Why is Luxembourg the best place for debt funds?

- 1st European fund domicile and 2nd worldwide
- 1st worldwide centre for cross border distribution of funds
- Strong know-how in debt funds and investment platforms
- Jurisdiction compliant with latest international recommendations (e.g. transfer pricing, BEPS, etc.)
- Government and financial regulator pro-active in the development of investment solutions and products
- Multilingual workforce
- Full range of local experts to serve debt funds (lawyer, administrator, custodian, administrative agent, auditor, third party AIFM)
- Tackle sustainability issues with sustainable financing thanks to innovation and continuous development of LuxSE

A favourable legal, regulatory and tax environment for debt funds

- Large range of fund products (SIF, RAIF, unregulated AIF) offering different levels of supervision by the Luxembourg regulator
- Different legal forms available (corporate, partnership, contractual arrangement) to ensure governance, operational efficiency and to meet investors’ preferences
- Choice of open, semi-closed or closed-ended funds
- Possibility of satisfying any time-to-market constraints
- Marketing passport within the EU
- Segregation of assets option
- Accommodation of different strategies (loan origination, secondary loans, distressed debt, leverage and other real asset strategies in the same vehicle)
- Choice for accounting standards
- Luxembourg Securitisation Law
- VAT exemption on management fees
- Suitable Lux Vehicle for non-performing loan strategies
- Internationally recognised stock exchange
- Sustainability standards and labels: LGX platform ("Luxembourg Green Exchange criteria") dedicated to Green, Social, Sustainable and ESG securities
To set up a structure investing in debt, you may consider the following:

- choose the most appropriate fund structuring to run and develop your business.
- choose the appropriate accounting principles.
- find the most suitable valuation model.
- set up the process to comply with accounting and financial reporting obligations.
- comply with accounting requirements (e.g. IFRS 9 “Financial Instruments”).
- assess potential impact on your Luxembourg structures of the last EU Securitisation Regulation.
- decide whether your fund incorporates ESG characteristics or will meet the criteria of sustainable products.
- assess the impact of new/upcoming tax obligations (e.g. ATAD 1&2, DAC 6,...) on your set up.
- cope with all the applicable reporting and disclosure requirements (i.e. KID, AIFMD, Risk reporting, etc.).
- be ready to implement new sustainability disclosure requirements as of March 2021.

From the set-up of the structure to its winding-up, we are by your side at each stage of your product life cycle. Our unique knowledge is just a phone call away.

- We advise you in selecting the appropriate vehicle from tax, regulatory and legal perspectives.
- We help you to implement the right investment platform.
- We offer AIFMD services — complete front-to-end support.
- We assist you in the loans-valuation process.
- We provide tax compliance and bookkeeping services.
- We have a fully integrated (from a team and data management standpoint) set of solutions covering all the reporting requirements.
- We assist you in all audit and accounting matters.
- We can assist you in your digital transformation.
- We can assist you in performing compliance regulatory checks such as 18/698 CSSF circular.
- We assist you in positioning your fund vis-à-vis ESG and sustainability characteristics (including related disclosures, data quality/management and risk management process).
- We assist you in choosing the best solution for your product listing.

With over **50 years** of history and over **EUR 1 trillion** in bond listings a year, Luxembourg is also a key domicile for European capital markets.

**Legal structure of Private Debt Funds by launch year**

<table>
<thead>
<tr>
<th>Structure</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCS/SCSp</td>
<td>61%</td>
<td>67%</td>
</tr>
<tr>
<td>RAIF</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>SIF</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Part II</td>
<td>4%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: PwC analysis based on Fundsquare data (as at end Oct-19)
Why PwC Luxembourg?

We have already worked with many top players in the market on both regulated funds and unregulated structures with all types of investment strategies. We have extensive experience in helping our clients succeed at each stage in the life of debt structures. Let us help bring your debt project to the next level.

Contacts

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