

## MALTESE PROFESSIONAL INVESTOR FUNDS – A BRIEF OVERVIEW

Professional Investor Funds are the most popular type of fund in Malta. They are commonly used for non-retail hedge fund set-ups.

There are three types of PIFs:

**PIFs offered to experienced investors:** minimum investment of €10k or equivalent, subject to some investment/borrowing restrictions, may be leveraged up to 100% NAV, must appoint a custodian and issue an offering document;

**PIFs offered to qualifying investors:** minimum investment of €75k or equivalent, no investment restrictions (other than in the case of property funds), unlimited leverage, not required to appoint a custodian (provided assets are subject to adequate safekeeping arrangements), must issue an offering document; and

**PIFs offered to extraordinary investors:** minimum investment of €750k or equivalent, no investment restrictions, unlimited leverage, not required to appoint a custodian (provided assets are subject to adequate safekeeping arrangements) and may utilise a simple form marketing document instead of a detailed offering document.

### Types of Investors

#### Experienced

- At least one year's experience in a professional position in the financial services sector or having been active in the same type of investments as the proposed PIF.
- Reasonable experience in the acquisition and /or disposal of funds/instruments of a similar nature/risk profile to that of the proposed PIF.
- Has carried out investment transactions of a significant size at a certain frequency.
- Demonstrating other appropriate justification.

#### Qualifying Investors

- Person (or entity) must have net assets in excess of €750k. Individuals must meet this threshold either on their own, or jointly with their spouse.
- Reasonable experience in the acquisition and/or disposal of funds/instruments of a similar nature/risk profile to that of the proposed PIF.

- A senior employee or director of service providers to the PIF.
- A relation or close friend of the promoters, limited to 10 persons per PIF.
- An entity with at least €3.75 million under discretionary management investing on its own account.
- The investor itself qualifies as a PIF promoted to qualifying or extraordinary investors.
- An entity wholly owned by persons or entities satisfying any of these criteria that is used as an investment vehicle by such persons or entities.

### **Extraordinary**

- Person (or entity) must have net assets in excess of €7.5 million. Individuals must meet this threshold either on their own, or jointly with their spouse.
- A senior employee or director of service providers to the PIF.
- The investor itself qualifies as a PIF promoted to extraordinary investors.
- An entity wholly owned by persons or entities satisfying any of these criteria that is used as an investment vehicle by such persons or entities.

### **Key Features of PIFs**

- Services providers need not be based in Malta but, if not, then should be in a recognised jurisdiction.
- Self-managed PIFs are permitted.
- Exempt from income and capital gains tax (unless investing in Maltese based immovable assets).
- No investment restrictions on Qualifying and Experienced Investor PIFs.
- No custodian required for Qualifying and Experienced Investor PIFs.
- Ability to list on Malta Stock Exchange.
- Can be set up as an open ended or closed ended structure.