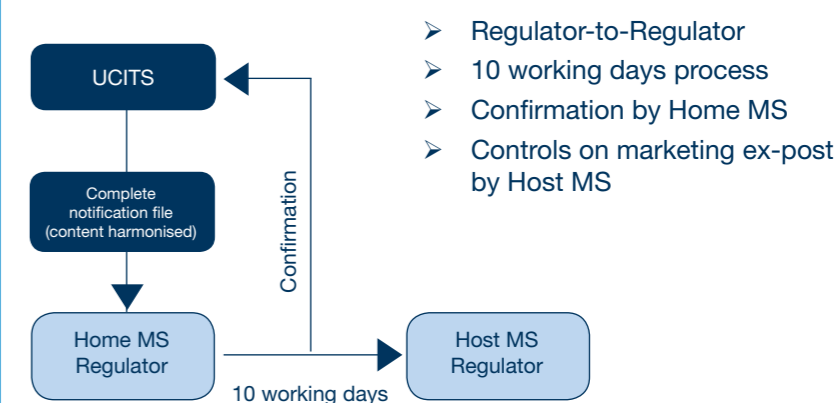


## Key Information Document



UCITS IV makes clear that UCITS funds must provide obligatory key information to investors before their subscription, it being understood that marketing communications are not sufficient. Such key investor information must be (i) limited to the essential elements for making informed investment decisions, (ii) understandable by retail investors and (iii) adequately presented to allow comparisons.

## Notification Procedure



UCITS IV facilitates cross-border marketing of UCITS by improving cooperation mechanisms between EU regulators. A UCITS will be allowed to market its units in a target host Member State as soon as its home Member State regulator confirms having transmitted a complete notification file to the host Member State regulator.