



Luxembourg investment vehicles for Brazilian investors

May 2016



Why Luxembourg?



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Head of LATAM Desk

Over the last decade, Latin America has positioned itself as a prominent player in the global economy, showing itself to be a dynamic region with high potential for inbound and outbound investment. Selecting a suitable European jurisdiction to serve as a platform is a key decision that Latin American multinationals and executives need to make when targeting investment or private placement in Europe.

At the heart of Europe, Luxembourg is a leading financial center for investment fund management and private banking and an attractive hub for corporations looking to expand their business in Europe. Luxembourg offers a diverse range of investment vehicles and solutions for asset managers, high net wealth individuals, and family offices.

In recent years, cooperation between Latin America and Luxembourg has been growing, and Luxembourg has become one of the first choices among Latin American investors to set up business in Europe. Recognising this uptrend, KPMG Luxembourg founded the Latin American Desk ("LATAM Desk") which provides insight and tailor-made services to assist our clients in entering the European market and enhancing their business.

Our team consists of more than 40 specialists who are fluent in Portuguese and Spanish and who can assist you by providing valuable insight, support, and experience. Our extensive knowledge of this market covers a wide range of business sectors, from financial investments to operational activities. Whether you are contemplating private placement, market entry, mergers and acquisitions, or the optimisation of existing operations, our LATAM Desk desk delivers tailor-made solutions taking into account our clients' needs and expectations.

Our aim is to provide our clients with answers and opportunities, and we are here to assist you every step of the way.

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Executive summary

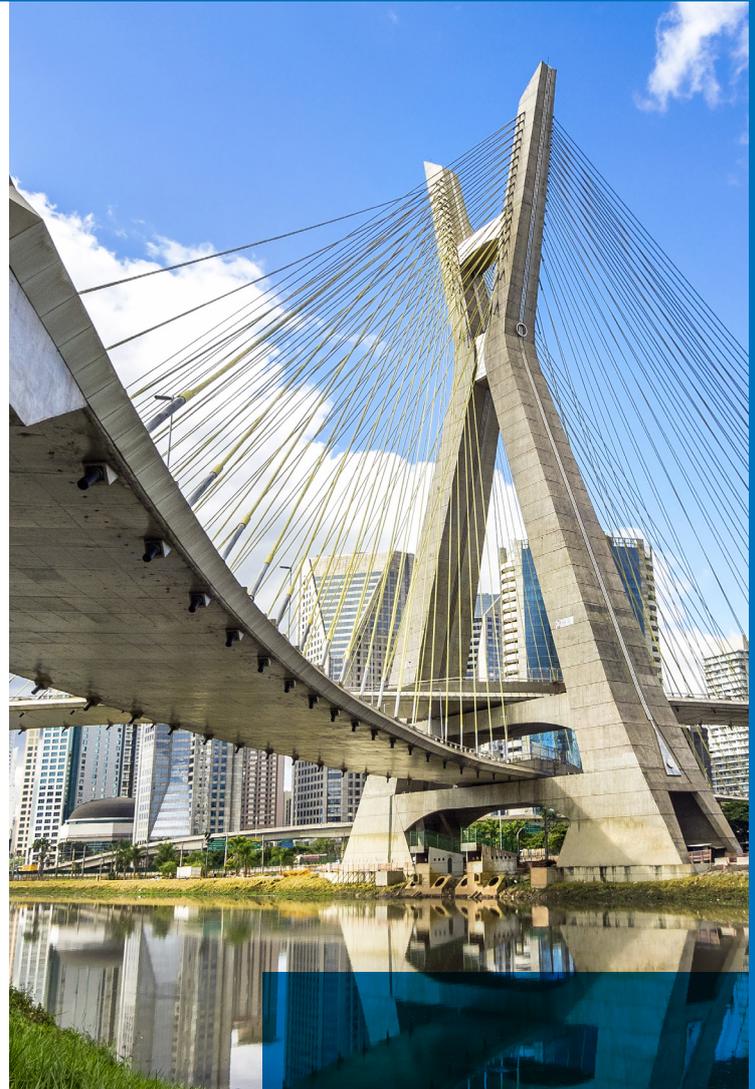
KPMG is pleased to provide you with this informational brochure on Luxembourg investment vehicles for Brazilian investors. Our aim is to provide an overview of those Luxembourg investment vehicles particularly well-suited to Brazilian investors' needs.

Luxembourg has a large choice of investment vehicles. Depending on criteria such as the nature of the underlying investment, the amount being invested, or the purpose of the investment, one may opt for very flexible and non-regulated vehicles, or for ones that are highly regulated and offer high levels of protection. With Brazilian investors specifically in mind, we have selected the following investment vehicles:

- II SPF governed by the Law of 11 May 2007 as amended
- II SOPARFI governed by general income tax law and law of 10 August 1915 as amended
- II SIF governed by the Law of 13 February 2007 as amended
- II RAIF draft Bill n°6929
- II SICAR governed by the Law of 15 June 2004 as amended

The overview covers the following aspects:

- II Key features
- II Governance and supervision aspects
- II Tax aspects



São Paulo
Brazil

Key features

Features	SPF	SOPARFI
Use	<p>Limited to acquisition, detention, management, and realisation of financial assets.</p> <p>Particularly interesting for participations which do not qualify for the participation exemption regime such as securities in listed companies.</p> <p>Not allowed to carry out commercial activities nor to hold real estate directly (except for its own use or through its participations).</p> <p>Succession planning and flexibility.</p>	<p>Holding participations and financing.</p> <p>Possibility for any kind of asset to be integrated and for any kind of investment strategy to be pursued.</p> <p>Particularly interesting for participations qualifying for the participation exemption regime as well as for loans and real estate in treaty jurisdictions.</p> <p>Also appropriate for commercial activities (but subject to CIT and MBT).</p>
Eligible investors	<p>Restricted to:</p> <ul style="list-style-type: none"> II natural persons acting in the context of the management of their personal wealth; II management entities acting solely in the interest of their private wealth (e.g. trusts, private foundations); and II intermediaries acting on behalf of the above-mentioned eligible investors (e.g. a bank acting under a fiduciary agreement). 	<p>Unrestricted.</p>
Legal form	<ul style="list-style-type: none"> II SA II S.à r.l. II SCA II S.CoSA 	<p>In practice, a SOPARFI is only set under one of the following legal forms:</p> <ul style="list-style-type: none"> II SA II S.à r.l. II SCA
Segregated compartments	No.	No.
Capital requirements	<p>Depends of the form:</p> <ul style="list-style-type: none"> II SA / SCA: €31,000 II S.à r.l.: €12,500 II S.CoSA: no minimum capital 	<p>Depends of the form:</p> <ul style="list-style-type: none"> II SA / SCA: €31,000 II S.à r.l.: €12,500

SIF

Possibility for any kind of asset to be integrated and for any kind of investment strategy to be pursued, (e.g. securities or real estate).

Operationally flexible.

Succession planning.

RAIF

Possibility for any kind of asset to be integrated and for any kind of investment strategy to be pursued.

Operationally flexible.

Succession planning.

SICAR

Limited to direct and/or indirect investment in securities that represent risk capital.

Risk capital consists mainly of high risk investments made in view of their launch, development, or listing on a stock.

Possibility to marginally enter into financial derivative instruments on an exceptional basis.

Possibility to temporarily invest in other assets pending investment in risk capital.

Not designed for the general public, but rather for well-informed investors.

A well-informed investor is an institutional investor, a professional investor, or any other investor who has stated in writing that he or she adheres to the status of well-informed investors, and:

- II invests a minimum of €125,000; or
- II has been subject to an assessment made by a credit institution, an investment firm, or a management company, certifying his or her expertise and knowledge to adequately appraise an investment.

II FCP
II SICAV
(SA, S.à r.l., SCA, S.CoSA, SCS, SCSp)
II SICAF
(SA, S.à r.l., SCA, S.CoSA, SCS, SCSp)

The entities may be open-ended or closed-ended.

II FCP
II SICAV
(SA, S.à r.l., SCA, S.CoSA, SCS, SCSp)
II SICAF
(SA, S.à r.l., SCA, S.CoSA, SCS, SCSp)

Yes.

Corporate entity with fixed or variable share capital:
II SA II S.CoSA
II SCA II SCS/SCSp
II S.à r.l.

Yes.

€1,250,000 to be reached within 12 months of its approval by the Luxembourg regulator.

€1,250,000 to be reached within 12 months.

€1,000,000 to be reached within 12 months of its approval by the Luxembourg regulator.

Governance and supervision aspects

Features	SPF	SOPARFI
Risk diversification requirements	No.	No.
NAV calculation and redemption frequency	Not required.	Not required.
Authorisation and supervision by the CSSF	No.	No.
Requires Luxembourg service providers	No.	Independent auditors (depending on the form of the company).
Listing	No.	Possible.
Valuation principles	Depends on the type of assets and GAAP adopted.	Depends on the type of assets and GAAP adopted.
Financial statements	<ul style="list-style-type: none"> II LuxGAAP II IFRS 	<ul style="list-style-type: none"> II LuxGAAP II IFRS
Authorised AIFM	Not required.	Not required.

SIF

Yes, a SIF is not allowed to invest more than 30% of its net assets in securities of the same kind issued by the same issuer.

RAIF

In principle, subject to the same risk diversification requirements as SIF.

No risk diversification if, in the constitutive documents, the RAIF invests solely in risk capital.

SICAR

No.

At least once a year for reporting purposes.

At least once a year for reporting purposes.

Not required.

Lightly regulated.

No.

Lightly regulated.

- || Management Company in case of an FCP
- || Depository institution
- || Administrative agent
- || Registrar and transfer agent
- || Independent auditor
- || Legal advisor

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- || Depository Institution
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- || Independent auditor

Possible.

Possible.

Possible.

Assets are to be valued at fair value, in compliance with the rules detailed in the Articles or Management Regulations.

Assets are to be valued at fair value, in compliance with the rules detailed in the Articles or Management Regulations, and in the applicable provisions of the AIFM.

Assets are to be valued at fair value, in compliance with the rules detailed in the Articles.

- || LuxGAAP (some treatment will differ under SIF Law)
- || IFRS

- || LuxGAAP
- || IFRS

- || LuxGAAP (some treatment will differ under SICAR law)
- || IFRS (this will require the production of consolidation accounts)

Only required if it qualifies as an AIF.

Required.

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Tax aspects

Features	SPF	SOPARFI
Income tax	No.	Yes, 29.22%. There is a participation exemption on dividends, capital gains, and liquidation proceeds. In 2017: 27.08% From 2018 onwards: 26.01%
Net wealth tax	No.	Yes, 0.5% on the unitary value (e.g. net equity). Participation exemption available.
Withholding tax	No.	Yes, 15% but reduced to 0% under certain circumstances.
Subscription tax	Yes, 0.25% on the amount of paid up capital and issue premium (if any).	No.
Access to the Luxembourg DTT network and European Directives	No.	Yes.

SIF	RAIF	SICAR
No.	No, except if it only invests in risk capital (in which case the same tax regime that applies to a SICAR applies).	<ul style="list-style-type: none"> SCS, SCSp: No. SA, S.à r.l. and SCA: Yes, but several exemptions are available.
No.	No, except if it only invests in risk capital (in which case the same tax regime that applies to a SICAR applies).	No, except from the minimum NWT as from 2016.
No.	No.	No.
Yes, 0.01% of the NAV but it is exempt under certain circumstances.	Yes, 0.01% of the NAV but it is exempt under certain circumstances.	No.
SIFs constituted in the form of an investment company may benefit from European Directives as well as from some DTT.	RAIF constituted in the form of an investment company may benefit from European Directives as well as from some DTT.	<ul style="list-style-type: none"> SCS, SCSp: No. SA, S.à r.l. and SCA: Yes, to be confirmed on a case-by-case basis.

Glossary

AIF	Alternative Investment Fund	SA	Société Anonyme (Public limited company)
AIFM	Alternative Investment Fund Manager	S.à r.l.	Société à responsabilité limitée (Private limited company)
CIT	Corporate Income Tax (Impôt sur le revenu des collectivités)	SCA	Société en Commandite par Actions (Partnership limited by shares)
CSSF	Commission de Surveillance du Secteur Financier (The Luxembourg financial supervisory authority)	S.CoSA	Société Coopérative organisée comme une Société Anonyme (Cooperative company organised as a public limited company)
DTT	Double Tax Treaty	SCS	Société en Commandite Simple (Limited partnership)
FCP	Fonds Commun de Placement (Common fund)	SCSp	Société en Commandite Spéciale (Limited partnership without legal personality)
IFRS	International Financial Reporting Standards	SICAF	Société d'Investissement à Capital Fixe (Investment company with fixed capital)
LuxGAAP	Luxembourg Generally Accepted Accounting Principles	SICAR	Société d'Investissement en Capital à Risque (Investment company in risk capital)
MBT	Municipal Business Tax (Impôt commercial)	SICAV	Société d'Investissement à Capital Variable (Investment company with variable capital)
NAV	Net Asset Value	SIF	Specialised Investment Fund (Fonds d'investissement spécialisé)
NWT	Net Wealth Tax (Impôt sur la Fortune)	SOPARFI	Société de Participation Financière (Holding company)
RAIF	Reserved Alternative Investment Fund (Fonds d'investissement alternatif réservé)	SPF	Société de Gestion de Patrimoine Familial (Family wealth management company)

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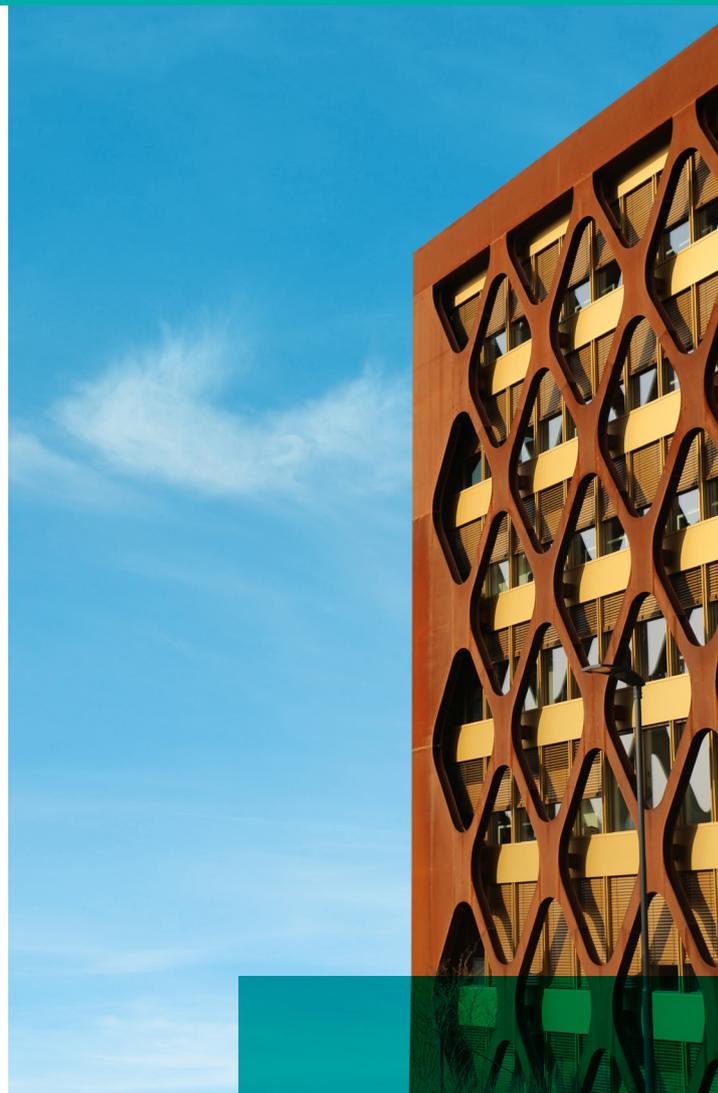
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