

**Press release**

**Luxembourg, 20 November 2018**

**LUXEMBOURG SEES LOAN FUND AUM INCREASE BY NEARLY A QUARTER**

Assets under management in Luxembourg-domiciled Loan Funds has reached €49billion, according to a study by KPMG on behalf of ALFI, the Association of the Luxembourg fund industry.

This is a 23.5% increase over the past year, reflecting the increasing momentum of non-bank financing across Europe and beyond and demonstrating the appeal of Luxembourg as a domicile for alternative investment funds.

These Loan Funds comprise a variety of strategies, the predominant ones being Senior Loans (35%), High Yield (22%) and Direct Lending (18%).

According to KPMG's survey, 66% of investors in these funds are institutional investors. Roughly 27% of investors are either HNWIs, private banks, family offices or sovereign wealth funds. 7% of assets are held by retail investors.

David Capocci, head of alternative investments at KPMG Luxembourg, commented: "Offering an alternative to traditional banks in the global market, in the aftermath of the Global Financial Crisis, the success of private debt houses has been bolstered by higher returns for investors and asset managers.

"Naturally, these changes are also reflected in Luxembourg's fund market, which has mirrored the steady increase in private loan funds' assets under management. As at mid-2018, Luxembourg loan fund AuMs had increased by a significant 23.5% on the mid-2017 figure that we reported in our first joint KPMG/ALFI loan fund survey, published last year.

"The percentage of loan funds set up as reserved alternative investment funds (RAIFs) — the newest fund structure to have been introduced in Luxembourg — remains stable compared to last year.

"We expect RAIFs to gain greater market share in the future, not just for loan funds but for the alternative fund industry in general.

"Despite the regulatory and tax changes on the horizon, the loan fund industry looks to remain a healthy and growing one within the Luxembourg financial market in the coming years."

Camille Thommes, Director General of ALFI, said: "An alternative to the banking industry as a source of financing for the real economy, loan funds play an important role in addressing the imbalance in liquidity supply and demand, in helping businesses raise capital, and in stimulating growth.

"These are benefits that regulators and policymakers in Europe are well aware of.

"Luxembourg has long-standing experience in both loan origination and secondary market trading.

"Our survey shows that Luxembourg loan funds are more popular than ever, and we expect this to become an even more significant asset class over time."

Download the report here: <http://www.alfi.lu/node/3691>

**-Ends-**

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**Notes to editors:**

The Association of the Luxembourg Fund Industry (ALFI) is the representative body of the Luxembourg investment fund community. Created in 1988, the Association today represents over 1500 Luxembourg domiciled investment funds, asset management companies and a wide range of service providers such as custodian banks, fund administrators, transfer agents, distributors, legal firms, consultants, tax experts, auditors and accountants, specialist IT providers and communication companies. The Luxembourg fund industry is the largest fund domicile in Europe and a worldwide leader in cross-border distribution of funds. Luxembourg-domiciled investment structures are distributed on a global basis in more than 70 countries with a particular focus on Europe, Asia, Latin America and the Middle East. For further information, do not hesitate to consult our website at [www.alfi.lu](http://www.alfi.lu).

To keep up with all the news from ALFI and the fund industry in Luxembourg, join us on LinkedIn (The Luxembourg Fund Industry Group by ALFI), Twitter (@ALFI-funds), Flickr, Youtube and Vimeo.