

Press release

Luxembourg, 29 January 2014

**LUXEMBOURG INVESTMENT FUNDS
“A POSITIVE 2013 BUT CHALLENGES AHEAD”**

- **2013** was a positive year for the Luxembourg Fund Industry, but serious challenges remain
- **FATCA:** ALFI confirms that the Model 1 Intergovernmental Agreement between Luxembourg and the US is to be signed soon
- **AIFMD:** ALFI reports that, six months after the implementation of the Directive, the effect of the new regulation is beginning to take shape

The Association of the Luxembourg Fund Industry (ALFI) released figures for 2013, confirming that 2013 was overall a good year for the Luxembourg fund industry:

- Net assets managed by investment funds under Luxembourg law reached €2,615.4 billion at the end of December 2013, compared to €2,383 billion at the end of 2012;
- With 193 billion euros in 2013, net sales of Luxembourg investment funds accounted for nearly half of all sales for the European fund industry;
- The number of funds and sub funds increased over the last twelve months to reach 3,902 (3,841 at the end of 2012) and 13,685 units (end of 2012: 13,420);
- Nearly 100 new promoters have launched products in Luxembourg.

Commenting on the past year, Marc Saluzzi, Chairman of ALFI, said: “2013 was positive, but there are challenges ahead for the sector. For example, whilst the Alternative Investment Fund Managers Directive (AIFMD) has finally been implemented, and despite positive developments in the negotiations on FATCA, the regulatory agenda remains a heavy burden. The proposed Financial Transaction Tax (FTT), the draft regulation on money market funds and the final agreement on MiFID II could have a severe negative impact on the European asset management industry.”

On FATCA, ALFI confirmed that the Model 1 Intergovernmental Agreement between Luxembourg and the US is to be signed soon.

On AIFMD, ALFI reports that, six months after the implementation of the Directive, the effect of the new regulation is beginning to take shape. In Luxembourg some 90 alternative investment fund managers have applied to the CSSF for approval under the new regulations. At this point, 12 companies are listed on the official CSSF list of AIFM, whilst six others have received approval and are finalizing the paperwork.

“Total Assets under management in alternative funds in Luxembourg is currently around €500 billion and ALFI’s objective is to double these assets within 5 years,” says Saluzzi. “Our comprehensive range of investment vehicles will help achieve this.”

In this context, two developments are of particular interest:

- The new Limited Partnership regime introduced with the law transposing the AIFM Directive into Luxembourg law has met with the success, with 83 units established so far under the plan;
- Similarly, specialised investment funds (SIFs) continue their momentum of growth. More than 1,500 SIFs have been created since its introduction in 2007, and they now manage more than €300 billion of assets. This is the most popular investment product in its class in Europe.

Mr. Saluzzi concludes: "Whilst initial results on AIFMD are very encouraging, we need to wait until at least the end of July 2014 to see Luxembourg's role in this sector.

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For further information:

Anna Příhodová
Communications Manager
Tel: +352 22 30 26 - 1
E-mail: anna.prihodova@alfi.lu

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 1300 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 crossborder 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

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) and [Youtube](#).