

Bespoke services

- AIFM license assistance
- Valuation services for AIFMs
- Mock regulatory inspection
- Assurance services
- Health-check for AI funds
- VAT-savvy fund services
- Transfer pricing: intragroup financing services
- Transfer pricing: asset management services
- General Data Protection Regulation (GDPR) services
- Risk Advisory Solutions for AIFs

Browse our menu of bespoke services to see how we can support your alternative investment fund with our expertise.





AIFM license assistance



A bespoke service catering to all types of alternative investments

We can help your firm apply for an AIFM license.

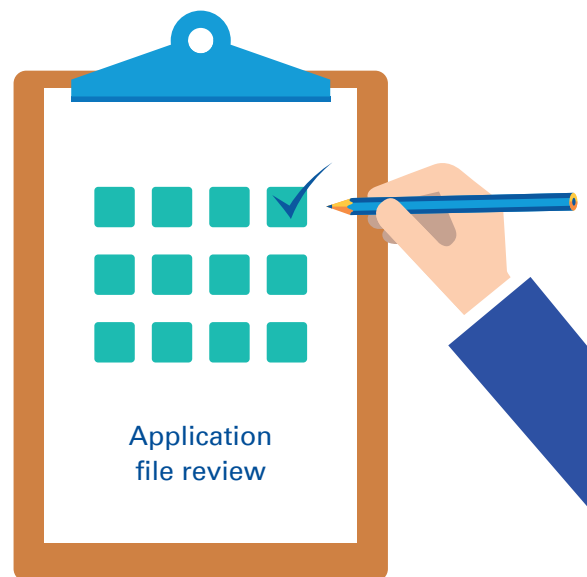
Our service offers you:

- guidance through the licensing process for a new Alternative Investment Fund Manager (AIFM) license, or for an extension of an existing license, from our team of experienced regulatory professionals
- help submitting a high quality and fully compliant application file to the CSSF, including all the detailed information needed to make it a smooth and fast approval process
- access to a team that combines project management skills and tools with deep regulatory, operational, and risk management process expertise

KPMG approach

Work streams

- **Stream 1**
Operations and substance
- **Stream 2**
Risk management function and valuation
- **Stream 3**
Oversight of delegates
- **Stream 4**
Business plan and financials
- **Stream 5**
Application file



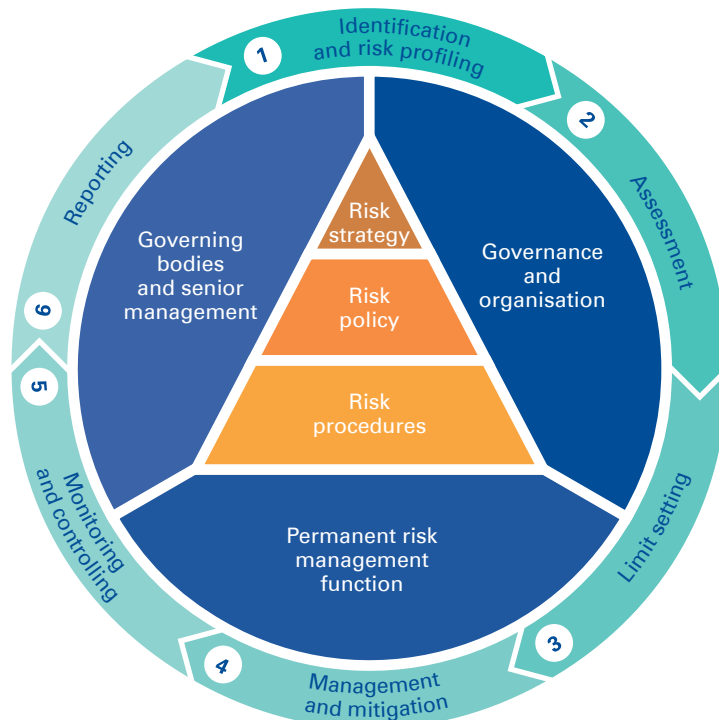
Detailed features

Our services include:

- defining the operating model, building on existing substance, infrastructure, and local expertise
- conducting gap analyses to identify processes, policies, and procedures to be amended or created
- advising on the set-up of the risk management function, on AIFMD-compliant independent valuation, and on regulatory reporting requirements
- advising on the arrangements to be put in place for the oversight of delegated activities
- preparing the application file to be submitted to the regulatory authority
- providing recruitment services for senior professionals including risk managers, compliance officers, and senior managers
- advising on the local service provider selection process



Designing the risk management function



For contact details please go to: www.kpmg.lu/alternativeinvestments





Valuation services for AIFMs



A bespoke service catering to all types of alternative investments

We offer a wide range of valuation-related services, covering most asset classes (infrastructure, debt, private equity, real estate, and venture capital).

Providing independent valuation services to AIFMs



"AIFMs must ensure that, for each AIF that they manage, appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the AIF can be performed in accordance with this Article, the applicable national law and the AIF management regulations or instruments of incorporation."

Article 17 of the Law (12 July 2013) on alternative investment fund managers



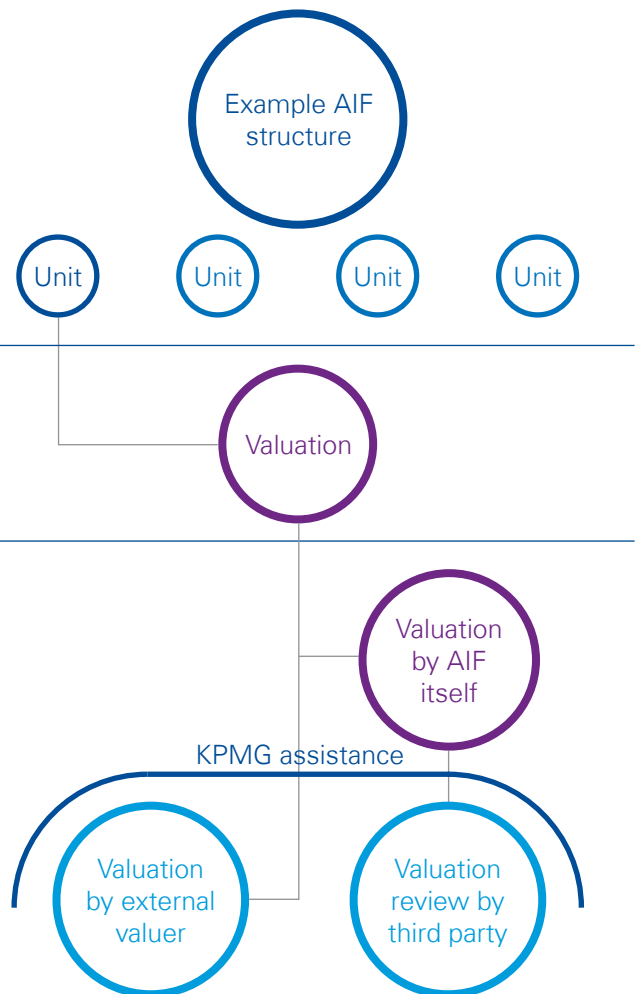
KPMG Deal Advisory provides **objective and unbiased advice** to its clients.



Our range of services includes:

- ✓ independent valuation services
- ✓ valuation review services
- ✓ assistance in setting up valuation methodologies for private equity, venture capital, infrastructure, real estate and debt funds, among others

Where do we assist?



With insight and vision we can add value to your organisation in the following sectors.

PRIVATE EQUITY



Private equity constantly deals with fundraising, investment decisions, portfolio management and successful realisation...

KPMG Deal Advisory has extensive experience in the valuation of private equity fund structures and deal structures. We can help you to understand what drives value while successfully navigating through the AIFMD.

REAL ESTATE



The valuation of real estate requires special knowledge and experience, and a knowledge of different approaches...

KPMG Deal Advisory valuation experts can offer comprehensive valuation review services in the context of AIFMD compliant valuations or real estate audit mandates.

INFRASTRUCTURES



Infrastructure projects tend to be highly regulated and can take many shapes and forms ranging from Brownfield to Greenfield, requiring complex assessment of financial, technical and economical aspects...

KPMG Deal Advisory has provided a variety of services related to PPP, clean-tech, rails and roads, social infrastructure and other [mega-infrastructure](#) projects.

PRIVATE DEBT



The decline in bank lending to corporates has created a market opportunity for private debt funds. Those favourable market conditions and regulations have opened the market for non-traditional lenders...

KPMG Deal Advisory is at the forefront of providing tailored valuation services, involving synthetic credit ratings, comparable yield assessments in the mid-market segment throughout Europe.

Our valuation services team offers help in various stages of the AIFMD valuation process.

Procedures and methodology assistance

Development and implementation of sound valuation policy in line with AIFMD

Policies and procedures certification

Independent verification of AIFM valuation policies and procedures


Full and independent valuation report


Independent opinion of fair value estimate with full due diligence


Independent opinion on valuation/analysis


Positive (or negative) assurance: stating "the AIFM valuations are reasonable"

Dedicated Valuations Team

 45 deal advisory professionals

 10+ nationalities

 Regularly trained with exposure to various asset classes

 Profound deal advisory and capital markets background

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Mock regulatory inspection

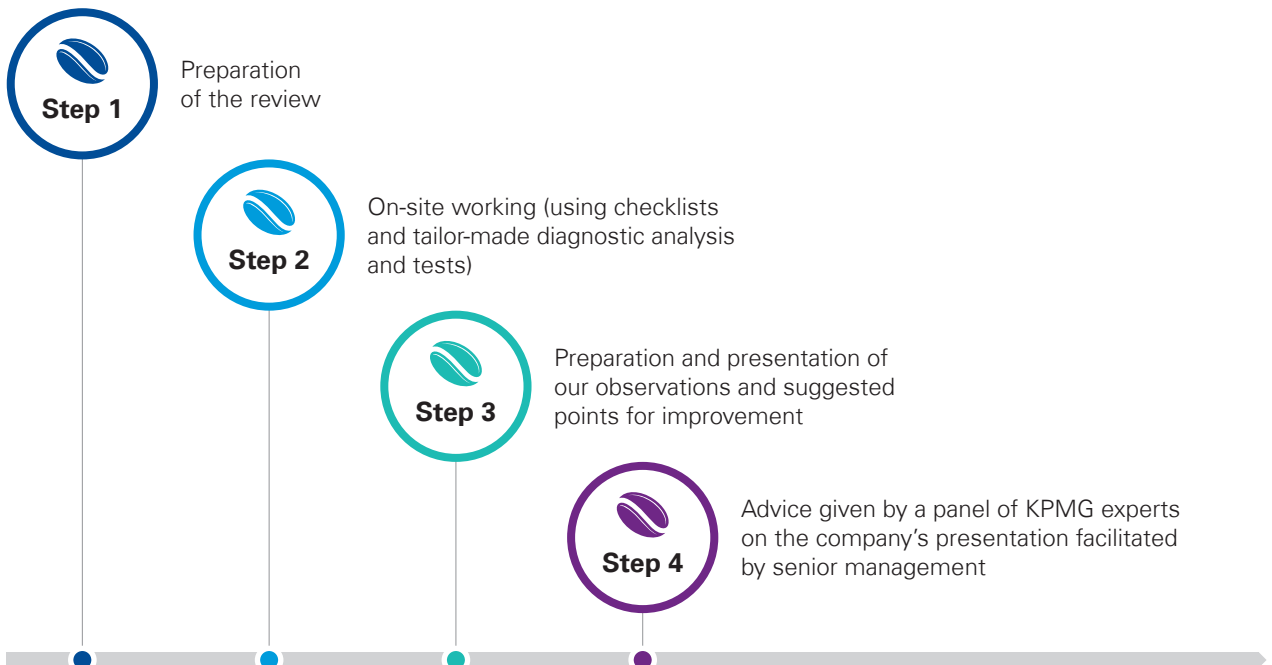


A bespoke service catering to all types of alternative investments

Prepare your management for a regulatory inspection.

Our service offers you:

- assistance ensuring that you are compliant with regulation, which is a high priority area not only for AIFMs but also UCITS ManCos with high sanctions and reputational damage at risk
- preparatory measures for on-site inspection visits from regulators, which are on the rise alongside the focus on substance and on asset managers' accountability for properly running their businesses and protecting investor interests
- a review of the strength of your key processes and documentation in operations and in control functions



Detailed features

Our services include:

- 🕒 mock inspection methodology, which is designed to uncover potential weaknesses in your processes and documentation
- 🕒 help with taking remedial actions to address deficiencies
- 🕒 a presentation to the panel of experts to be trained for a regulator inspection
- 🕒 testing of your teams' readiness for inspections with simulated interviews offering opportunities to practice answering questions on business activities, organisation, governance, and the controls framework



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Assurance services



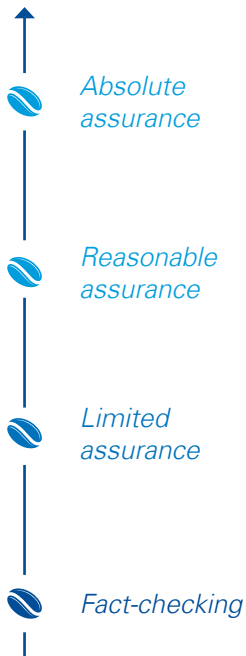
A bespoke service catering to all types of alternative investments

We can provide you with assurance services for your and your stakeholders' benefit.

Our service offers you:

- tailor-made solutions for providing assurance on specific key indicators, track records, etc.
- coverage of a wide range of subject matters, as needed
- adjustable levels of assurance for a better costs/benefits balance
- thorough reports for improving marketability

Solutions for all assurance levels



A far-reaching and appealing report

INVESTING IN INNOVATION 13

Innovation through content

68% of the main channel peak-time schedule is now original content

Output mix on Channel 4 Channel 4 continues to showcase the majority of its new original programming on the core channel during peak hours (defined by Ofcom as 19:00-22:00). In order to attract the largest audience, 59% of all peak-time hours on the main channel were made up of first-run original programming in 2014, with another 14% devoted to first-run original programming. In total, original programming accounted for 73% of peak-time hours, comfortably exceeding the Ofcom licence requirement of 70%. While Channel 4's daytime schedule includes a more balanced spread of original programming and acquisitions, original programming still accounted for 65% of all output on the main channel across the whole day in 2014, exceeding the Ofcom quota of 56%.

The proportion of Channel 4 original programming in peak time fell slightly year-on-year, with the amount now falling by 2 percentage points (with rated repeats increasing 1 percentage point). Day time was a 2 percentage point increase.

Year	Original programming	Acquisitions - repeat	Acquisitions - first run
2014	73	14	14
2013	74	14	14
2012	74	14	14
2011	74	14	14
2010	74	14	14

Spent across the Channel 4 network on original content (£m)

Year	Total (£m)
2014	385.1
2013	385.1
2012	385.1
2011	385.1
2010	385.1

Average daily hours of first-run original programming across the Channel 4 TV portfolio

Year	Total (hrs)
2014	6.1
2013	6.1
2012	6.1
2011	6.1
2010	6.1

Supporting electric car-sharing services in Paris

Electric car-sharing services are growing rapidly in Paris, with the number of vehicles increasing from 1,000 in 2010 to over 10,000 in 2014. This growth is supported by the city's investment in infrastructure, including dedicated parking spaces and charging stations. The services are also supported by the city's investment in infrastructure, including dedicated parking spaces and charging stations.

Channel 4 TV portfolio

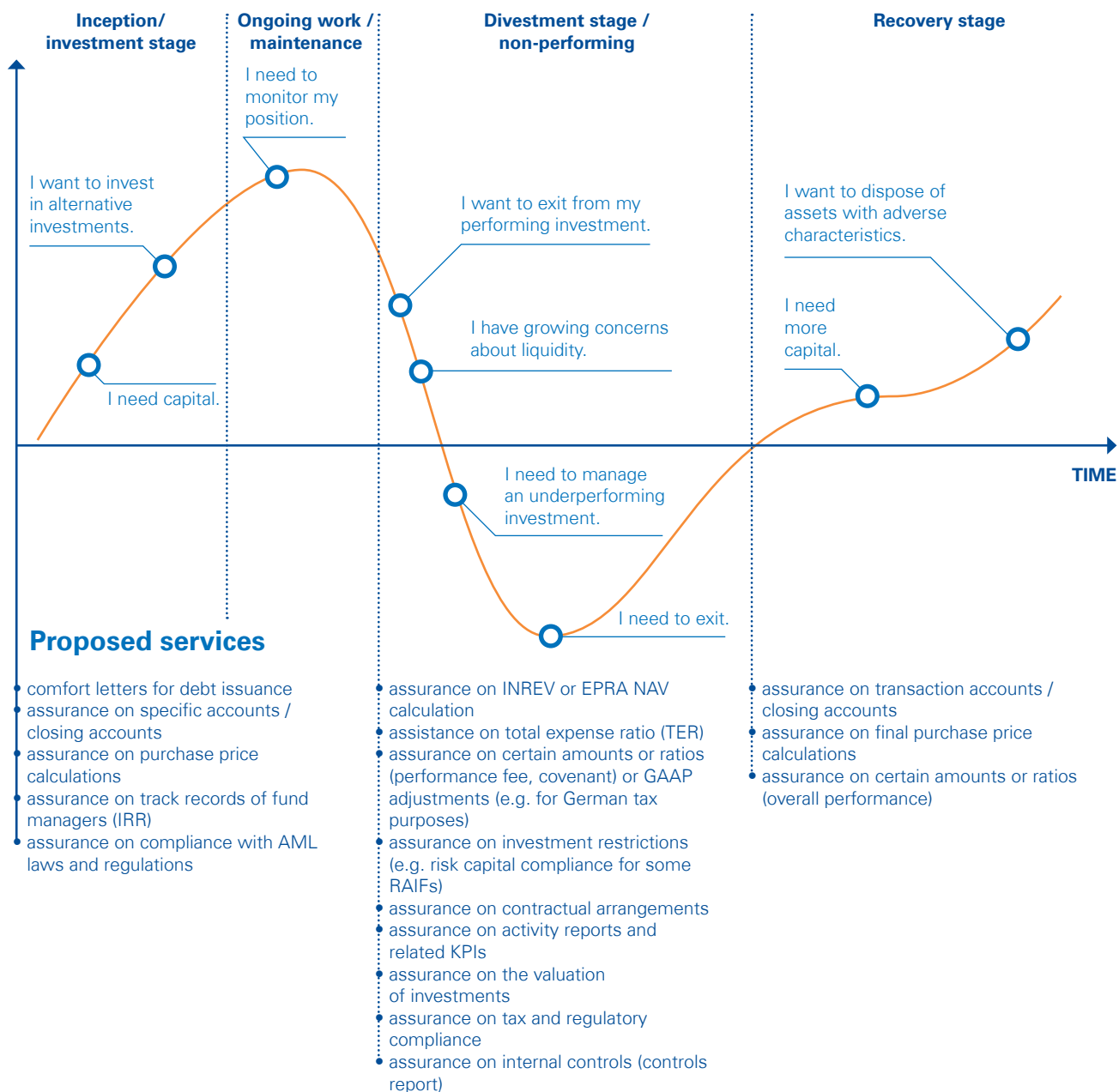
Channel 4 TV portfolio set an average of 6.7 hours of new programming (first-run original programming) every day across the Channel 4 TV portfolio. The main 1 to 6.7 of these daily hours, with the other 0.7 hours of new programming (first-run original programming) every day across the Channel 4 TV portfolio.

Annual increase in the amount of first-run original programming on TV channels in 2014, across all time of first-run original programming rose by 1% year-on-year, increasing to 10%, in the corresponding TV channels.

Detailed service offer

Our service includes:

- Assurance reports add value to operations and performance. Below are examples of assurance services corresponding to the fund's life cycle.



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Health-check for AI funds



A bespoke service catering to all types of alternative investments

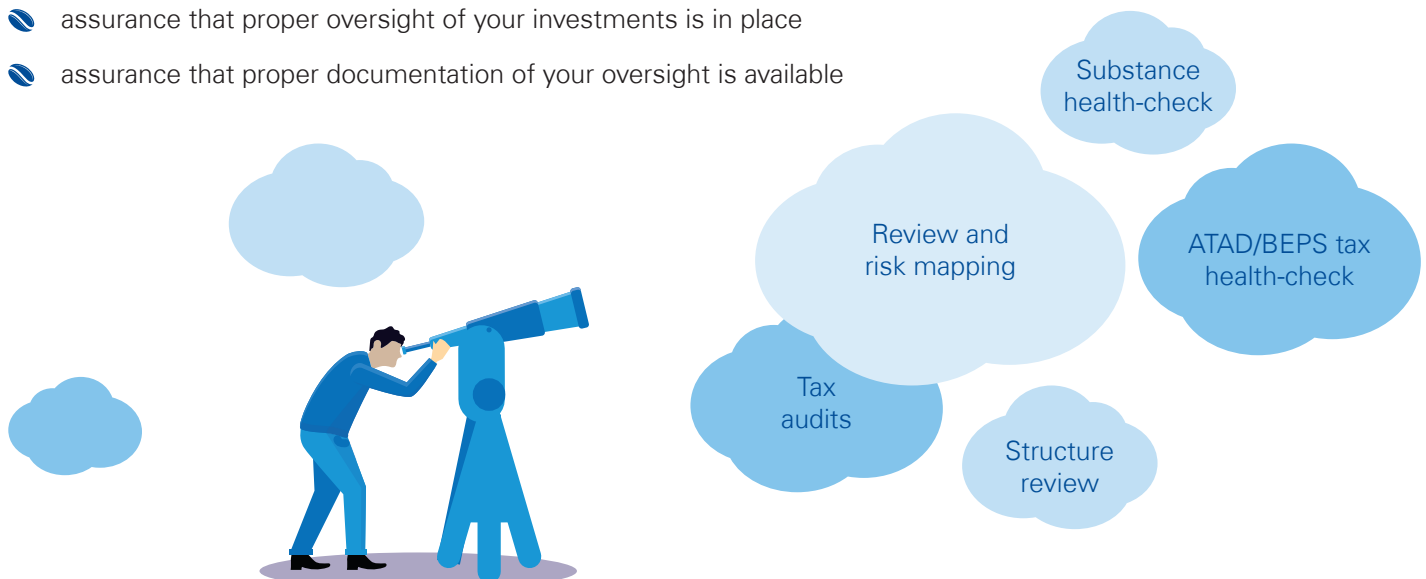
Ensure that your Luxembourg platform is sustainable in a changing tax environment.

Base erosion and profit shifting (BEPS), Anti-Tax Avoidance Directives I and II, the Multilateral Instrument (MLI), and country-by-country reporting (CbCR) are all measures that depict the complexity of today's changing global business ecosystem. Those topics are a business transformation issue rather than simply a rewrite of the global tax framework and they will require an in-depth review of your existing platform.



Our health-check offers you:

- an assessment of your compliance with the anti-tax avoidance directives and BEPS actions
- benchmarking of your level of substance and operational model vis-à-vis market practice and tax treaty access
- recommendations for adjustments to existing structures or agreements
- guidelines on Luxembourg administrative practices such as debt-to-equity ratio or TP rules
- assurance that proper oversight of your investments is in place
- assurance that proper documentation of your oversight is available



Detailed features

Our services include:

- workshops on tax governance, tailored to your situation and set-up
- a review of the existing legal, tax, and administrative documentation of selected entities/portfolios
- a review of potential hybrid mismatches (entities and arrangements) and intra-group transactions from an ATAD/BEPS point of view
- a red flag report of gaps identified between your current set-up and the best practices
- assistance implementing tools enabling proper oversight of your tax governance (including proper documentation of the oversight)



**Information
collection**



GAP analysis



Recommendations

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VAT-savvy fund services



A bespoke service catering to all types of alternative investments

A simple way to ensure that your entities are VAT-compliant.

Luxembourg's new tax reform substantially increases penalties for governance infringements. With VAT compliance playing an increasingly integral role in the success of many entities, properly monitoring VAT obligations has become a high priority. Our VAT-savvy funds service offers you:

- advice on how your entity can improve and sustain performance, manage risk, and deliver value from a VAT perspective
- help preparing for a VAT audit

Our approach



Our professionals are experienced in analysing risk areas to reveal optimisation potential in your processes and documentation.

Our VAT-savvy funds service includes:

- ensuring that you are compliant with VAT legal requirements
- managing the appropriate documentation for internal group compliance (part of preparation for a VAT audit)
- optimising fund performance by identifying applicable VAT exemptions
- managing and mitigating risks stemming from negligence of VAT compliance obligations (e.g. VAT registration issues or inadequate application of VAT exemptions)
- creating more effective compliance and sustainable processes
- limiting the personal risks for those charged with governance (directors)
- streamlining the VAT affairs of your business



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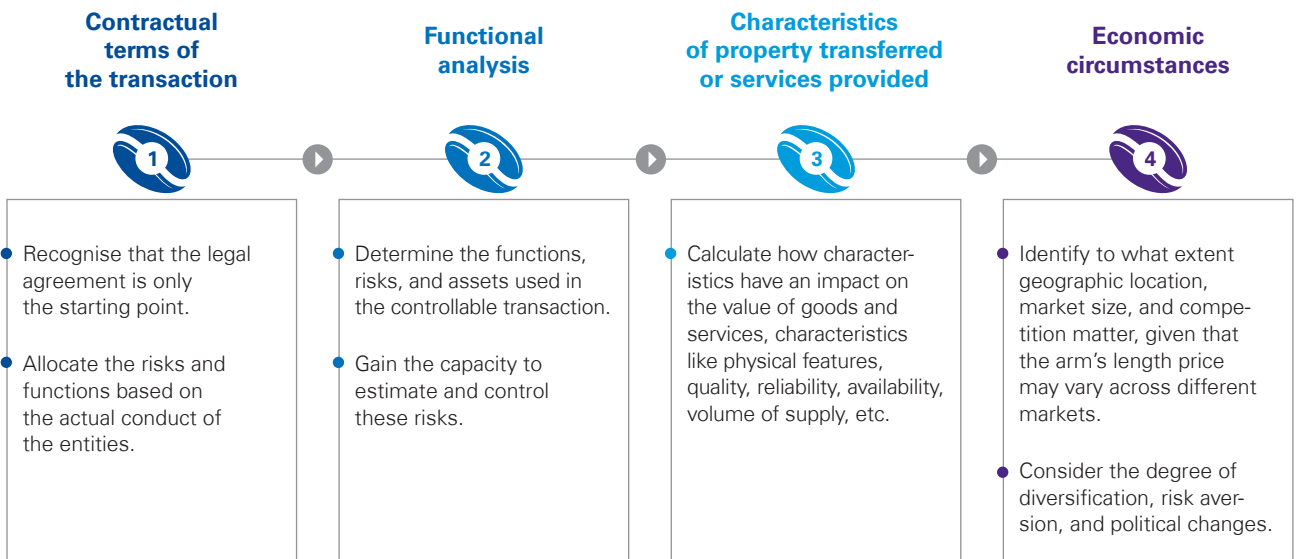
Transfer pricing: intragroup financing services



A bespoke service catering to all types of alternative investments

We can help you get your transfer pricing documentation aligned with the highest standards.

- Our reports are in line with the recently published Article 56bis Luxembourg Income Tax Law, which stresses that:
 - the economic rationale for all intercompany transactions must be documented
 - all intercompany transactions must be seen in the context of a wider value chain analysis



Key points

- Economic rationale matters (e.g. contractual terms should be realistic).
- Transfer pricing should be explained in the wider context of the whole value chain.
- A contract is not enough → the actual behavior of the related entities is what matters.

Financing companies: we can help you comply with the new transfer pricing circular.

Our service offers you:

- help navigating through the new requirements
- the ability to meet challenges around beneficial ownership and withholding tax, in particular in the areas of:
 - **economic substance:** equity requirements have changed; thus, equity positions for financing purposes may need to be revisited
 - **organisational substance:** it needs to be shown the Luxembourg-resident board members actively participate in the decision-making process and are qualified to exercise their responsibilities

We can guide you through the new transfer pricing requirements, which concern three areas in particular:



Board



Employee
and office



Equity

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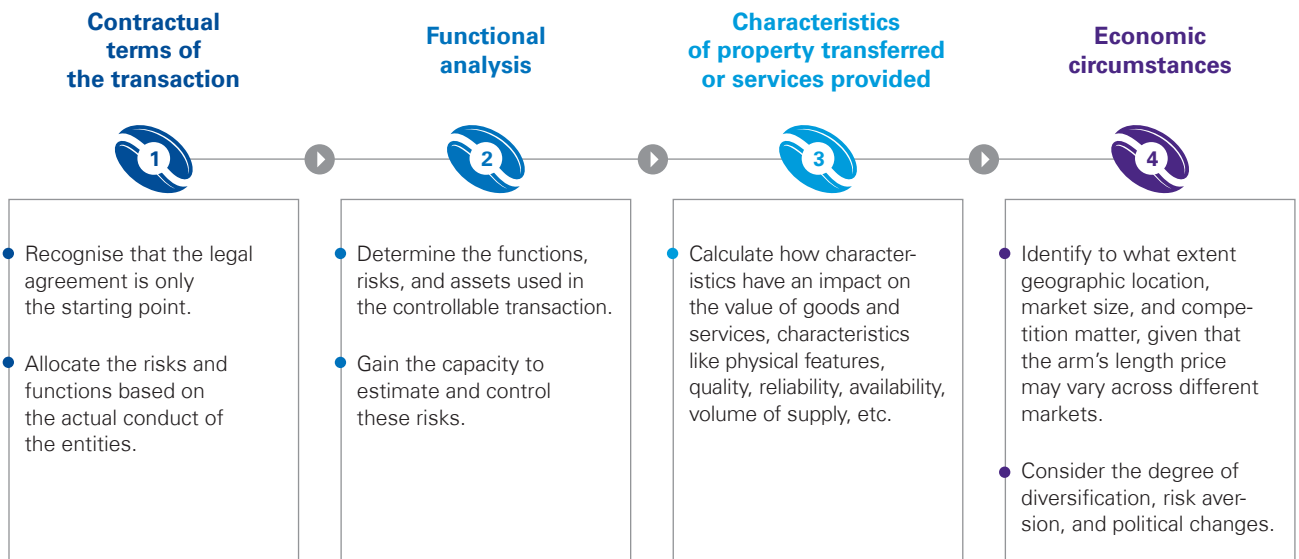
Transfer pricing: asset management services



A bespoke service catering to all types of alternative investments

We can help you get your transfer pricing documentation aligned with the highest standards.

- Our reports are in line with the recently published Article 56bis Luxembourg Income Tax Law, which stresses that:
 - the economic rationale for all intercompany transactions must be documented
 - all intercompany transactions must be seen in the context of a wider value chain analysis



Key points

- Economic rationale matters (e.g. contractual terms should be realistic).
- Transfer pricing should be explained in the wider context of the whole value chain.
- A contract is not enough → the actual behavior of the related entities is what matters.

AIFMs, GPs: we can help you with your transfer pricing needs.

Our service offers you:

- assistance from industry experts in documenting transfer pricing for ManCos and in using Luxembourg comparables
- for AIFMs (or Super ManCos) that outsource part of their functions, calculation of arm's length advisory or management fees
- analyses that are in line with the latest developments in Luxembourg on transfer pricing, as we regularly use value chain analyses to identify significant people functions

Example of a value chain analysis in which the intercompany fees can be benchmarked

Main functions	Level of value added by the function	Carried out by ManCo	Risk assumed by ManCo
Distribution/sales	High	Outsourced to related party	Low
Portfolio management	High	Outsourced to related party	Medium
Risk management	Medium	Yes	High
Fund administration	Low	Outsourced to third party	Low

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General Data Protection Regulation (GDPR) services









A bespoke service catering to all types of alternative investments

Ensure that you're compliant with the new data protection regulation.

The GDPR outlines Europe's baseline expectations for how EU citizens' personal information should be processed as we continue through the digital revolution. Any organisation that processes the private information of EU citizens is in scope.

From an alternative investment perspective, this involves AIFMs, management companies of funds (including SOPARFIs if they have individual directors and/or employees), and others. Organisations will have to design a GDPR governance strategy that contains the project plan and a roadmap showing which measures will be undertaken to implement this strategy. The entity will also have to nominate a data protection officer whose role is to implement guidelines and structures for data protection.

Overview of some of the main changes to the regulation

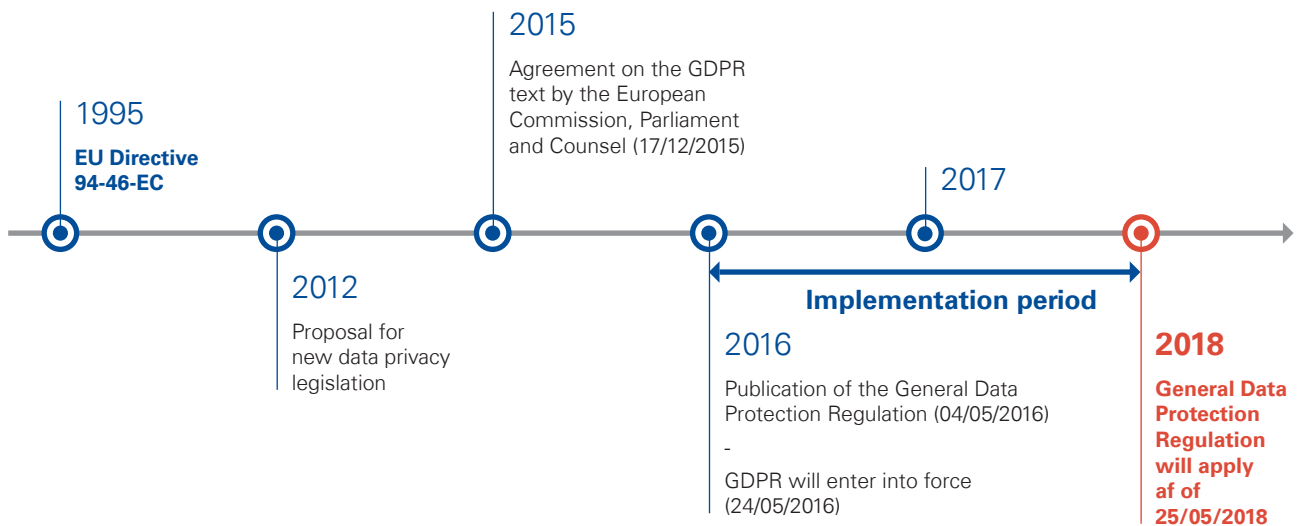
	EU Data Protection Directive	GDPR
 Fines	Fines vary by jurisdiction (e.g. €600k).	A tiered fining structure depending on infringement. Level 1 is 2% of global turnover or €10m (whichever is higher). Level 2 is 4% of global turnover of €20m (whichever is higher).
 Data protection officer (DPO)	Generally no requirement to appoint a DPO.	A DPO is required for "government bodies" and organisations conducting mass surveillance or mass processing of special categories of data.
 Supervisory authorities (SA) enforcement powers	SAs have limited powers under national law.	SAs will be given wide-ranging powers.
 Inventory	No requirement to maintain a personal information inventory.	Generally speaking, organisations will need a personal information inventory.
 Breach notification	Generally there are no obligations to report breaches.	Requirement to report privacy breaches to the regulator within 72 hours and potentially to the data subject too.
 Security	Vague requirement around security (i.e. "adequate level").	Explicit requirements around monitoring, encryption, and anonymisation.

Detailed features

Our GDPR service offers you:

- analysis of your organisation's readiness status, including data protection gaps with a data protection assessment
- clear and workable recommendations for improving your overall data protection governance
- advice towards pragmatic, flexible, and scalable data protection management from our proven approach
- a view of industry data protection practices based on real-time benchmarking
- governance, risk management, and compliance (GRC) tools for conducting assessments and for (continuous) monitoring
- cost efficiency by combining this activity with other certifications and assurance activities

General Data Privacy Regulation - timeline



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Risk Advisory Solutions for AIFs



A bespoke service catering to all types of alternative investments

Our solutions will ensure that your risk management framework is compliant and adequate for all alternative asset classes.

Alternative investment fund managers (AIFMs) are confronted with a multitude of regulatory requirements and changes to comply with when setting up and maintaining an adequate risk management framework among different alternative asset classes, such as private equity, private debt, infrastructure, real estate and hedge funds.

According to Directive 2011/61/EU, AIFMs shall adopt adequate and effective arrangements, processes and techniques in order to identify, measure, manage and monitor the risks to which the AIFs under their management are, or might be, exposed to at any time. Furthermore, they must ensure compliance with defined limits when it comes to market, credit, liquidity, counterparty and operational risks. Moreover, the risk management conducting officers are increasingly confronted with additional tasks like compliance, audit, distribution and valuation.

KPMG offers a suite of tailored solutions to help clients set up efficient and powerful risk processes and comply with more and more complex regulations.

Our Risk Advisory Solutions offer you:

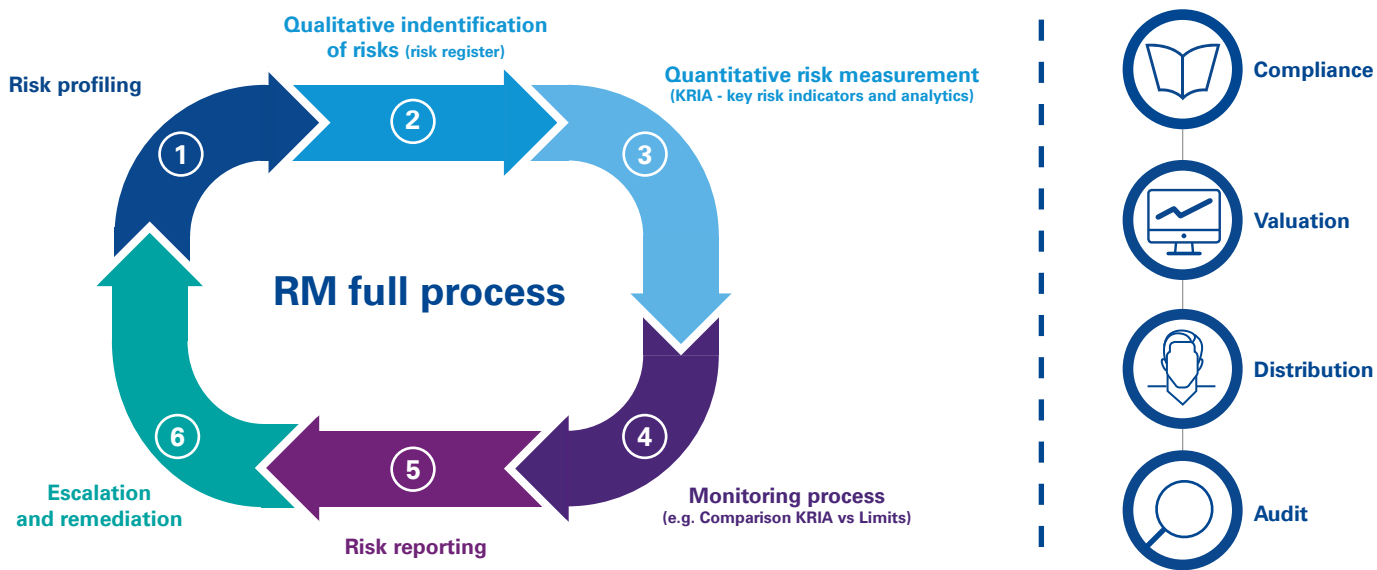
- coverage of all sections of the risk management cycle (risk profiling, qualitative identification of risks, formalisation of risk indicators and modelling, dynamic risk measurement and limitation, reporting) across all alternative asset classes (private equity, private debt, infrastructure, real estate, hedge funds, etc.) perspective
- review, improvement and implementation of the risk management process to ensure compliance with regulation and mitigate and diminish regulatory risks
- expertise in dedicated sectors and best practice per asset class (private equity, private debt, infrastructure, real estate, hedge funds, etc.)
- guidance through regulatory requirements and changes, safeguarding your business value
- coverage of financial and non-financial risks (operational, strategic, etc.)
- tactical assistance and added value from market insights
- improvement of your risk management function by pragmatic tailored solutions
- operational effectiveness and cost savings

Detailed features

Our solutions include:

- ☑ AIFMD risk management GAP analysis
- ☑ review, improvement and implementation of risk management processes, policies and procedures
- ☑ fund risk profiling support, in particular risk identification, risk appetite and limit setting
→ Risk identification includes financial and non-financial risks, establishing risk inventory, risk register and materiality assessments for all alternative asset classes (private equity, private debt, infrastructure, real estate, hedge funds, etc.)
- ☑ identification, formalisation and modelling of quantitative and qualitative key risk indicators
- ☑ assistance in dynamically measuring risks for all asset classes:
 - Development of risk measurement methodologies
 - Assistance in implementation of risk measurement tools
 - KPMG in-house methodologies (KPMG's scoring methodology, replicating portfolio approaches)
- ☑ assistance and outsourcing of risk and regulatory reporting (AIFMD, Solvency II, PRIIPS, SRRI, risk reports and dashboards)
- ☑ model validation of valuation, credit (ex-ante) and risk (ex-post) models
- ☑ internal audit of risk management function
- ☑ staff secondment to assist your risk department in performing day-to-day tasks
- ☑ development of hedging strategies for different risk classes (e.g. FX risk hedging, interest rate risk hedging, etc.)
- ☑ assistance in licence extension

We offer solutions around the whole RM cycle and the increasing scope of RM conducting officer's responsibilities.



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