



Luxembourg Hedge Funds

(ALFI) - This brochure has been prepared by the Hedge Fund Working Group of the Association of the Luxembourg Fund Industry (ALFI) in order to provide general background information on key factors and considerations for establishing hedge funds in the Grand Duchy of Luxembourg.

The choice of a hedge fund vehicle will in practice depend on the proposed investor base; type of investments to be made; any specific tax considerations; and target distribution channels.

The Luxembourg legal and regulatory framework is diverse, as well as flexible enough to meet a wide range of investor and fund manager needs. Luxembourg hedge funds are usually regulated products, and therefore typically subject to CSSF supervision.

Nevertheless, and in light of the AIFMD, non-regulated hedge funds (managed by a regulated AIFM) may also be created.

The Luxembourg hedge fund sector has grown rapidly and Luxembourg is recognised as a premier hedge fund domicile. Meanwhile, several top global hedge fund managers have domiciled funds in Luxembourg. As a result, Luxembourg has recorded the fastest global growth in terms of relative weight of

fund domiciliation since the financial crisis, up from 6% of the global market in 2011 to 15,8% in June 2016.

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