



alfi

annual report

**2007
2008**



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Letter from the Chairman

Dear ALFI Members,

On 30 March 2008, the Luxembourg investment fund community celebrated the 20th anniversary of the implementation of UCITS 1. What an incredible time it has been. From a modest niche market with €53 billion in assets under management, Luxembourg has developed into a European champion with almost €2 trillion in assets under management.

This unbelievable success is the result of many joint forces. From the public sector, Luxembourg MPs, Government Ministers and civil servants, as well as the fund regulatory authority, the CSSF, have all contributed to blending the UCITS Directive with an efficient, speedy and business friendly environment. From the private sector, leading world asset managers and banking groups have chosen Luxembourg as a centre of excellence for their global fund business. Service providers of all types have developed their skills in Luxembourg and made them available to market participants. But the credit must also go to all of you, who have put your talent and a lot of hard work into building a unique environment.

ALFI is a true reflection of this spirit of intense collaboration and achievement. Our association will also celebrate its 20th anniversary later this year and I would like to express sincere gratitude to my predecessors who have, with considerable energy and expertise, built ALFI into the strong association it is today. I would also like to thank our Director General, Camille Thommes and his deputy, Charles Muller, as well as the entire team at the Secretariat for their commitment and motivation on a day-to-day basis. I am also grateful to Robert Hoffmann, our former Director General, who has been instrumental in transforming a small Secretariat into a powerful and efficient team.

While an anniversary is a moment for celebrating past achievements, it is also a moment of expectation for the future. I see many upcoming challenges for the Luxembourg fund industry and therefore priority action points for our association in the following areas:

Regulation: In order to keep up with the creativity of asset managers in designing new products, we need to constantly review the regulatory framework of the fund industry and advocate changes with the relevant law-making bodies. This is particularly true at EU level, where UCITS 4, hedge and real estate funds, as well as private placement, top the agenda. We simply must continuously update and modernise our laws and regulations so as to remain attractive for an international investor community in search of both retail and "niche" products in all market segments.

Distribution: Luxembourg is consolidating its position as world-wide leader in cross-border distribution. From Asia to Latin America, Luxembourg funds today are the first investment choice for pension funds, institutional investors and also, more and more, for retail clients. "Made in Luxembourg" means a quality product with high investor protection, an image that we must consolidate and develop.

Skilled labour: The constant growth of our industry entails the continuous need for new and skilled people. We must intensify our efforts to help our members find these talents and work hand in hand with our natural partners, the Bankers' Association, ABBL, and its training institute, IFBL, LuxembourgforFinance, the University of Luxembourg, the Luxembourg School of Finance as well as other interested Universities in Luxembourg and abroad.

Infrastructures: The 2007 increase in new fund creations and cross-border distribution agreements has again demonstrated the need for more standardisation and automation. It should be our goal to develop the systems and set the standards that will allow global asset managers to design and distribute their products in a safe and cost-efficient environment.

Dear ALFI Members,

This has been my first year as your Chairman. It has been an active and thrilling time and I would like to thank you sincerely for your support which is crucial for the achievement of our common goals and objectives.



Claude Kremer
Chairman of ALFI

Letter from the Director

Dear ALFI Members,

Turning 18 is an important moment in anybody's life. It is a time of change and expectation of new challenges to come.

ALFI turned 18 in October 2006 and, faced with the forthcoming end of Thomas Seale's second term as Chairman of the association, embarked on an ambitious programme to prepare for the future.

In May 2007, the newly elected Board of Directors appointed Claude Kremer as its new Chairman. Notable initiatives planned and carried out under his leadership include the reinforcement of the ALFI Secretariat, the improvement of communication to our members, and the review of the Articles of Association.

I would like to thank those who have led the association over the past years:

- outgoing Chairman Thomas Seale who, with his strength of character and great energy, has given ALFI a mission statement and set clear goals that have led to new activities such as the marketing activities that are now considered one of our major strengths
- my predecessor Robert Hoffmann, who, with his creative expertise and commitment, shaped the Secretariat into a well organised and talented team and skilfully defended Luxembourg interests within EFAMA and IIFA
- outgoing Communications Director Jean-Jacques Picard, the "force tranquille" of ALFI who, after managing the association for almost 10 years has accepted an exciting challenge as Secretary General of the newly created LuxembourgforFinance agency.

Even after leaving us as Chairman, Tom remains, in his capacity as Vice-Chairman, a key figure in the management of ALFI. Robert and Jean-Jacques, although no longer involved in our day-to-day operations, continue to work alongside the association and their advice and support remain beneficial to us.

Over the coming years, we will intensify our efforts towards making the Luxembourg industry a centre of excellence for cross-border funds. We will advocate our positions with EU institutions, market our industry worldwide, establish common operational standards and raise awareness of Luxembourg as an attractive place to live and work. This ambitious programme will only succeed if you, our members, continue to grant us the same unconditional support you have shown in the past.



Thank you

Camille Thommes
Director General



Luxembourg For Finance

On 1 January 2008, LuxembourgforFinance, the new Agency for the Development of the Financial Centre, commenced activities. The agency is a public-private partnership on an equal basis between the State of Luxembourg and the Luxembourg Financial Industry Federation (PROFIL). ALFI is one of its principal driving forces, together with the Luxembourg Bankers' Association (ABBL) and the Luxembourg Chamber of Commerce. The objective of the partnership, which has been set up as an Economic Interest Grouping (EIG), is to contribute to the development of the Luxembourg financial centre through a coherent and structured communications policy. LuxembourgforFinance's Assembly of Members is chaired by the Minister for the Treasury and Budget, His Excellency Luc Frieden, and PROFIL is represented by Claude Kremer (ALFI), Jean Meyer (ABBL) and Pierre Gramengny (Chamber of Commerce).

The principal mission of the "Agency for the Development of the Financial Centre" is to create a strong brand image.

As such, LuxembourgforFinance will enhance the external presentation of the financial centre, informing the public of the advantages of its products and services and highlighting the numerous opportunities for investors and clients, whether institutional or private, from around the world.

The Agency will also raise awareness of the broad range of career opportunities available in the banking and investment fund sectors, in wealth management and a range of professional activities servicing the financial sector that have grown up in the Grand Duchy.

LuxembourgforFinance organises seminars in international financial centres and takes part in selected world-class trade fairs and congresses.

The Agency cultivates contacts with opinion leaders of the international media and is the first port of call for foreign journalists. Equally, it is responsible for looking after official foreign delegations visiting Luxembourg.

In cooperation with the various professional associations, LuxembourgforFinance regularly publishes brochures and other documentation on products and services available and the relevant legal framework. Periodical information bulletins provide investors and their clients with information on recent trends and developments in the sector. These publications are distributed directly from Luxembourg and also via the extensive network of Luxembourg consular offices and business representations in foreign countries.

This information is complemented by a multilingual website.

PROFIL members:

ABBL - Luxembourg Bankers' Association - www.abbl.lu

ACA - Association des Compagnies d'Assurances du Grand-Duché de Luxembourg - www.aca.lu

ALFI - Association of the Luxembourg Fund Industry - www.alfi.lu

ALPP - Association Luxembourgeoise des Professionnels du Patrimoine - www.alpp.lu

BAR - Luxembourg Bar Council - www.barreau.lu

CC - Luxembourg Chamber of Commerce - www.cc.lu

CETREL - Centre de Transferts Electroniques - www.cetrel.lu

IRE - Institut des Réviseurs d'Entreprises - www.ire.lu

LIMSA - Luxembourg International Management Services Association - www.limsa.lu

Luxembourg Stock Exchange - www.bourse.lu

OEC - Ordre des Experts-Comptables - www.oec.lu

Promotion



Over the past few years, our industry has successfully positioned itself as the world leader in cross-border investment fund distribution. Indeed, according to a PWC/Feri survey, over 75% of European funds marketed in three or more countries come from Luxembourg. These funds are distributed in an average of seven countries and increasingly in Asia (Singapore, Hong Kong and Taiwan), the Middle East and Latin America.

To consolidate this position, ALFI intensified its promotional activities to raise awareness of the Grand-Duchy as an international centre for the creation, management, administration and distribution of investment funds.

PROMOTION

In the last 12 months, specific seminars have been held in Frankfurt, New York, Boston, Edinburgh, Zurich, Geneva, Singapore, Sydney, Melbourne and London.

The aims of these events were varied: attracting new fund promoters to Luxembourg, informing local stakeholders of the latest developments but also seeking interest of new markets in which to sell Luxembourg funds. The ever-growing number of both local participants and speakers from Luxembourg is a sure sign of the relevance of these promotional missions.

In addition to its own activities, ALFI has also taken part in economic missions and state visits (to Chile, Brazil and Sweden) organised by the Luxembourg government, as well as since January 2008, financial missions under the responsibility of the new agency for the development of the financial sector *LuxembourgforFinance*.

As such, ALFI representatives participated in missions to Europe (Baku, Budapest, Madrid, Prague and Warsaw), Asia (Beijing, Hanoi, Taipei, Ho Chi Minh City, Hong Kong, Jeddah, Kuala Lumpur, Riyadh, Shanghai and Taipei) and South America (Santiago de Chile and San Paolo).

CONFERENCES

As it does every year, ALFI organised its now-traditional conferences in spring (focusing on asset management and developments in regulation) and autumn (in association with NICSA and on the theme of cross-border distribution). These events were each attended by over 800 participants and were greatly appreciated for the quality of speeches and networking opportunities (exhibition stands, receptions, etc.). A third conference on alternative investments was also held in October, hosting more than 400 attendees.

To supplement these large-scale conferences, ALFI also organised regular, free seminars for its members on topical issues.

Lastly ALFI took part in the sector's major international conferences such as the various Fund Forums (in Europe, the Middle East and Asia), GAIM in Monaco and MIPIM in Cannes, giving its backing to a number of them.

National Regulation

1. Transposition of the Directive on Eligible Assets

With the Grand-Ducal Regulation of 8 February 2008, Luxembourg transposed European Commission Directive (2007/16/EC) of 19 March 2007 on Eligible Assets. The regulation transposes the Directive in its entirety and is immediately applicable for new UCITS. Existing UCITS have until 23 July 2008 at the latest to comply with the guidelines.

The Eligible Assets Directive aims to clarify certain definitions in the UCITS Directive in order to guarantee a uniform application of it in all EU Member States. Clarification is given notably with regard to certain terms used in the modified Law of 20 December 2002, such as transferable securities, money market instruments, liquid financial assets with respect to financial derivative instruments, transferable securities and money market instruments embedding derivatives, techniques and instruments for the purpose of efficient portfolio management and UCITS replicating the composition of an index.



The Directive on Eligible Assets is accompanied by two CESR guidelines which are incorporated in a new CSSF Circular 08/339. The latter gives some additional precisions regarding eligible financial instruments for UCITS and contains some clarifications regarding the eligibility of hedge fund indices as underlyings of a derivative instrument. The Circular points out that the guidelines are applicable as of the entry into force of the Grand-Ducal Regulation of 8 February 2008.

According to a CSSF press release of 28 February 2008, the first hedge fund index has been recognised by the CSSF and is eligible for use by UCITS.

As a result, UCITS may make use of a huge variety of complex financial instruments. However, certain new investment products also come with new risks for investors, especially index-replicating UCITS and derivatives. Therefore, in the interests of investors, appropriate risk-management procedures must be ensured.

2. MiFID

The Law of 13 July 2007 on markets for financial instruments implemented Directive 2004/39/EC ("MiFID") and amended, *inter alia*, the Law of 5 April 1993 on the financial sector by reviewing the status of several Professionals of the Financial Sector. On the same date, a Grand-Ducal Regulation was published regarding the law concerning rules for conduc-

ting business and organisational requirements in the financial sector and implementing Directive 2006/73/EC.

Further detailed measures were contained in Circular 07/302 of 17 July 2007 and 07/306 of 27 July 2007, notably on financial reporting requirements under the Law of 13 July, 2007, as well as Circular CSSF 07/307 of 31 July 2007 with regard to rules of conduct in the financial sector.

The Luxembourg legislator has not added any obligations to those contained in the two aforementioned Directives. The transition to the MiFID system in Luxembourg has been relatively smooth and the various ALFI "MiFID" working groups are monitoring further developments.

In 2007, ALFI cooperated with the ABBL on a number of issues concerning MiFID, such as the interpretation of the Directive's rules on inducements or the classification of complex and non-complex products. The latter question is of particular importance for entities subject to the Directive, as the use of complex products means that distributors must verify their suitability for retail clients. ALFI has been refining the criteria established in the ABBL classification from the viewpoint of undertakings for collective investment.

A working group was also set up to define how to position Luxembourg as a centre for operating pan-European marketing under one set of rules. This taskforce has identified several difficulties that could be encountered as to the recognition of MiFID marketing material in the different Member States. The working group is currently discussing the feasibility of an ALFI standard document which could be used as a basis for developing MiFID-compliant marketing material aimed at retail investors.

3. CSSF Circular 07/308 on Risk Management

On 2 August, 2007 the CSSF issued Circular 07/308 on "Guidelines for undertakings for collective investment in transferable securities relating to the use of a financial risk management method and the use of financial derivative instruments" replacing CSSF Circular 05/176 providing guidance for UCITS using financial derivative instruments.

The objective of this Circular is to provide additional information on the use of a method for the management of financial risks, to provide guidelines for the implementation of a risk management framework as well as guidelines with regard to the requirements concerning financial derivatives cover and the valuation of OTC derivatives on a daily basis. It is intended to further clarify how a UCITS should implement its risk management process in accordance with Article 42 of the Law of 20 December 2002 relating to Undertakings for Collective Investment.

Knowledge and awareness of risk management is increasingly important for Luxembourg market participants as UCITS undertake greater efforts and devote greater resources to risk measurement. The principal reason for this is that the 2002 Law has extended (in comparison to the 1988 Law) the list of financial assets in which UCITS are allowed to invest. Furthermore, in addition to expanding the scope of eligible assets, UCITS may use derivative financial instruments within the scope of their instrument policy. Last summer's market turmoil is further evidence of the need for greater awareness of risk management.

4. Amendments to the SICAR Law

Draft Law No 5842 (*Projet de loi portant amélioration du cadre législative de la place financière de Luxembourg*) was submitted by the Minister for the Treasury and Budget on 21 February 2008 and intends to improve the legal framework applicable to the financial centre and amends, notably, the SICAR Law of 15 June 2004.

More than 160 SICARs have thus far been registered on the official CSSF list. After three years of experience, this would appear to be a good time for some ad-hoc modifications to the SICAR Law so as to align it more closely to the requirement of the industry and promoters.

Amongst other issues, the notion of the informed investor will be adapted in accordance with the wording of the SIF Law and SICARs will be able to set up umbrella structures with multiple sub-funds, without impinging on their structural unity, and with each sub-fund corresponding to a distinct part of the assets.

A change to the provision concerning the subscribed share capital aims at including share premiums. Furthermore, the valuation of the company's assets shall be based on their fair value.

The company's registered name must feature the abbreviation "SICAR", to avoid confusion with common funds and holding companies which are not subject to CSSF supervision.

With regard to the supervisory function of the depositary and the notion of the informed investor, legislation is required to address the limitative list of certain control measures. This is necessary to modify the depositary functions under the SICAR system to make them compatible with similar functions in the regime for Specialised Investment Funds (SIFs).

Moreover, it will be stated unequivocally that a SICAR does not have to publish its prospectus and the full content of its annual reports. Annual reports should be available for investors at least six months after the period under review and be furnished with the auditor's certificate.

Finally, it will no longer be necessary to inform investors, on request and free of charge, of the net asset value of the securities every half year. However, the SICAR may still choose to include in its prospectus calculations as to the net asset value and the frequency of the calculation.

5. Capital duty rate

The reduction of the Luxembourg capital duty rate from 1% to 0.5% as from 1 January 2008 was adopted on 21 December 2007. The intention is to completely abolish capital duty by 2010.

6. Draft CSSF circular regarding depositary functions for a SIF using a Prime Broker

A draft CSSF circular on the depositary functions for a SIF using a Prime Broker is at the time of writing in the process of being finalised.

The draft circular applies to specialised investment funds that within the context of the implementation of alternative investment strategies or the use of derivatives appeals to the services of a prime broker.

7. Draft CSSF circular on securities lending

A draft CSSF circular on the rules applicable to UCITS which use techniques and instruments relating to transferable securities and money market instruments will introduce new, more flexible rules with regard to securities lending transactions.

A new section on counterparty risk and the receipt of an appropriate collateral will further enhance the protection of the interests of investors.

With regard to collateral provided in the form of cash, the new regulatory framework will introduce the possibility of reinvestment of such cash and will list the eligible assets that may serve for reinvestment.

On reinvestment of the cash collateral, the draft circular will furthermore introduce rules on the regulatory treatment of financial assets thus purchased, on the exemption regarding the general diversification rules as usually applicable to UCITS as well as with regard to the leverage effect that must be taken into account in the global risk exposure of a UCITS.



European Regulation

Legislation and pre-legislative texts at EU level

1. Revision of the UCITS Directive

With its Green Paper in 2005 and the subsequent White Paper in November 2006, the European Commission has started the process of revising the 2001 UCITS Directive in order to improve efficiency both for the industry and the final investor. 2007-2008 has been rich in developments especially with DG MARKT's release of the so-called "exposure draft" and the preparation of a legislative proposal.

1.a. Commission's "Exposure draft" on UCITS:

In April 2007 the European Commission's "Internal Market and Services" Directorate-General published initial guidelines on the form of possible adjustments to the UCITS Directive. Detailed consultation material for each set of envisaged adjustments (notification procedure, fund mergers, asset pooling, management company passport, simplified prospectus, supervisory cooperation) was issued for comments. ALFI responded to the Commission's suggestions, welcoming the considerable efforts made to address the key issues facing the investment fund industry.

ALFI expressed its belief that the simplification of existing notification requirements and the streamlining of related procedures are paramount to the efficiency of fund distribution in Europe.

As regards the issue of the management company passport, ALFI concurred with the Commission's conclusion that a "partial" passport solution is to be preferred, subject however to a certain number of caveats for regulatory, audit, tax and legal reasons. In this regard, cost savings for the managers should not be outweighed by increased costs to the investors and the level of investor protection should not be negatively impacted, or endangered by the splitting of certain supervisory functions (regulatory supervision and audit) between two or more jurisdictions.

ALFI agreed that UCITS mergers may help in the effort to enhance efficiency in the UCITS business and enhance economies of scale and welcomed the Commission's proposed legal and regulatory adjustments to the UCITS Directive in this regard. However, our Association expressed the view that many obstacles to cross-border mergers are of a fiscal nature and might prevent some of the envisaged mergers being carried out. Therefore efforts should be made towards drafting a Taxation of Fund Mergers Directive aiming to make mergers tax neutral for investors and merging UCITS.

As for cross-border asset pooling, ALFI sees benefits in this technique that can help reduce the fragmentation of the European fund market whilst maintaining product diversity. It thus welcomed the Commission's initiative to propose changes to the current framework, regretting however that the Commission had limited the entity-pooling concept to master-feeder structures.

Finally, ALFI supported the view of the Commission that the simplified prospectus in its current form does not

provide retail investors with the means to make an informed investment decision. ALFI expressed the opinion that the document is not meant to serve as a general educational document, but as a pre-contractual document and thus should focus on the specificities of the fund at hand.

ALFI also actively participated in the Commission's hearing on the exposure draft in April 2007.

1.b. Beyond the exposure draft

After the end of the consultation period, ALFI stayed in close contact with the Commission throughout the entire process, both with its internal departments and on a political level with Commissioners' cabinets. Formal and informal exchanges of views have taken place between the Association and other key players in the EU institutions (key Members of the European Parliament and relevant staff, Member States as well as current and future Presidency representatives at the Council, CESR, etc.). ALFI has also been extremely active inside EFAMA, the European Fund and Asset Management Association. Out of the six points where the Commission seeks to improve the Directive, only one - namely the management company passport - proved to be problematic. ALFI supports Commissioner Charlie McCreevy in his view that such a passport should not be created until the aforementioned supervisory and tax issues are resolved. These concerns are shared by regulators, some Member States, some MEPs and certain sectors of the industry.

1.c. Preparatory work in view of the revision of the simplified prospectus

The exposure draft and the expected legislative proposal transform the often lengthy simplified prospectus into a very short, probably two page, key investor information (KID) document that is easier to read for investors. In October 2007, CESR, the Committee of European Securities Supervisors, issued a draft consultation document and conducted a hearing on the topic, in which ALFI participated actively.

Work is also underway within EFAMA, in the form of a working group chaired by ALFI Deputy Director General Charles Muller which produced a response to the above-mentioned CESR consultation.

ALFI has also given its opinion on the CESR paper, welcoming the drive for greater consistency in length and form of the KID, but not necessarily its uniformity. We also stressed that there should be no need to produce a costly KID document for funds that are exclusively sold to institutional investors or at least to allow investors to opt out. Regarding risk disclosure, ALFI prefers a narrative description to a synthetic risk indicator as the former remains the most effective way to explain risks to investors. Furthermore, it is unclear whether investors will better understand a synthetic risk indicator and there is no way to express in a quantitative way the various risks included in a given investment.

2. EU level activity beyond UCITS

2.a. "Klinz" report on asset management

In October 2007, ALFI responded in a position paper to the draft report of the European Parliament's rapporteur on asset management, Dr. Wolf Klinz. On the rapporteur's proposal to include open-ended real estate funds and funds of hedge funds as eligible assets for UCITS, ALFI stated that any harmonised EU legislation on real estate funds or funds of hedge funds should be subject to an in-depth analysis of its impact on UCITS, open-ended real estate funds and funds of hedge funds. It also believes that the funds concerned should meet usual UCITS criteria, i.e. diversification, liquidity, etc. The compromise found with the rapporteur takes into account these concerns.

ALFI also welcomed the call for the creation of a harmonised framework for private placement at EU level.

ALFI stated that the clarification of the Directive's definitions related to risk management should not result in an exhaustive list of permitted investments for UCITS but should only outline criteria to enable Member States to decide whether an asset or a transaction complies with the provisions of the Directive.

Concerning the depositary issue, ALFI reiterated its position arguing that adequate oversight is best achieved if the depositary, administration agent, transfer agent (and management company) of an investment fund are placed under the authority of the same supervisor. Allowing the appointment of a depositary in another jurisdiction than that of the fund may therefore only be considered if the oversight duties and responsibilities of a UCITS depositary are clarified and harmonised.

Finally, with regard to private equity matters, ALFI encouraged the adoption by the European legislator of the existing private equity standards such as the EVCA Code of conduct or corporate governance guidelines.

2.b. Private placement

In the 2006 White Paper on investment funds, the Commission announced its intention to examine ways of creating a private placement regime - and the usefulness of doing so - for the distribution of funds to non-retail investors. Indeed, although the UCITS Directive created a framework to distribute UCITS funds, there is no framework for other funds that are exclusively sold to institutional or professional investors.

At its April 2007 hearing on the UCITS exposure draft on private placement, in which ALFI participated, the Commission organised a panel of experts. Furthermore, in September 2007, it launched a call for evidence on a potential private placement regime and received a resounding and largely positive reply. In its comments, ALFI welcomed

the idea of an EU-wide private placement regime and stressed opportunities for the cross-border distribution of private equity, nationally regulated real estate funds, hedge funds, funds of hedge funds and, more generally, non-harmonised funds of various asset classes. We took the view that the borderline between private placement and public offerings should be defined with reference to authorised placement rules and that a high (i.e. 500 000 euro) minimum investment limit could provide a safe threshold. An appropriate definition of eligible investor could be provided by making use of the definition of a "professional investor" as already given by MiFID. Products should cover all EU and EEA regulated and supervised investment funds or investment structures.

After organising a closed workshop, the Commission announced it would publish a statement in June 2008 to give further insight into the ways it intends to proceed with the potential private placement regime.

2.c. Open-ended real estate funds (OEREFs)

As announced in the investment fund White Paper, the Commission, in March 2007, formed an expert group on open-ended real estate funds, in which ALFI was represented. The expert group met several times and delivered its report on 13 March 2008. The report suggests the creation of an open-ended real estate fund regime via legislative action at EU level that could take the form of either an inclusion into the UCITS Directive or the adoption of a separate stand-alone directive. The EU framework should be based on national regimes and existing investor protection rules in the UCITS Directive, taking account of the OEREF specificities.

In parallel with the Commission's expert group's work, EFAMA created a specialised working group on the issue, in which ALFI representatives took part. This working group is due to comment on the expert group's report.

2.d. Hedge funds and private equity

In 2007, ALFI attended a hearing on private equity and hedge funds organised by the Socialist Group in the European Parliament. The so-called "locust" debate is still a very hot topic. In early 2008, ALFI was also present at two further European Parliament hearings: its committees on Economic and Monetary Affairs and on Legal Affairs. These two committees are due to prepare two separate draft resolutions that are to be adopted in the European Parliament's plenary session later this year. ALFI has been closely following both procedures.



Skilled Labour

The impressive growth of Luxembourg's investment fund industry naturally goes hand-in-hand with a strong demand for qualified labour. 13,000 people are currently employed in the fund sector and, according to an ALFI survey conducted in early 2008, over 2,000 new staff are due to be hired this year. The profiles most in demand are English-speaking Masters graduates in finance, economics, accountancy and law. The most job opportunities are found for fund accountants, transfer agents and with custodian banks. Over the financial year 2007-2008, ALFI, in collaboration with ABBL and LuxembourgforFinance, intensified its work in the human resources sector so as to guarantee access to high-quality labour for the fund industry.

This survey enabled ALFI to identify precisely which profiles are required and, after analysing the results it yielded, the decision was taken to participate in a number of events in this field:



Participating in recruitment fairs

ALFI, above all, increased its presence at student careers events both in Luxembourg and abroad, such as the *Absolventen Kongress* in Cologne and the *Carrefour HEC* recruitment fair in Paris. ALFI was thus able to raise awareness of the career prospects on offer in Luxembourg's financial centre. In view of the success of its participation in these events, ALFI plans to take part in further recruitment fairs in the future.

Supporting student and alumni associations

A number of partnerships are being formed with student and alumni associations. ALFI will be the partner of REEL 2008, the annual meeting of Luxembourg's student associations, which will be held in Paris in October.

Universities meet Business

This March 2008 event aimed to strengthen links between financial services professionals and Luxembourg's universities. It was jointly organised by ABBL and ALFI as part of the wider co-operation between the associations on human resources. The universities represented were Sacred Heart University, the University of Luxembourg, the Luxembourg School of Finance and the Open University. Each institution was given the chance to present its range of courses to the public. These presentations were followed by a debate between the various university representatives and the public.

Research for Finance

ALFI and ABBL have launched, in partnership with the University of Luxembourg, a process of discussion and consultation regarding university research projects on finance. Representatives of the financial sector's various stakeholders have been invited to identify priority areas for future research.

Publications

The brochure "Choose a career in Luxembourg, Europe's number one destination for investment funds", published in French in 2006, has since been translated into German and English. It is written with young graduates in mind and provides an overview of the various careers on offer in the fund industry.

A booklet containing profiles of businesses in the sector has also been produced.

Each company was given one page to present what it does, the candidate profiles it requires and the type of jobs it offers. As it will be handed out at the recruitment fairs where ALFI is present, this booklet will enable these companies to reach potential new recruits.

International Representation

IIFA incorporation

For over 20 years now, the IIFA (International Investment Fund Association) has been active as an annual gathering of domestic associations from all over the world. It has served its members well by creating a community of interest and a forum to share ideas and information. At the annual meeting in Istanbul in 2006, members felt that, with globalisation moving at an ever faster pace, the value of such a community and forum could only increase. It was therefore time to formalise the IIFA into an official corporation under Canadian law, with the IIFA's Support Office being in Quebec.

The IIFA was officially incorporated in November 2007 at a meeting in Sydney of 35 domestic associations, including ALFI. Its clearly defined purpose and role is to promote a community of interest of investment funds associations around the world. More specifically it focuses on the following activities:

1. Holding an annual conference focusing on the future, which will be organised by its members around the world on a rotating basis. The purpose of this conference is to provide a forum for the exchange of ideas, networking opportunities, provide a discussion platform to enhance the professionalism of investment fund association executives, and provide a regular interaction with IOSCO, OECD, and other international regulatory organisations.

2. Sharing information and contacts between all IIFA members on an ongoing basis.

3. Issuing quarterly statistical reports on assets and sales.

4. Establishing, where there is a consensus among members, ad-hoc working groups, or issuing communiqués on issues of sufficient international concern.

The IIFA is governed by a Board of Directors of which an ALFI representative is a member and currently operates several working groups, including an IOSCO working group and a statistics working group.



LuxFLAG and Microfinance

LuxFLAG, which is a Luxembourg-based labeling agency, is an example of successful cooperation between the private sector, the NGOs sector and the State of the Grand Duchy of Luxembourg.

Its founding partners are:

- Appui au Développement Autonome (ADA)
- Association of the Luxembourg Fund Industry (ALFI)
- European Investment Fund (EIF)
- Financial Technology Transfer Agency (ATTF)
- Luxembourg Bankers' Association (ABBL)
- Luxembourg Stock Exchange
- State of the Grand Duchy of Luxembourg

LuxFLAG is also open to Associate Members and to date around 20 Associate Members have joined LuxFLAG.

The purpose of LuxFLAG is to grant a label to microfinance investment vehicles that invest in microfinance on the basis of agreed and transparent criteria: the "LuxFLAG Microfinance Label".

The primary objective of the LuxFLAG Microfinance Label is to reassure investors that the investment vehicle actually invests, directly or indirectly, in the microfinance sector. The LuxFLAG Microfinance Label, which is available to eligible microfinance investment vehicles domiciled in any jurisdiction where regulation is equivalent to that available in EU member states, facilitates distribution and therefore fund raising, and contributes to the visibility of the relatively young microfinance investment fund sector.

The activity of LuxFLAG reflects the broad interest that microfinance has elicited in the Luxembourg financial centre.

In order to obtain the LuxFLAG Microfinance Label, the microfinance investment vehicle must meet a number of criteria, the principal of which are the following:

- be subject to supervision by a national regulator;
- have a microfinance portfolio corresponding to at least 50% of total assets;
- have at least 25% of its microfinance portfolio invested in MFIs rated by a microfinance rating agency recognised by LuxFLAG.

The LuxFLAG Microfinance Label is intended for microfinance investment vehicles which have a commercial objective; the LuxFLAG Microfinance Label will not be granted to donor entities.

The LuxFLAG Microfinance Label does not constitute a guarantee of performance nor a recommendation to invest.

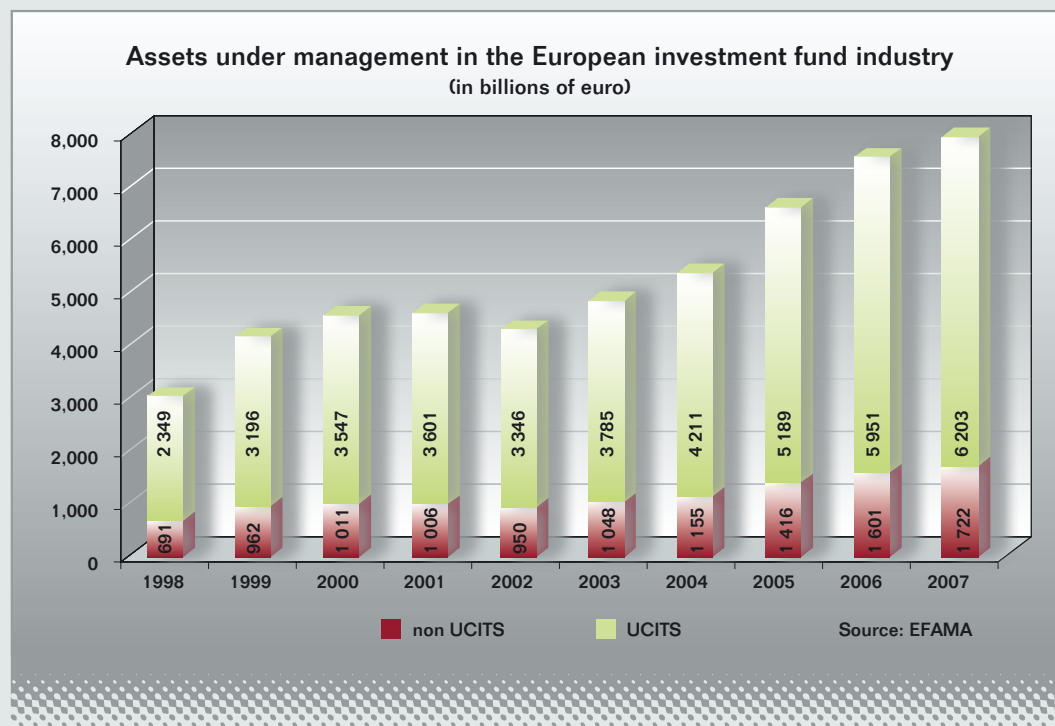
The first LuxFLAG Microfinance Labels were granted on 31 January 2007 to three microfinance funds domiciled in Luxembourg and managed and distributed by internationally renowned institutions: the Dexia Micro-Credit Fund, the European Fund for Southeast Europe (EFS-) and the responsAbility Global Microfinance Fund.

May 2008 will see the announcement of the granting of additional LuxFLAG Microfinance Labels to new microfinance funds.



Statistics





After having enjoyed stable, uninterrupted growth since 2003, the European investment fund industry had a moderate year in 2007. The first half of 2007, however, witnessed the continuation of this pattern of growth. Net assets under management in UCIs reached 8,235.6 billion euro at the end of the year, a rise of almost 9% on figures from 31 December 2006.

In the second half of the year the industry was unable to avoid the troubles besetting the wider global economy. Net assets under management shrank back 3.7% to an overall total of 7,925.4 billion euro on 31 December 2007. Despite this difficult second half-year, due to a liquidity crisis brought on by the summer's subprime-related turmoil, Europe's investment funds closed 2007 up 4.9% over the entire year. In this context, UCITS alone still enjoy a market share of 78% in Europe and manage 6,202.8 billion euro in assets.

Net subscriptions for units or shares in undertakings for collective investment in transferable securities (UCITS) amounted to 170 billion euro, which accounted for almost half of the rise in assets under management (+ 351 billion), with the other half coming from the performance of the financial markets over 2007. Although this figure is clearly below the numbers from 2006, it shows that investors have retained sufficient confidence to continue entrusting their money to investment funds, despite the financial turbulence. Investors focused mainly on Luxembourg, which received 188 billion in new money, or 106% of the overall amount for the industry in Europe, and Ireland, which picked up an estimated 80 billion euro in net subscriptions.

Taken together, the two countries represent 160% of Europe's net subscriptions and 76% of growth in net assets under management.

Against a backdrop of financial uncertainty, 2007 closed with record withdrawals of 58 billion euro from equity funds and 60 billion from bond funds, in comparison to 2006 which saw equity funds grow by 133 billion euro. Investors apparently preferred to keep the same level of investment as in 2006, with 46 billion euro in money-market funds and opted for the flexibility of mixed funds (+ 75 billion euro).

The other categories of funds also proved very popular, particularly among institutional investors, with almost 82 billion euro of net investments, of which 85% was concentrated in funds domiciled in Luxembourg.

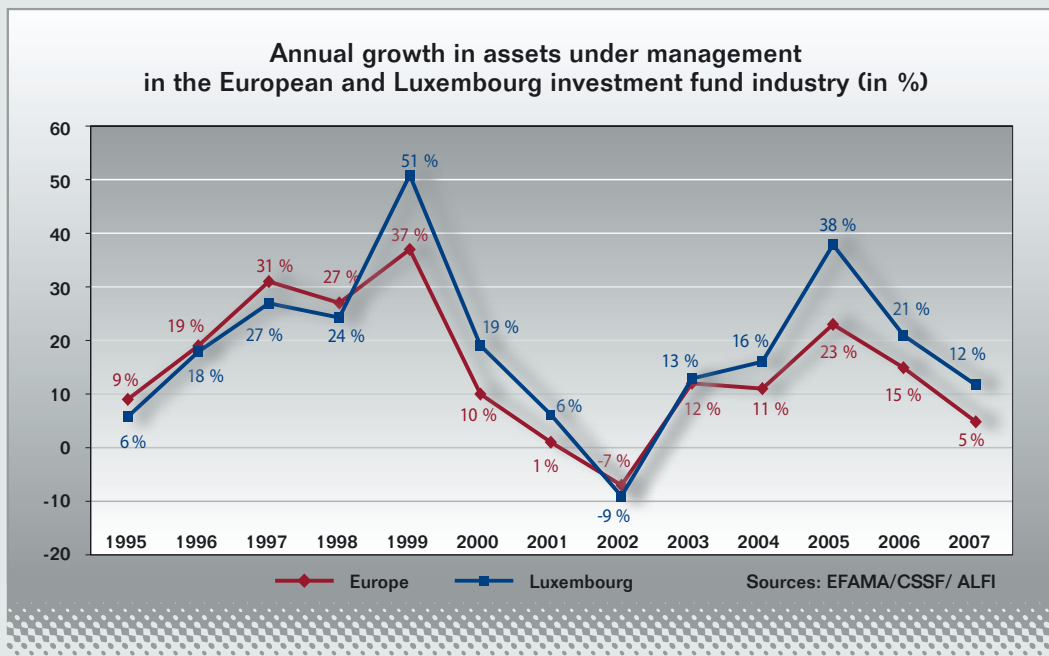
Equity and bond funds still accounted for 55% of the UCITS market in 2007 (as against 56% in 2006) and continued to dominate the investment fund landscape.

In 2007, despite the troubles in global financial centres, Luxembourg was able to consolidate its position of European market leader in cross-border fund distribution, net subscriptions and net assets under management, with its market share rising to 26% from 24.4% in 2006.

The 10 largest investment fund domiciles in Europe at 31 December 2007

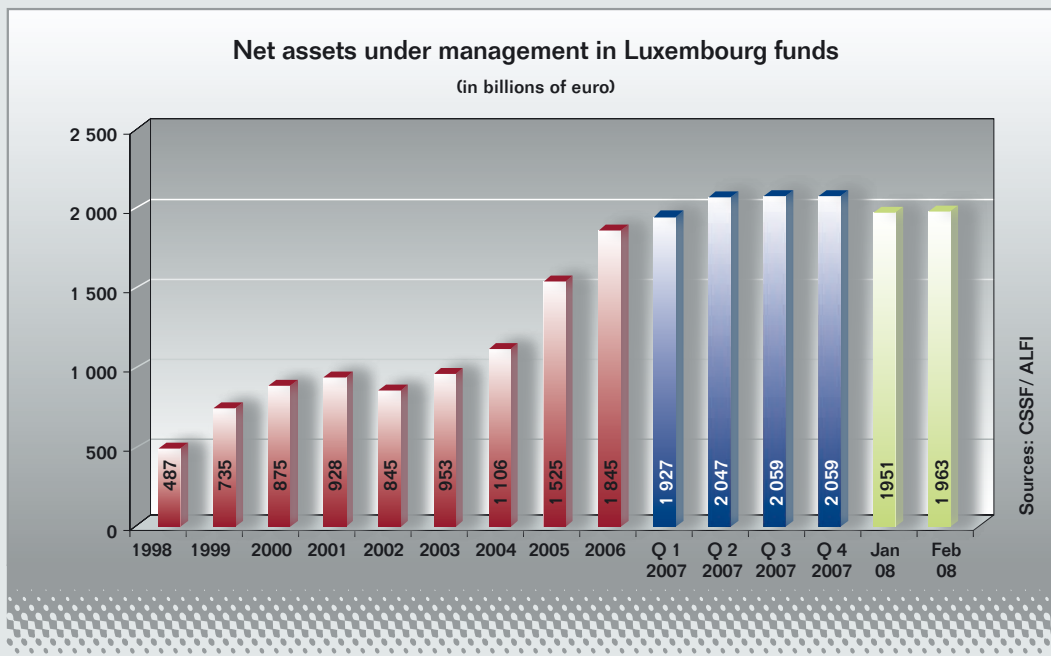
Total assets			UCITS		
Country	Total assets under management (in billions of euro)	Market share in %	Country	Total assets under management (in billions of euro)	Market share in %
Luxembourg	2 059.395	26.0%	Luxembourg	1 823.969	29.4%
France	1 508.300	19.0%	France	1 351.600	21.8%
Germany	1 040.937	13.1%	UK	685.016	11.0%
Ireland	806.767	10.2%	Ireland	646.268	10.4%
UK	796.954	10.1%	Italy	285.093	4.6%
Italy	339.669	4.3%	Spain	269.366	4.3%
Spain	278.796	3.5%	Germany	266.062	4.3%
Austria	165.583	2.1%	Sweden	136.429	2.2%
Switzerland	159.852	2.0%	Belgium	120.398	1.9%
Sweden	139.380	1.8%	Switzerland	119.748	1.9%

Source: EFAMA



Observation of annual growth rates for the European investment fund industry reveals that the Luxembourg industry has broadly followed the same trends since 1995, but with clearly higher growth since 1999 (with the exception of 2002 which was a negative growth year for the entire industry).

Over the 2007 financial year the curves were again parallel, falling back on 2006, with Luxembourg recording growth of 12% against 5% for the entire industry in Europe.

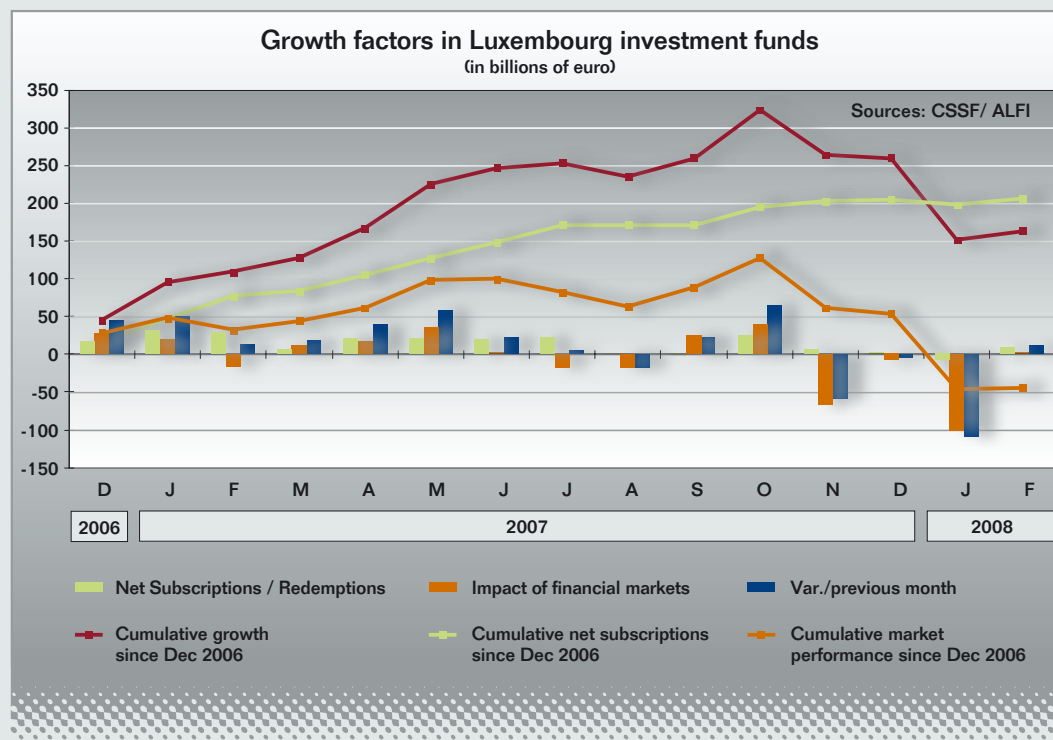


In 2007 the Luxembourg investment fund industry continued to expand, with sustained growth of 11.63% in its net assets and in spite of the upheavals on the financial markets. Net assets under management increased 214.54 billion euro to 2,059.395 billion euro as at 31 December 2007.

In absolute growth terms, this rise of 214.54 billion euro (as against 319.62 billion in 2006) in net assets for UCIs does not break any records (unlike 2005 and 2006) but still represents 67% of growth in 2006, an excellent year.

2007 takes third place in yearly growth in absolute value since 1999.

While the money-market turbulence of 2007 and the summer's financial crisis appeared to have passed without too much trouble thanks to a regular influx of fresh capital from investors, the investment fund sector was more strongly hit in January 2008. Net assets under management fell by 5% to 1,951.141 billion euro, causing overall fund assets to slip below the 2 trillion euro mark. February saw total net assets under management bounce back to 1,962.845 billion euro, a rise of 0.60% on the previous month.

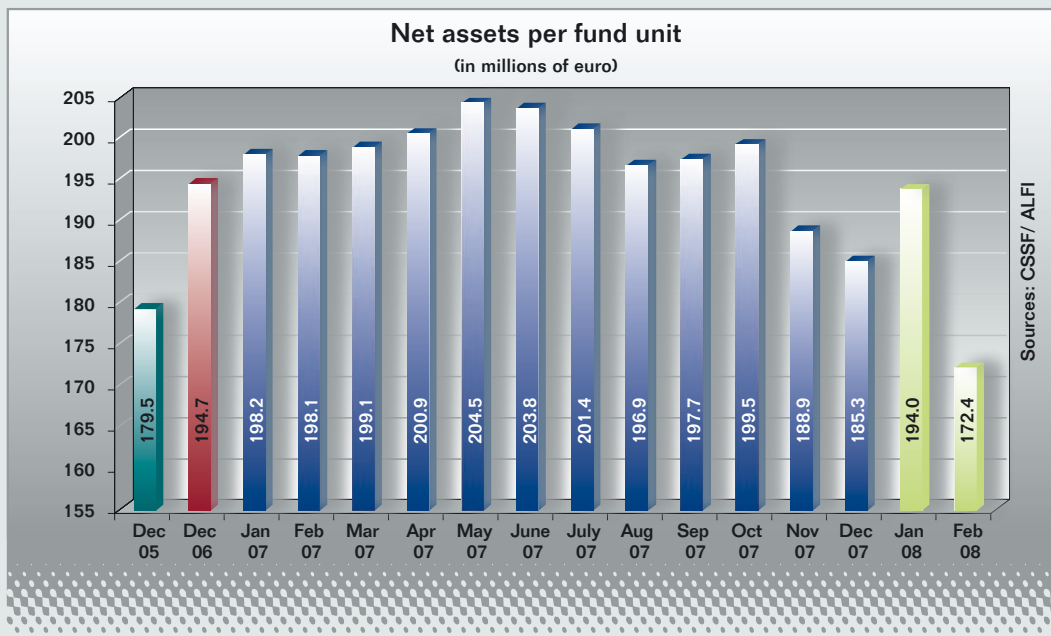


In the unstable economic climate prevalent throughout the year, punctuated notably by volatility on the stock markets, the liquidity crisis, a strong euro and an intense upswing in commodity prices, inflows of fresh capital from private and institutional investors, coupled with the large number of new funds created (+824 funds), were the main driving force for growth in Luxembourg.

Assets under management rose 214.54 billion euro, of which 87.85% can be attributed directly to flows of new capital (+188.48 billion euro), whereas in 2006 large-scale subscriptions represented 75.50% of annual growth. Net subscriptions were positive in every month in 2007 except September.

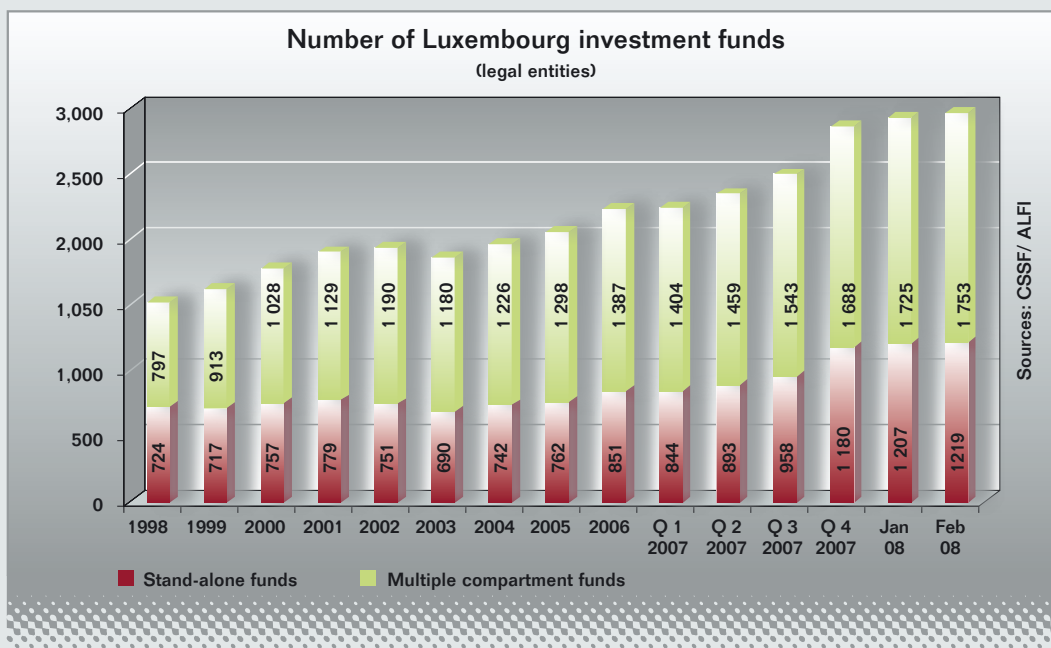
The remaining 12.15% (+ 26.06 billion euro) can be explained by the effects of the financial markets over the period. Aside from a market correction in February 2007, the first half-year went smoothly and continued in the vein of the growth recorded since 2003. In the second half of 2007, July and August reflected tensions brought on by the subprime crisis, with a short-lived drop in assets under management. With the resumption of business in September and October, general worries and the fallout from the financial crisis really started to take their toll in November with a drop in the financial markets which was four times more severe than that of August.

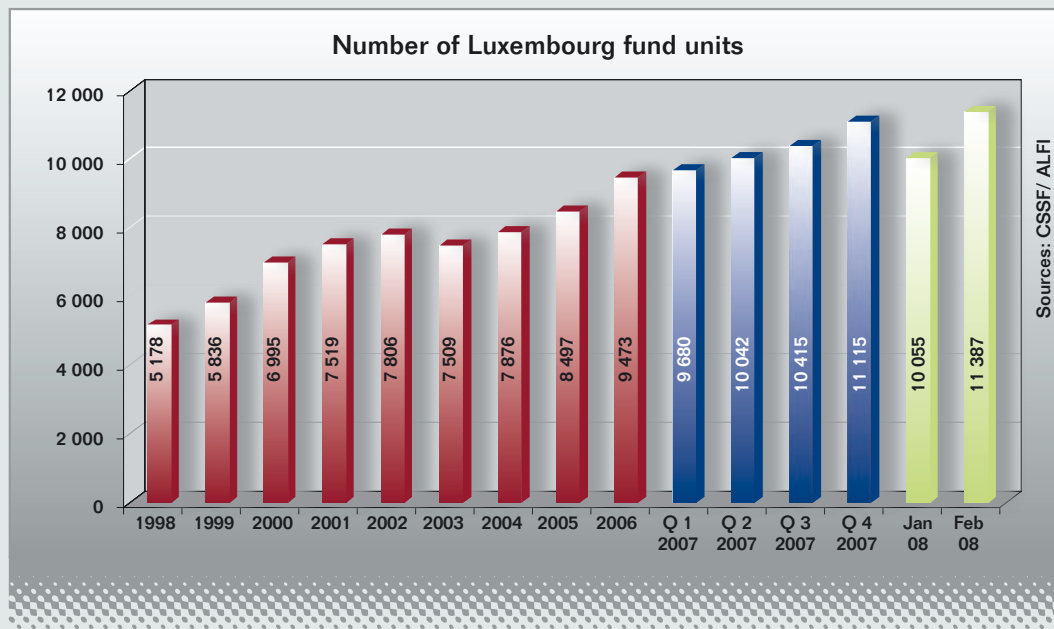
In the first two months of 2008, net subscriptions for Luxembourg funds reached just 1.44 billion euro, as against 59.83 billion euro over the same period in 2007. January was particularly harsh for Luxembourg funds, which felt the full force of market turbulence with their most drastic fall in net subscriptions (-7.58 billion euro). February was more favourable and saw a sharp rise of 9.02 billion euro in net subscriptions to compensate for the previous month's downturn.



At the end of 2007, the average net assets per fund unit were down 9.51% (to 185.3 million euro) on 2006 when the average was 194.7 million. What happened, in fact, was that this figure grew constantly until May 2007 and then began to fall steadily. This decline coincided with the economic slowdown and the impressive growth in the number of fund units (+ 12.3%) on the market in Luxembourg after that date.

On 29 February 2008, net assets per fund unit were 172.4 million euro (i.e. a fall of 6.9% on 31 December 2007).





There were 2,868 legal entities domiciled in Luxembourg at the end of 2007.

2007 saw the launch of 824 new funds, a rise of 139% on 2006. In parallel, 194 funds were taken off the market. The resulting net variation of + 630 funds over the 12-month period constitutes overall net growth of 28.15% (as against +8.64% in 2006).

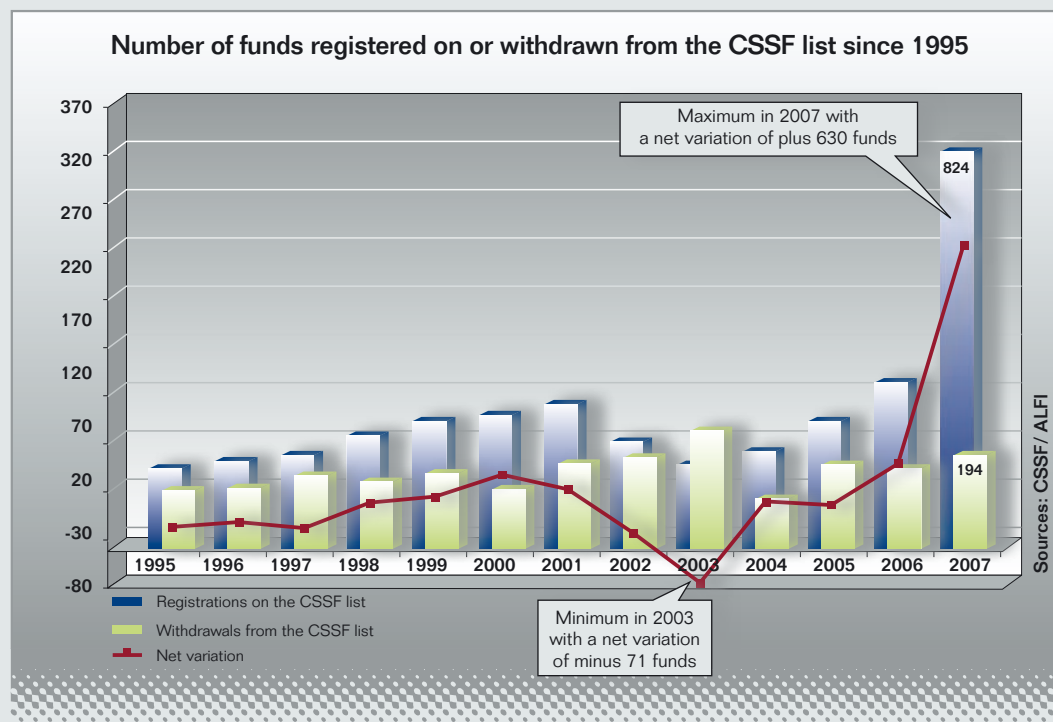
Whereas 2006 was already considered a bumper year for fund creation, 2007, with the added boost of the new law on specialised investment funds coming into force in February, could well be remembered as exceptional.

In terms of the number of fund units domiciled in Luxembourg (i.e. the number of classic funds added to the number of sub-funds within umbrella funds), this rise is even more striking, with a net progression of 1,642 units, for a total of 11,115 units at the close of 2007.

Although the number of units (11,115) rose 17.33%, in absolute terms, on 2006 (9,473 units), the increase in net unit creation exceeds 68%, with +1,642 units over 2007, as against +976 units in 2006.

2008 appears to have been spared the worst effects of the uncertainty on the markets and is shaping up to be a favourable year, carried along by the momentum of 2007's excellent results. Indeed, 132 new legal entities (investment funds) were created in the first two months of the year and are already on the market (i.e. an 86% rise on 2007 and 200% more than 2005 over the same period). The net number of units has increased by 272, as against 164 in 2007, a rise of 65.58% (as against +27.13% in 2005) for the same period. At the end of February 2008, investors had the choice of 11,387 different portfolios.

Thanks to its innovative investment funds, regular adaptation to developments in legislation and a strong record of investor protection, the dynamism and popularity of Luxembourg's financial centre continues to grow over the years.

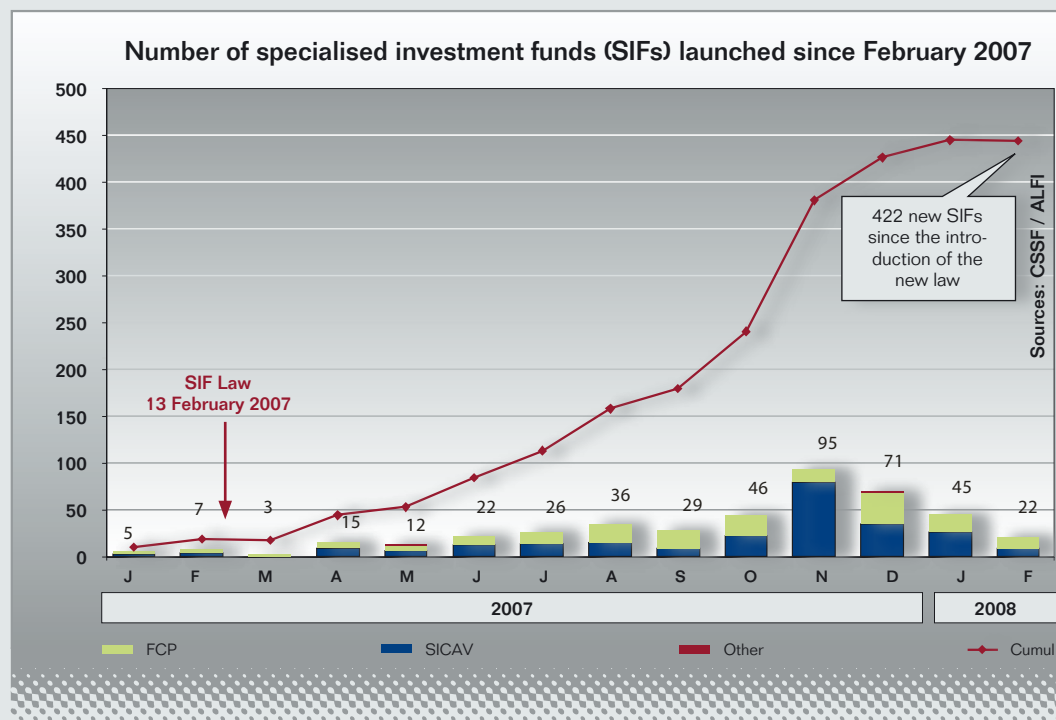


Monthly evolution of registrations on / withdrawals from the CSSF list (number of funds)

	Registrations on the CSSF list	Withdrawals from the CSSF list	Net variation
February 2008	53	13	40
January 2008	79	15	64
December 2007	126	19	107
November 2007	153	10	143
October 2007	132	15	117
September 2007	53	12	41
August 2007	62	9	53
July 2007	69	14	55
June 2007	57	7	50
May 2007	36	10	26
April 2007	43	15	28
March 2007	22	52	-30
February 2007	31	13	18
January 2007	40	18	22

Sources: CSSF/ ALFI

As Europe's leading centre for investment funds, Luxembourg is an attractive location for the domiciliation of new funds. With 824 new registrations on the official CSSF list, 2007 outstripped all expectations for fund creation.



The Law of 13 February 2007 on specialised investment funds ("SIF Law") replaced the Law of 19 July 1991 on institutional UCIs. UCIs formed under the Law of 1991 were automatically converted into SIFs when the former law was repealed.

With this new law Luxembourg wished to create a new legal structure for informed professional, institutional investors that better suited their environment and needs, whilst observing common rules on investor protection.

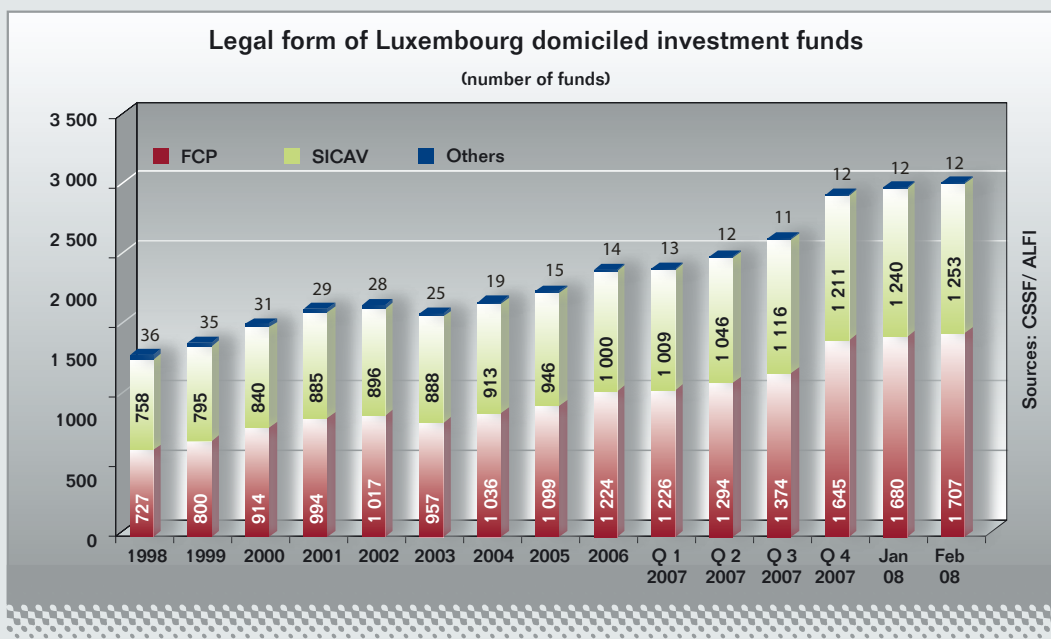
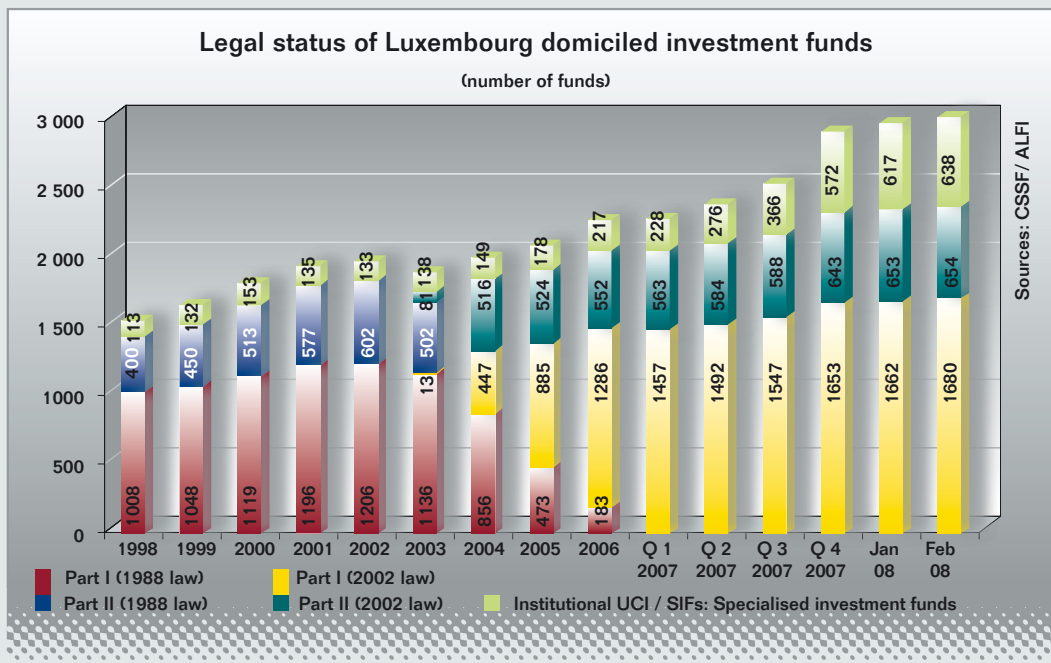
The new law means new products similar to France's *fonds dédiés* and Germany's *Spezialfonds* can be introduced.

With the advent of the SIF Law, a new category known as informed investors can now purchase these new products, whereas under the 1991 Law, only investors classed as institutionals could subscribe to shares or units in funds formed under this law.

Promoters wishing to create institutional funds may continue to do so under Part II of the 2002 Law or take advantage of the new provisions of the 2007 Law.

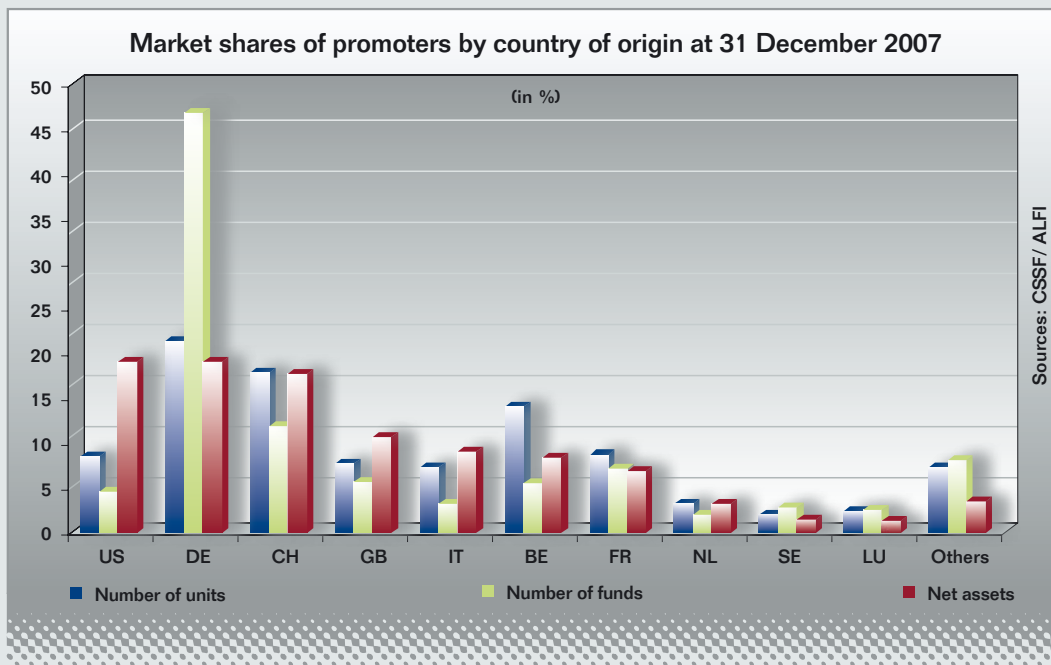
The effects of the new law were soon observed in Luxembourg's financial centre. In February 2008, barely a year after the 2007 Law came into force, 422 new SIFs, 57% of which are FCPs, had been created. These funds alone accounted for 45% of new funds launched in 2007, this contributing to the impressive dynamic growth of the financial centre.

Their success is such that institutional funds have almost tripled in number (growth of 180%) and their assets have risen 51% in a single year. Indeed, the institutional fund category (under the 1991 Law) counted only 227 funds on 28 February 2007, whereas the SIF label now (at the end of February 2008) encompasses 638 funds. Promoters have clearly been impressed by this new form of fund.



Until 1985, the mutual fund or *fonds commun de placement* (FCP) was the legal structure preferred by promoters launching Luxembourg domiciled investment funds. Then, between 1986 and 1999, the open-ended investment company or *société d'investissement à capital variable* (SICAV) grew in popularity, overtaking the FCP during this period. From 1999 onwards the tendency reversed once again, and the differential between FCPs and SICAVs began to creep up again year by year.

As such, at the close of February 2008, FCPs represented 57.4% of all funds domiciled in Luxembourg and SICAVs 42.2%, with other structures representing 0.4%.



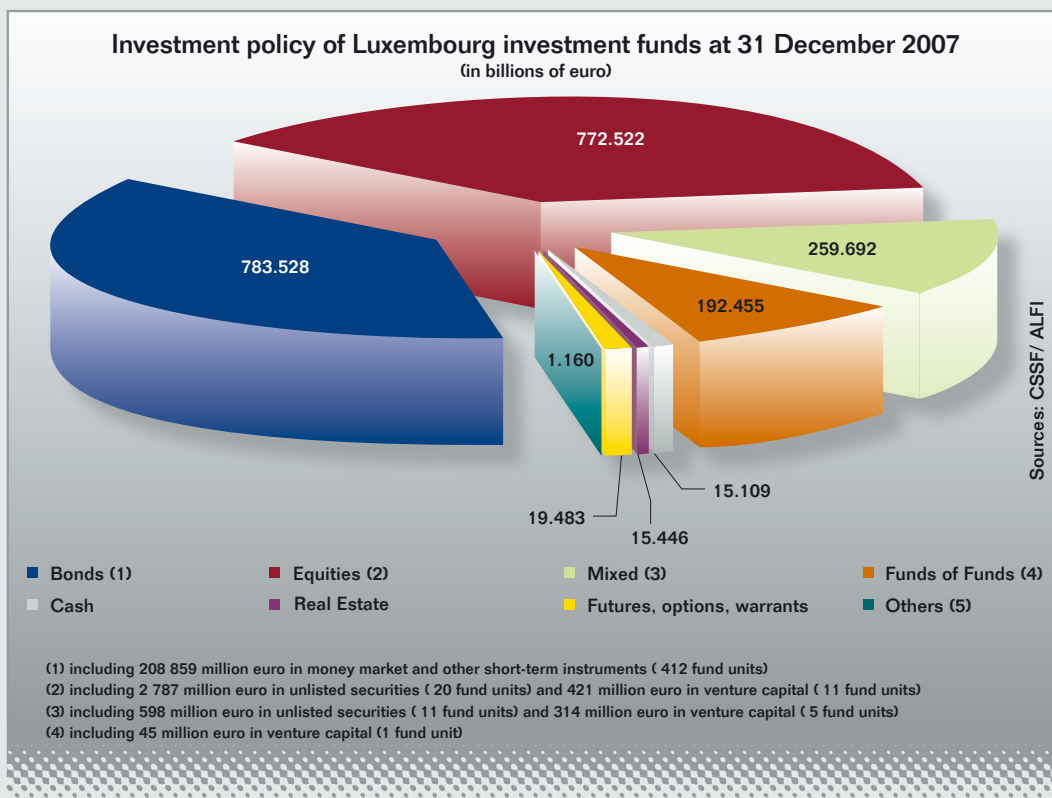
American promoters claimed first place in terms of assets under management throughout all of 2007, with a 19% market share, amounting to 391.278 billion euro, at 31 December 2007. Swiss promoters, who with 364.938 billion euro (17.7%) had shadowed their US counterparts over the entire year, finally had to give up second place to German promoters (391.051 billion euro or 19%).

Right on the heels of the Americans, German promoters saw their net assets rise by over 90 billion euro, i.e. more than 30% on 2006. US promoters themselves registered growth of 12.75% in their net assets in relation to 2006.

German promoters' excellent market share in net assets can be explained notably by their direct involvement in the creation of a large number of new units, i.e. 42% of the annual total thereof. With the founding of a net total of 693 units over 2007 (193% more than the net rise of 236 new units created in 2006) and an overall increase of 41.4% in their total of units for 2006, at the end of 2007 they offered 2,367 investor portfolios.

With 1,982 units, and despite creating a net total of 225 new units (+12.81% on 2006), Swiss promoters relinquished second place with a 17.8% market share (as against 18.5% in 2006).

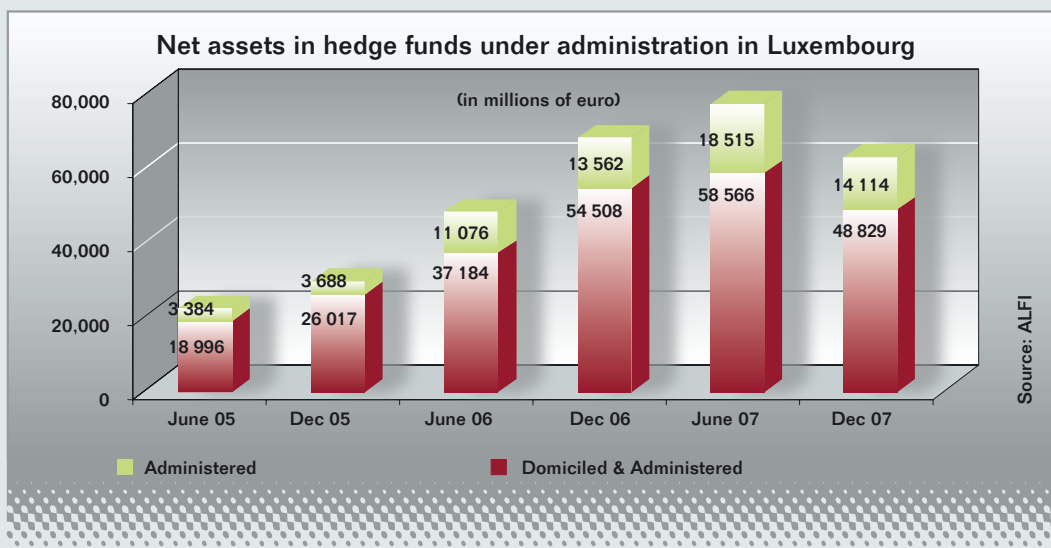
German promoters, who are traditionally less fond of umbrella-structured funds, today account for almost half of Luxembourg's total fund market with 46.8% (1344 funds).



Luxembourg's investment fund landscape remains largely unchanged from previous years. However, the "fixed-interest securities" category, which includes money-market instruments and other short-term securities, and the category "variable income securities", comprise 75.5% of the market, as opposed to the 80% normally observed.

The "fixed-interest securities" category, which, with 783.528 billion euro in assets, is still the largest asset class for Luxembourg funds, saw its market share fall from 40.30% at the end of 2006 to 38.05% at the end of 2007. "Variable interest securities", with 772.522 billion euro have returned to their level at the end of 2005, with a 37.51% market share. "Diversified securities", however, have enjoyed a 51% increase on 2006, with their market share reaching 12.61% (9.32% in 2006).

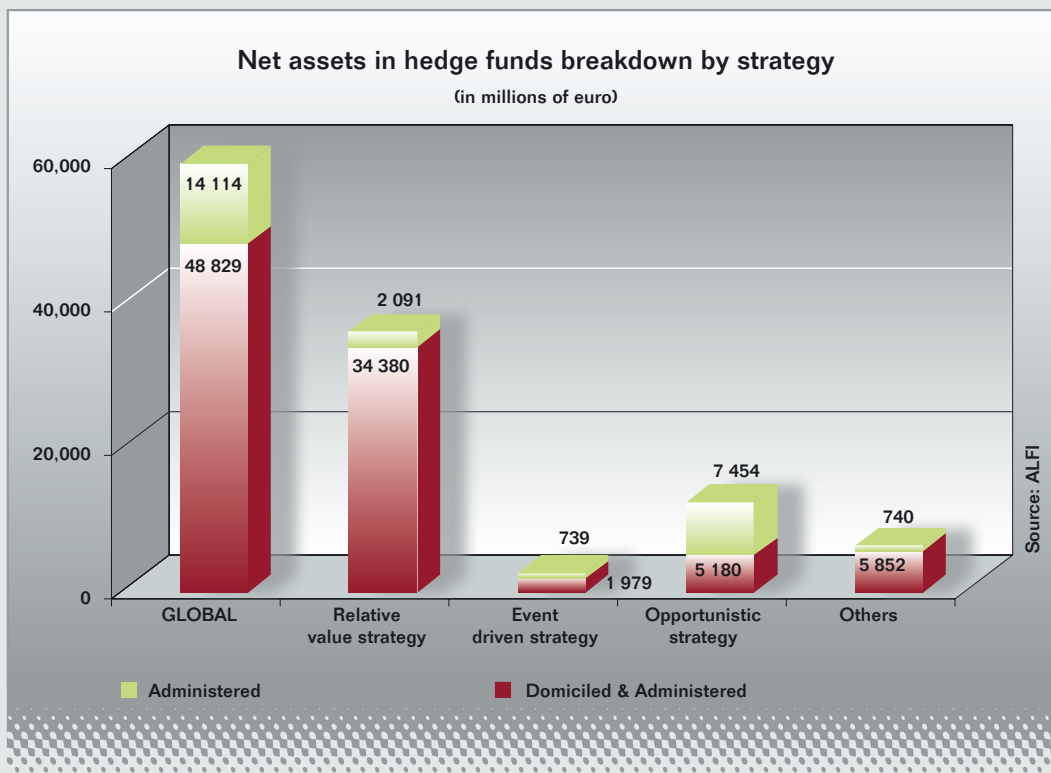
The real estate market continues to boom, with real estate funds registering a rise of 62.50%. Assets under management in this category rose by almost 92% over 2007, after having grown 52% in 2006.

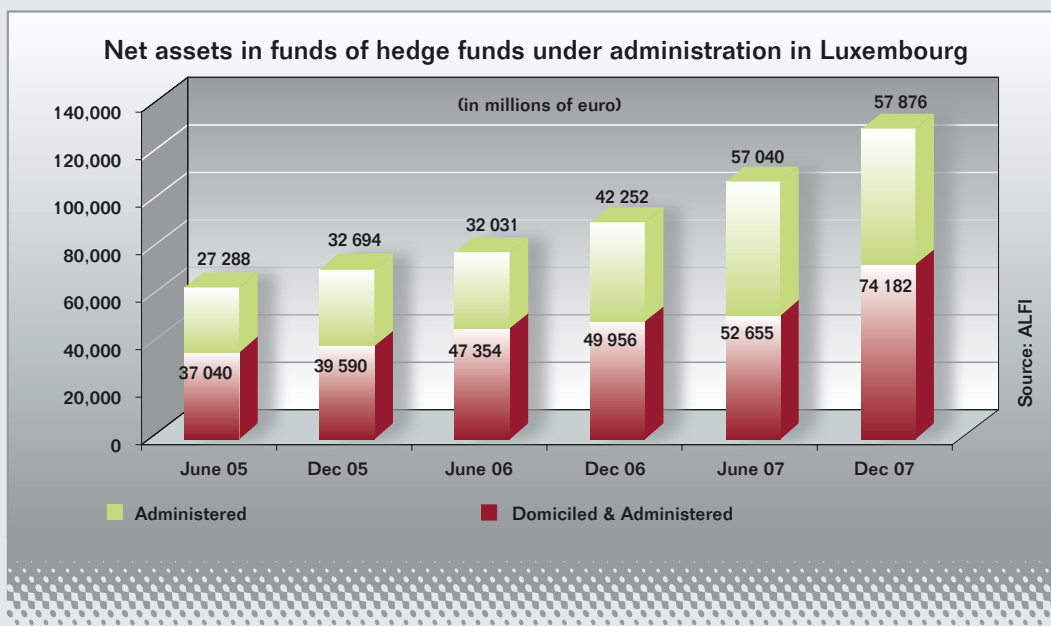


Luxembourg's hedge fund industry enjoyed solid growth until June 2007, with net assets reaching 77.08 billion euro, representing growth of 60% on December 2006. The second half of 2007 was, however, less favourable and the year closed with net assets at 62.94 billion euro, or an overall drop of 7.53%. The overall fall in net assets for hedge funds was especially marked for funds domiciled and administered in Luxembourg, which saw their net assets decline by 10.50% over the year.

At the same time, net assets of hedge funds administered but not domiciled in Luxembourg grew 4%, with their market share progressing from 20% in 2006 to 22.5% at the close of 2007.

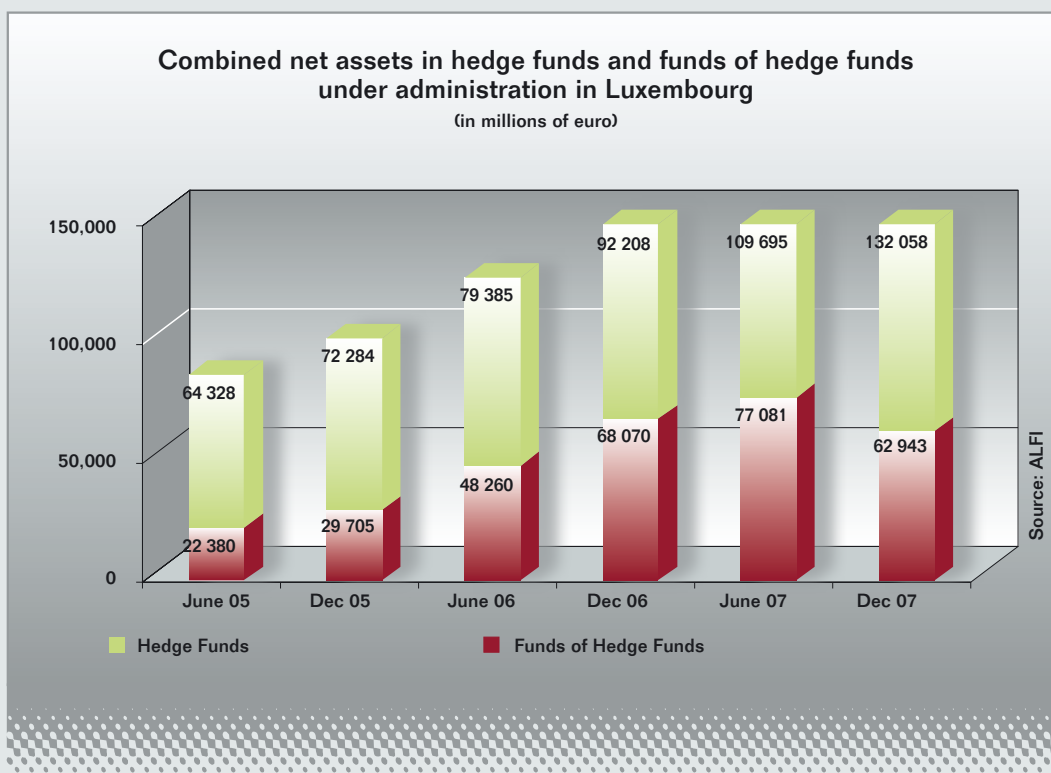
In terms of strategy, at the end of 2007, funds domiciled in Luxembourg used a relative value strategy to manage 70% of net assets, as against only 53% in December 2006. Non-domiciled funds have, however, largely (53%) kept faith with an opportunistic strategy.





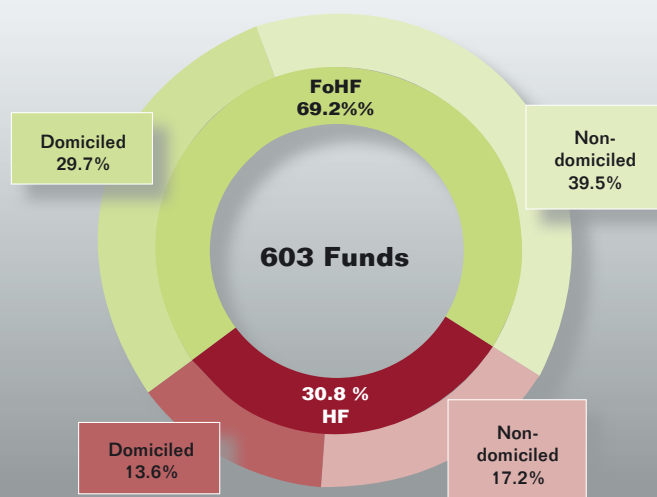
Unlike hedge funds, which had a negative year, funds of hedge funds enjoyed a very good 2007. Assets under administration in funds of hedge funds have progressed more than 43% over the past 12 months, reaching 132.06 billion euro at the end of December. This increase easily outstrips the rises recorded in 2005 and 2006.

With a total of 195 billion euro in net assets under management at the close of 2007 (up 22% on 2006), the hedge fund and fund of hedge funds sector has continued to see strong positive net growth since 2003 and remains a constantly expanding industry in Luxembourg.



Global overview of hedge funds & fund of hedge funds at 31 December 2007

(Number of funds)



Source: ALFI

Although the total number of hedge funds under administration (186) was stable over 2007, with almost no variation on 2006 figures, the number of units (or portfolios) grew by 23% to reach 585 units at the close of 2007.

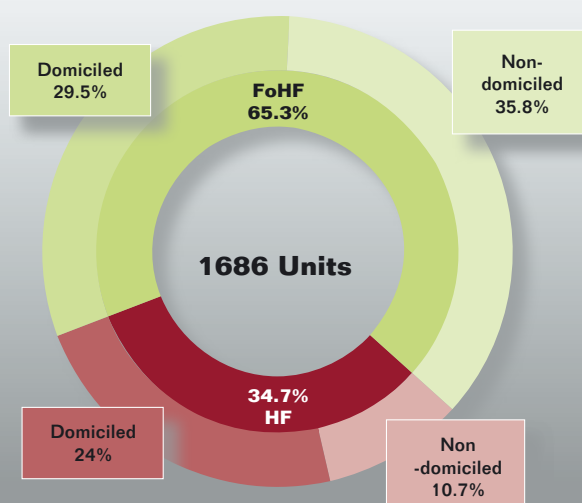
Funds of hedge funds continue to account for around two thirds of the market with 417 funds and 1101 units.

In terms of number of funds (legal structures), a majority of hedge funds and funds of hedge funds are not domiciled in Luxembourg, making up 57% of the market. Conversely, Luxembourg-domiciled funds dominated in terms of number of units, with 53.5% of the total figure.

All in all, 2007 has seen a slight decline in the number of funds domiciled in Luxembourg on the market.

Global overview of hedge funds & fund of hedge funds at 31 December 2007

(Number of units)



Source: ALFI

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B1.3 Working Group "Risk Management Conference"

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DAY 1 Chairman:

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"Geographical Coverage"

D2 Sub-Committee "Dematerialise Mutual Fund Sales Agreement"

D3 Working Group "Made in Luxembourg" Fund Brand

D4 Working Group "Key Investor Information Disclosures For UCITS"

Chairman: **Noel Fessey**

(Schroder Investment Management)

E HUMAN RESOURCES & TRAINING COMMITTEE

Chairman: **Lucien Euler**

(Fastnet Luxembourg)

ALFI Coordinator: **Charles Muller**

F LEGAL AND REGULATORY COMMITTEE

Chairman International Affairs:

Freddy Brausch

(Linklaters LLP)

Chairman National Affairs:

Jacques Elvinger

(Elvinger, Hoss & Prussen)

Secretary (Plenary Sessions):

Jean-Robert Lentz

(PricewaterhouseCoopers)

ALFI Coordinator: **Daniel Dax**

F1 Sub-Committee "International Affairs and Developments"

Chairman: **Freddy Brausch**

(Linklaters LLP)

F1.1 Working Group "UCITS Developments"

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F1.2 Working Group "European Selling Rules"

Chairman: **Hermann Beythan**

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F1.2.1 Sub- Working Group "MiFID"

Chairman:

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(Fidelity Investments International)

F1.2.2 Sub- Working Group

"Private Placement"

Chairman: **Henri Delwaide**

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F2 Sub-Committee "National Affairs and Implementation"

Chairman: **Jacques Elvinger**

(Elvinger, Hoss & Prussen)

F2.1 Working Group "UCITS Eligible Assets-General"

Chairpersons:

Francine Keiser

(Linklaters LLP)

Michèle Eisenhuth

(Arendt & Medernach)

Nathalie Dogniez

(KPMG)

F2.1.1 Sub- Working Group

"Hedge Fund Indices"

Chairpersons:

Jérôme Wigny

(Elvinger, Hoss & Prussen)

Emmanuel-Frédéric Henrion

(Linklaters LLP)

F2.1.2 Sub- Working Group

"Securities Lending"

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F2.2 Working Group "AML"

Chairman: **Marco Zwick**

(Schroder Investment Management)

F2.3 Working Group "Cross Sub-Fund Investment"

Chairwoman:

Michaela Imwinkelried

(UBS Fund Services (Luxembourg))

F2.3.1 Sub- Working Group "Cross Sub-Fund Investment - Legal"

F2.3.2 Sub- Working Group

"Cross Sub - Fund

Investment-

Operational"

F2.4 Working Group "Changes to Luxembourg Company Law"

Chairman: **Jacques Elvinger**

(Elvinger, Hoss & Prussen)

F2.5 Working Group "Liquidity Funds"

Chairman: **John Parkhouse**

(PricewaterhouseCoopers)

F3 Sub-Committee "Legal and Regulatory Products Coordination" (Liaison)

Chairpersons:

Freddy Brausch

(Linklaters LLP)

Jacques Elvinger

(Elvinger, Hoss & Prussen)

- F3.1 Hedge Funds - Legal Aspects**
Liaison Person: **Claude Niedner**
(Arendt & Medemach)
- F3.2 Real Estate Funds - Legal Aspects**
Liaison Person: **Keith Burmann**
(Brown Brothers Harriman (Luxembourg))
- F3.3 Private Equity And Venture Capital - Legal Aspects**
Liaison Person: **Gilles Dusemon**
(Loyens & Loeff)
- F3.4 Pension Funds - Legal Aspects**
Liaison Person: **Ruth Bültmann**
(Assenagon Asset Management)
- F3.5 Securitisation - Legal Aspects**
Liaison Person: **Isabelle Lebbe**
(Arendt & Medemach)
- F3.6 Socially Responsible Funds - Legal Aspects**
Liaison Person: **Nathalie Dogniez**
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G OPERATIONAL TECHNIQUES COMMITTEE

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ALFI Coordinator: **Camille Thommes**

- G1 Sub-Committee**
“CSSF CIRCULAR 02/77
- Materiality of Errors”
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Chairman: **Renato Moreschi**
(RBC Dexia Investor Services)
- G2.1 Working Group “Savings Directive”**
Chairman: **Renato Moreschi**
(RBC Dexia Investor Services)
- G2.2 Working Group “Other Tax Reporting Issues”**
Chairman: **Renato Moreschi**
(RBC Dexia Investor Services)
- G2.2.1 Sub-Working Group “New German Tax”**
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(European Fund Administration).
- G4 Sub-Committee**
“TER-Total Expense Ratio”
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- G5 Sub-Committee**
“AIMR-GIPS”
Chairwoman: **Fanny Sergent**
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- G6 Sub-Committee “Investment Risk Management”**
Chairpersons:
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(Allianz Global Investors Luxembourg)
Wilfried Siegmund
(Allianz Global Investors Luxembourg)
- G6.1 Working Group “General Topics”**
Chairman: **Alfred Brandner**
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- G6.2 Working Group “Market Risk Topics”**
Chairman: **Xavier Zaegel**
(Deloitte)
- G6.3 Working Group “Other Topics”**
Chairwoman: **Stefania Serato**
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H SPECIAL PRODUCTS COMMITTEE

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ALFI Coordinator: **Daniel Dax**
- H1 Sub-Committee “Pension Funds” (joint with ABBL)**
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- H2 Sub-Committee “Securitisation Vehicules” (joint with ABBL)**
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H2.2 Sub-Working Group “Tax”
- H3 Working Group “Socially Responsible Funds”**
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- H3.1 Sub-Working Group “Marketing”**
H3.2 Sub-Working Group “Application”

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- I1 Sub-Committee “Data Collection and Normalization”**
Chairmen: **Dominique Valschaerts**
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- J2 Sub-Committee "Economic Research"**
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J TAX COMMITTEE

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- J1 Sub-Committee "Tax Coordination" (chairmen SC)**
Chairman: **John Li**
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- J2 Sub-Committee "Subscription Tax"**
Chairpersons:
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(Elvinger, Hoss & Prussen)
- J3 Sub-Committee "Taxation of Savings"**
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- J4 Sub-Committee "Double Tax Treaties"**
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ALFI Coordinator: **Camille Thommes**

4.1 TA FORUM STEERING COMMITTEE (TASC)

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4.1.1 TA Operations

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Chairwoman: **Josée-Lynda Denis**
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4.1.1.7 TA Reporting

Investor Communication:

Nicolas Buck

(Victor Buck Services)

Fund Communication :

Mario Mantrisi

(Kneip Communication)

4.1.2 Communication

4.1.2.1 Communication

4.1.2.1.1

LUX TA & Distribution Forum

Chairwoman:

Josée-Lynda Denis

(BNY Mellon Asset Servicing)

4.1.2.1.2

TA Forum Website

Chairman:

Francois Génaux

(PricewaterhouseCoopers)

4.1.2.1.3

TA Newsflash

4.1.2.1.4

Articles

4.1.2.2 Events

4.1.2.3 Industry Associations

VITAL ISSUES

V1 Implementation of MiFID

Chairman: **Gareth Adams**

(Fidelity Investments International)

V.1.1 Benefits of MiFID to Luxembourg

Chairman: **Christophe Wintgens**

(Ernst & Young)

V.1.2 Private Equity in MiFID

Chairwoman: **Isabelle Lebbe**

(Arendt & Medemach)

V2 Savings Directive

Chairman: **Rafik Fischer**

(KBL European Private Bankers)

V3 UCITS III - Eligible Assets

Chairman: **Jacques Elvinger**

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V4 UCITS IV

Chairman: **Freddy Brausch**

(Linklaters LLP)

V5 Contingency Planning

V5.1 Money Market Funds Liquidity Management

Chairman: **John Li**

(KPMG)

V6 Skilled Labour Shortage

Chairman: **Julian Presber**

(State Street Bank Luxembourg)

Editor

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