

L-QIF “Limited Qualified Investor Fund”

The innovative new fund solution for Swiss investors



L-QIF stands for the latest innovation in the Swiss fund market – the “Limited Qualified Investor Fund”. Under Swiss law, the L-QIF is designed to offer investors considerable advantages over previously well-known structures such as funds for qualified investors and, in particular, meet the needs of Swiss institutional investors in terms of flexibility and time to market. In light of this, the Federal Council initiated the consultation process for amending the Collective Investment Schemes Act (CISA).

Background

Since CISA was introduced in 2007, there have been different types of funds under Swiss law: contractual funds, investment companies with variable capital (SICAVs), limited partnerships for collective investment (LPs) and investment companies with fixed capital (SICAFs). All of these different fund structures require FINMA product approval and are subject to restrictions concerning investment strategy design. This means that fund launches and life cycle management can sometimes be unnecessarily time-consuming and that innovative investment strategies geared towards specific institutional investors are often impracticable in the guise of a Swiss fund. This can apply to alternative investments, for example. Against this backdrop, the L-QIF concept is designed to relax the aforementioned restrictions specifically for qualified investors as, unlike private investors, they are able to understand the risks of an investment instrument in detail and independently assess the suitability of it.

A look beyond Switzerland's borders shows that the L-QIF concept is nothing new and is already successfully established in other fund jurisdictions (e.g. Luxembourg's Reserved Alternative Investment Fund or RAIF).

How it works

Unlike other current well-known fund structures, the L-QIF concept is centered around waiving FINMA's product approval obligation. This means deliberately dispensing with dual supervision (at product and institutional level) and that FINMA is not involved in the fund launches.

To ensure the necessary product quality and security, legislators stipulate that the fund management company and asset manager must be a FINMA-supervised institution. The fund management company is therefore required to take on even greater responsibility in this respect.

As the L-QIF will be regulated by CISA, it is classified as a Swiss collective investment for tax purposes, while advantageous stamp duty and VAT treatment is guaranteed in accordance with Circular 24 of the Swiss Federal Tax Administration.

Your L-QIF solution with UBS White Labelling Solutions

As one of Switzerland's leading fund management companies, UBS Fund Management (Switzerland) AG has been closely involved in developing the L-QIF concept from the very beginning. UBS White Labelling Solutions will continue to promote this important innovation together with the Asset Management Association Switzerland (AMAS) and will keep you informed of future developments.

Tailor-made ESG mandates

White label funds – also in form of a L-QIF - are particularly suitable for implementing tailor-made ESG mandates. This is because you have the choice of the various Environmental, Social and Governmental sustainability criteria you want to apply, either in your role as asset manager or in your role as sponsor together with your chosen asset managers. Through our Proxy-Voting offering you also have the ability to either opt for principles and standards defined in the publicly available UBS Management Company proxy voting directive policy or to opt for a dedicated directives, according to your role as sponsor and/or the delegated asset manager, for executing voting preferences.

With a white label fund solution, we can assist you in implementing the regulatory and operational set up of your ESG strategy.

Benefits

The benefits of the new L-QIF structure for sponsors and investors are obvious:

- Improved time to market
- Greater degree of flexibility and freedom concerning investment strategy design
- Same tax treatment as all other Swiss collective investments

Outlook

After the end of the consultation process on 17. Oktober 2019 the Federal Council published its statement for submission on 19. August 2020. On 17 December 2021 the National Council and the Council of States accepted the statement for submission in the respective final votes.

We expect the law and ordinances coming into effect in the 2nd quarter 2023 and therefore the launch of the first L-QIFs is expected in the 2nd half of 2023.

Contact us

White Labelling Solutions – Client Management

Global Head

Hubert Zeller
+41-61-288 18 90
hubert.zeller@ubs.com

Head Switzerland Wholesalers

Marc Reto Fischer
+41-44-236 28 93
marc-r.fischer@ubs.com

Head Switzerland Pension Funds

Christian Wehinger
+41-44-236 46 52
christian.wehinger@ubs.com



Visit us:
ubs.com/wls

For marketing and information purposes by UBS Asset Management Switzerland AG, its subsidiary or affiliate ("UBS"). For qualified investors / professional clients only. The contents of this document shall not constitute an obligation to buy or sell a service or a product, launch a product, but are pending to the positive outcome of further investigations as well as subject to internal and external approval. Please note that UBS retains the right to change the range of services, the products and the prices at any time without prior notice and that all information and opinions indicated are subject to change. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith, but is not guaranteed as being accurate, nor is it a complete statement or summary of the markets or developments referred to in the document. This document does not create any legal or contractual obligation with UBS. This document is intended solely for the information of the person to whom it has been delivered and is for distribution only under such circumstances as may be permitted by applicable law. It is, in particular, not intended for distribution into the US and/or to US persons. UBS specifically prohibits the redistribution, reproduction or publication of this document in whole or in part without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect. This document was written without reference to any specific investment objectives, financial situation or particular needs of any specific recipient. Further, this document includes services and products which require an individualized and tailor made set up. Such services and products may require further UBS internal approvals on a case-by-case basis, which may depend on various client- and UBS-specific factors. This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. **Tax treatment depends on the recipient's circumstances and may be subject to change in the future. UBS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon, either in general or with reference to specific recipient's circumstances and needs.** UBS recommends that recipients obtain independent legal and tax advice on the implications of the products/services in the respective jurisdiction before making decisions. This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant supervisory authority.

UK: The document has not been prepared in line with the FCA requirements. If you receive a request under the Freedom of Information Act 2000 for information obtained from UBS we ask that you consult with us.

Singapore: This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in Singapore. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in Singapore. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of Singapore.

Hong Kong: This document and its contents have not been reviewed by, delivered to or registered with any regulatory or other relevant authority in Hong Kong. This document is for informational purposes and should not be construed as an offer or invitation to the public, direct or indirect, to buy or sell securities. This document is intended for limited distribution and only to the extent permitted under applicable laws in Hong Kong. No representations are made with respect to the eligibility of any recipients of this document to acquire interests in securities under the laws of Hong Kong.

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.
UBS Europe SE, Luxembourg Branch, 33A avenue J.F. Kennedy, L-1855 Luxembourg, R.C.S. Luxembourg No. B209123
UBS Fund Management (Luxembourg) S.A., 33A avenue J.F. Kennedy, L-1855 Luxembourg, R.C.S. Luxembourg 154.210
UBS Fund Management (Switzerland) AG, Aeschenvorstadt 1, 4052 Basel.
UBS Fund Management (Ireland) Limited, 1 College Park House - South Frederick Street, Dublin 2