SEI Global Asset Management Product Guide

Irish Qualifying Investor Alternative Investment Fund (QIAIF)

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A Qualifying Investor Alternative Investment Fund ("QIAIF") is a regulated, specialist investment fund targeted at sophisticated and institutional investors, who must meet minimum subscription and eligibility requirements. A QIAIF comes within the definition of alternative investment fund ("AIF") in the Alternative Investment Fund Managers Directive ("AIFMD") and is therefore required to designate an alternative investment fund manager ("AIFM") or alternatively be structured as a self-managed QIAIF. An AIFM may be either an EU or a non-EU manager, with different marketing rules applying to each.

Overview

- A QIAIF allows for pooling of assets.
- A QIAIF may invest up to 100% of its assets in unregulated schemes, subject to a maximum of 50% in any one unregulated scheme.
- The range of eligible assets for a QIAIF is very flexible.
- Quarterly liquidity is typically provided to investors (where redemptions are less than quarterly, the QIAIF is a limited liquidity fund).
- A QIAIF is the preferred structure for use in the regulated alternative investment area because it is exempt from the general conditions relating to retail investment policies and borrowing restrictions.
- No investment restrictions are imposed by the Central Bank of Ireland (or by the Irish Stock Exchange (ISE), if the QIAIF is listed on the ISE).
- There is no requirement to distribute income, and accordingly, funds can be established either as distributing funds or accumulating funds.

Investor Profile

- Investor qualification and minimum subscription requirements apply.
- Target investors are sophisticated and institutional investors who meet minimum subscription requirements.

Regulatory Requirements

- Regulated by the Central Bank of Ireland.
- The QIAIF must designate an AIFM, or alternatively be structured as a self-managed QIAIF.
- There is no requirement to publicise the issue and redemption prices of their units; however, these must be made available to unit holders on request.
- There are no diversification requirements; however, a QIAIF established as an investment company must comply with the aim of risk spreading as per the requirements of Part XIII of the Companies Act 1990.
- Documentation required includes an application form to the Central Bank of Ireland; a prospectus or offering memorandum; a memorandum and articles of association/deed of constitution; custody agreement/trust deed; management agreement (if applicable); investment

management agreement, administration agreement, distribution agreement (if applicable) and prime brokerage agreement (if applicable).

Distribution, Advertising and Promotion

- QIAIFs can only be marketed to qualifying investors who meet the initial minimum subscription requirement of €100,000 and who satisfy the "Qualifying Investor" criteria of the AIF Rulebook (which includes professional clients within the meaning defined in the Markets in Financial Instruments Directive; investors who have appropriate expertise, experience and knowledge to adequately understand the investment, or investors who certify that they are informed investors).
- QIAIFs which designate an EU AIFM authorised under the AIFMD are eligible for an EU passport.
- Can raise capital (i.e., offer shares) on a continuous basis.

Fund Launch Timeline and Organiser Requirements

- Capable of being authorised within 24 hours of a single filing of documentation with the Central Bank of Ireland (subject to certain prerequisites such as authorisation of the AIFM where applicable and pre-approval of service providers by the Central Bank of Ireland).

Fund Operational Organisation Structure

- QIAIFs may be established as an investment company organised as a public limited company, a unit trust, a common contractual fund, or an investment limited partnership – however, most are investment companies or unit trusts. The range of eligible assets is flexible so a QIAIF can be structured in a number of ways, including as a hedge fund, fund of fund, real estate fund, venture capital/private equity fund, emerging market fund, infrastructure fund, capital-protected or guaranteed fund, or single country or regional fund.

Taxation

- Irish domiciled funds are exempt from Irish tax on income and gains derived from their investment portfolios and are not subject to any Irish tax on their net asset value.
- Investors that are not tax resident (or ordinarily tax resident) in Ireland may receive distributions, and redeem or transfer their units, without any Irish withholding tax arising, provided appropriate documentation is completed. Such investors generally have no further Irish tax liability in respect of their units.
- No capital duty is payable on the issue of units.
- Irish withholding tax is generally deducted by Irish domiciled funds from distributions to, and on redemptions or transfers of units by, investors that are tax resident (or ordinarily tax resident) in Ireland. Certain categories of Irish investors, such as other Irish domiciled funds, pension funds, life assurance companies and other Irish investors, are exempt from this Irish withholding tax, provided appropriate documentation is completed.
- A QIAIF established as an investment limited partnership or a common contractual fund will be treated as being tax transparent.