New Luxembourg RAIF structure likely to prove attractive

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Some existing Luxembourg funds are likely to be converted into the new Reserved Alternative Investment Fund structures, now that the new model has been agreed.

The new system – which is supervised through regular reports by its Alternative Investment Fund Manager, but which does not have to be approved by the regulator – is likely to appeal to managers in the US and Asia who are looking to tap into the European investor market, says Virginie Gonella, a managing associate in Ogier's Luxembourg investment funds and private equity team.

She said: "One likely phenomenon that we anticipate is the conversion of existing regulated structures (SIFs and SICARs) into unregulated Luxembourg limited partnerships or RAIFs now that the RAIF legislation is with us.

"Investors and fund sponsors familiar with unregulated or lightly regulated structures may well find the new features introduced on the Luxembourg funds market attractive to them.

"This is likely to appeal to US managers and also emerging Asian asset managers seeking European investors. The new Luxembourg RAIF model, for some asset managers, will be a combination of both being a perfect design to satisfy both non-EU and EU investors."

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