



association of the
luxembourg fund industry

INVESTOR SERVICING: **Operational Considerations for Managers of Luxembourg Alternative Funds**

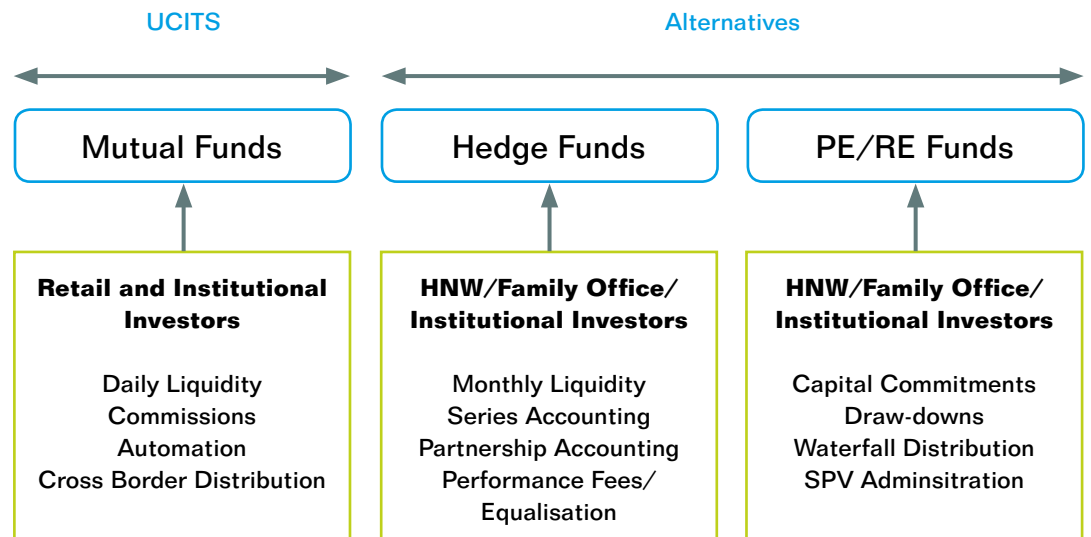
Introduction – fund structure convergence

Background

The purpose of this document is to provide alternative fund managers considering domiciling or extending their fund range in Luxembourg with a high level checklist of the typical characteristics by type of fund and with typical operational investor servicing workflows.

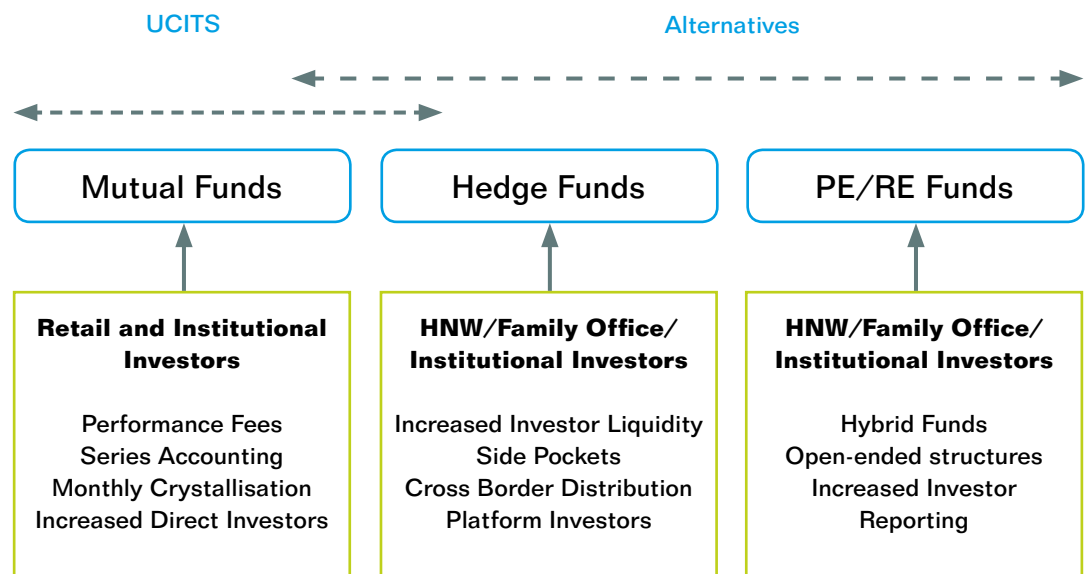
Typical traditional fund structures

In the past there were very clear distinctions in fund structures in the industry, ranging from a standardised model for retail funds to customised models for private investment funds.



Traditional and alternative fund characteristics and processing converge

As investors seek yield and allocate more to alternative strategies, managers are structuring their funds with features those investors used to be comfortable with, e.g. increased investor liquidity. Conversely these managers have brought features they are comfortable with to new wrappers, e.g. series accounting to UCITS funds.



As these features shift between the historically segregated fund structures, the service provider community needed to adapt and enhance the operational infrastructure to support these funds.

Fund type characteristics

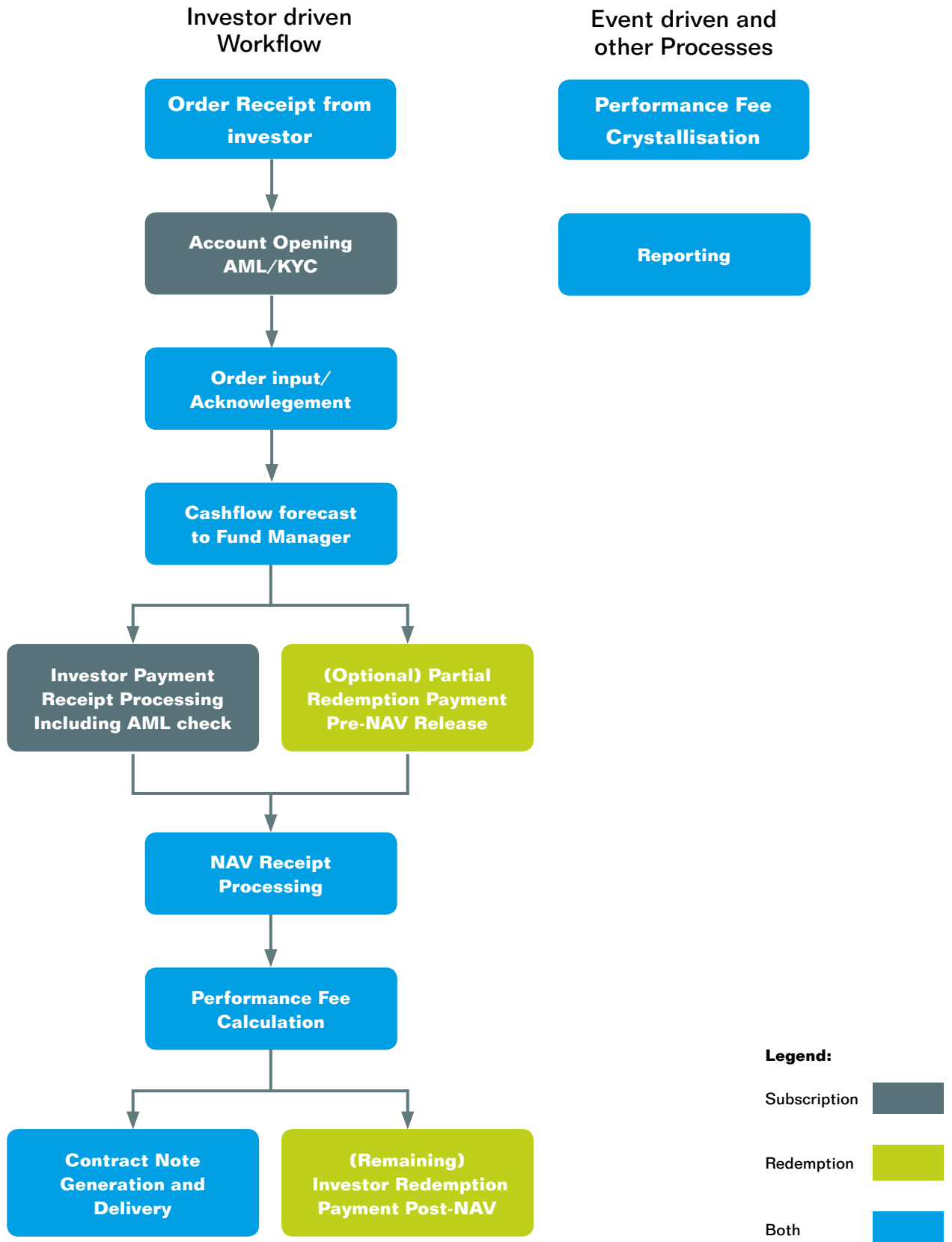
The table below illustrates the typical characteristics of the various types of fund structures available in Luxembourg.

	Fund Type	Liquid Alternative		Hedge Fund	
	Governing Fund Law	SIF	UCITS	SIF	RA
Structures	Unitized				
	Limited Partnerships				
	Master Feeder				
Investor Types	Retail Investor				
	HNW/Family office				
	Institutional Investor				
NAV Frequency	Daily				
	Weekly				
	Monthly				
	Quarterly				
	Annual				
Dealing Frequency	Daily				
	Weekly				
	Monthly				
	Quarterly				
	Closed ended				
	Capital Calls				
Distribution Models	Direct to Investor				
	Via Distributors				
	Via Platforms				
	Via iCSD				
	Via NSCC				
Commissions	Front End Load				
	Trailer Fees				
	Back End load/CDSC				
Performance Incentive Fees	Equalisation				
	Series Accounting				
	P/L Allocation				
	Waterfall Distribution				
Other Characteristics	Anti-Dilution Levy				
	Swing Pricing				
	Initial offering period				
	Side pockets				
	Capital Commitments				
	Dividend Distribution				
Settlement Management	Cleared funds				
	Redemption gates				
	CSD Model				
Legal Obligations and Reporting	AIFMD Reporting				
	FATCA reporting				
	OECD CRS Reporting				
	AML				
	UCITS KIID				
	PRIPS KID				

Simplified typical investor servicing workflow for open ended funds

The flow diagram below illustrates at a high level the typical workflow that an open ended fund uses for investor servicing:

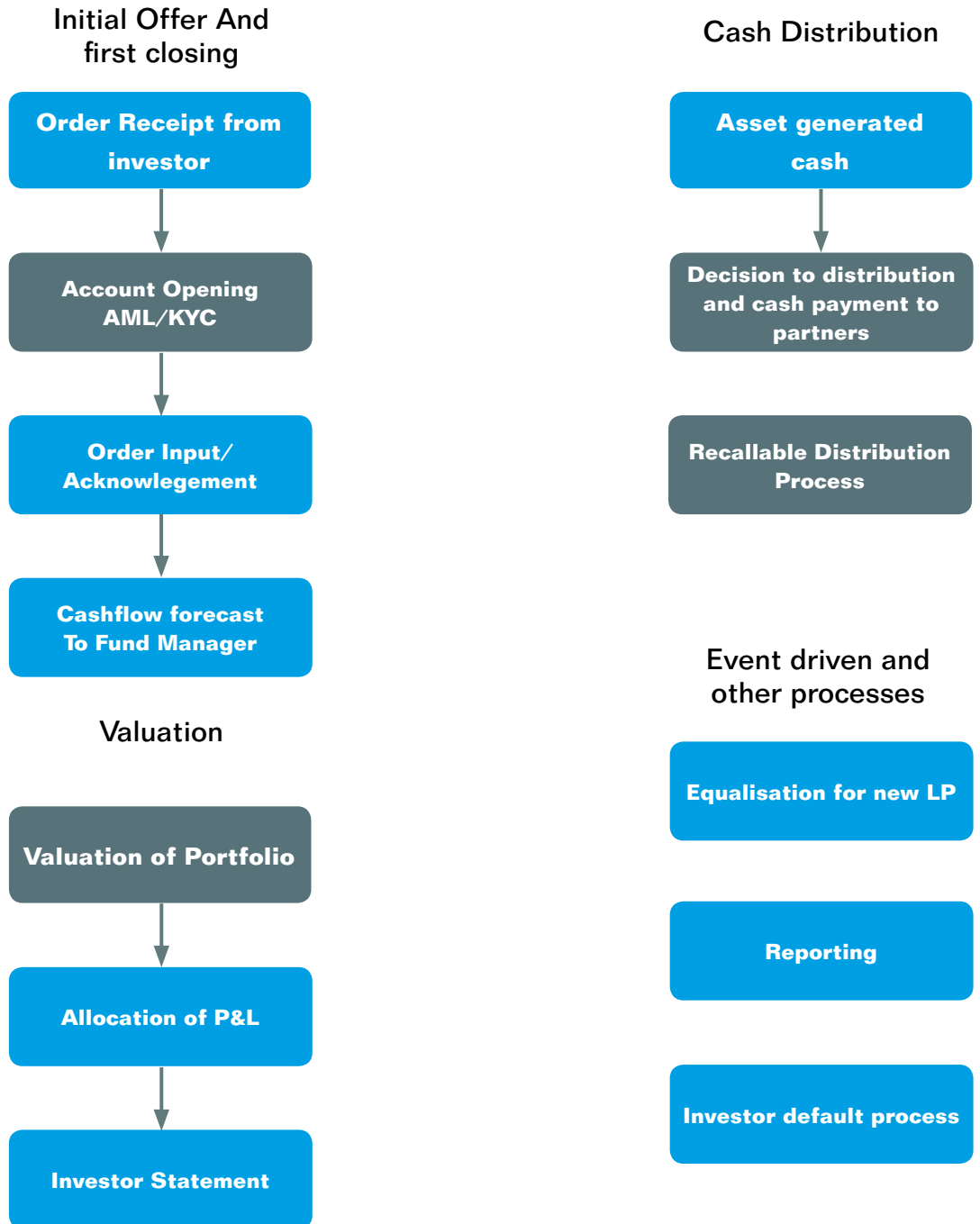
Open ended funds are typically driven by investor actions



Simplified typical investor servicing workflow for closed ended funds

The flow diagram below illustrates at a high level the typical workflow that a closed ended fund uses for investor servicing:

Close ended funds are typically driven by fund manager decisions



Legend:

- Fund Driven
- Investor servicing

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**Investor Servicing Operational Considerations
for Alternative Funds**