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**Press release**

“Confidence in alternative investment’s substance levels is growing,” says KPMG

 **Luxembourg, Luxembourg – {06/11/2020}** – KPMG Luxembourg today announced the release of [the Private Equity and Real Estate Substance Survey 2020](https://home.kpmg/lu/en/home/insights/2020/10/private-equity-real-estate-substance-survey-2020.html). Substance continues to be a hot topic as Brexit looms, with managers enhancing their presence in Luxembourg to distribute financial services in the EU. In its third edition, the survey explores the results of 60 participants with a combined total of €500 billion assets under management. Representative of asset managers of all sizes, the results shed light on trends that have emerged over the past twelve months.

Christophe Diricks, Head of Alternative Investments explains: “As the percentage of asset managers with a regulated Luxembourg Alternative Investment Fund Manager (AIFM) license continues to grow, it is important to understand how these managers are evolving in Luxembourg. The survey results paint a clear picture of emerging trends and allow us to prepare for future growth.”

The survey tracks the evolution of AIFMs in Luxembourg over a twelve-month period, looking at number of funds under management, staff numbers, job profiles, and confidence in substance levels. This year, the percentage of asset managers surveyed with a regulated Luxembourg AIFM license has almost doubled from 30% to 60%, confirming the results of the 2019 edition wherein participants stated their intention to set up a Luxembourg-regulated AIFM.

Diricks indicates how this relates to substance: “An AIFM license and increased substance levels go hand in hand: there are strict obligations in terms of regulatory substance to obtain and maintain an AIFM license. Fund houses with an AIFM license therefore feel confident about their levels of substance, and rightly so—their presence in Luxembourg is stronger than ever before. “

Christophe Diricks attributes the growth in the number of Private Equity and Real Estate AIFMs mainly to Brexit. However, the main trend to note here, he says, is that alternative fund houses are choosing Luxembourg as their EU hub: “Even before applying for an AIFM license in Luxembourg, most major fund houses already had a foothold of some sort in the country — offices, infrastructure and staff. This presence served as a launch pad that made getting an AIFM license in Luxembourg that bit easier. It was a matter of hiring extra profiles and putting in place new processes, rather than starting from scratch as it might have been in other EU financial centers.

Diricks further comments: “Luxembourg has long been the place to be in terms of UCITS, AIFs and SPVs. We have built a strong ecosystem to service all types of funds including regulators, all major asset servicers, lawyers and advisory firms like KPMG.”

Diricks concludes: “It’s safe to say that the record number of recently established AIFMs confirms that Luxembourg is now the location of choice for alternative investments.”

To read more insights from the Private Equity and Real Estate Substance Survey 2020, please visit: <https://home.kpmg/lu/en/home/insights/2020/10/private-equity-real-estate-substance-survey-2020.html>

 **Notes to editors:

About KPMG Luxembourg**
KPMG in Luxembourg is a leading provider of professional services of audit, tax and advisory. KPMG operates in 153 countries and has more than 207,000 professionals working in member firms around the world.

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