

**International
Comparative
Legal Guides**



Alternative Investment Funds

2024

12th Edition

Contributing Editors:

Jeremy Elmore & Emily Clark
Travers Smith LLP

glg Global Legal Group

Industry Chapter

1 Alternative Investment Funds – Thriving Amid Volatility

Tom Kehoe, AIMA

Expert Analysis Chapters

4 The Stakes Are High – The Increasing Prevalence of GP Stake Sales

Jeremy Elmore, Travers Smith LLP

9 Fund Finance: Past, Present and Future

Wesley A. Misson & Trent E. Lindsay, Cadwalader, Wickersham & Taft LLP

Q&A Chapters

11 **Andorra**
Cases & Lacambra: Miguel Cases Nabau & Laura Nieto

19 **Angola**
VdA: Pedro Simões Coelho, Carlos Couto, Luís Maria & Patrícia Nunes Mesquita

27 **Brazil**
Lefosse Advogados: André Mileski & Gustavo Paes

36 **Canada**
Borden Ladner Gervais LLP: Jonathan Doll, Sarah Gardiner, Ron Kosonic & Grace Pereira

46 **Cayman Islands**
Maples Group: Grant Dixon, Andrew Keast & Stephen Watler

56 **Cyprus**
Patrikios Legal: Angelos Onisiforou & Angeliki Epaminonda

66 **England & Wales**
Travers Smith LLP: Jeremy Elmore & Emily Clark

77 **Finland**
Waselius: Olli Kiuru, Lauri Liukkonen & Mia Rintasalo

85 **France**
Joffe & Associés: Olivier Dumas

93 **Hong Kong**
ONC Lawyers: Raymond Cheung, Elaine Ho & Steffi Chan

102 **Ireland**
Dechert LLP: Carol Widger & Daniel Clifford

115 **Japan**
Anderson Mōri & Tomotsune: Koichi Miyamoto, Takahiko Yamada, Akira Tanaka & Yoshiko Nakamura

125 **Luxembourg**
GSK Stockmann: Corinna Schumacher, Katharina Schiffmann & Philipp Krug

136 **Mozambique**
VdA: Pedro Simões Coelho, Carlos Couto, Patrícia Nunes Mesquita & Francisco Cabral Matos

143 **Norway**
Arntzen de Besche Advokatfirma AS: Snorre Nordmo, Eyvind Sandvik, Karl Rosén & Håvard Røksund

150 **Poland**
Adwokaci i Radcowie Prawni Żyglicka i Wspólnicy sp.k.: Jarosław Rudy, Ewa Lejman, Maciej Marzec & Dorota Brzęk

158 **Portugal**
VdA: Pedro Simões Coelho, Francisco Cabral Matos, Carlos Couto & Patrícia Nunes Mesquita

170 **Scotland**
Brodies LLP: Andrew Akintewe & Bob Langridge

179 **Singapore**
Joseph Tan Jude Benny LLP: Kay Yong & Tio Siaw Min

187 **Spain**
Cases & Lacambra: Miguel Cases Nabau, Toni Barios, Laura Nieto & David Navarro

196 **Switzerland**
Bär & Karrer Ltd: Daniel Flühmann & Peter Ch. Hsu

207 **USA**
K&L Gates LLP: Lance Dial, Christopher Phillips-Hart, Joel Almquist & Tristen Rodgers

Angola



**Pedro Simões
Coelho**



**Carlos
Couto**



**Luís
Maria**



**Patrícia Nunes
Mesquita**

VdA

1 Regulatory Framework

1.1 What legislation governs the establishment and operation of Alternative Investment Funds?

Activity involving the management, investment and marketing of Alternative Investment Funds (AIFs) is mainly regulated by the Undertakings for Collective Investment Law (*Regime Jurídico dos Organismos de Investimento Coletivo*), enacted by Presidential Decree no. 7/13, of 11 October (the UCI Law).

Law no. 12/15, of 17 June – the Basic Law on Financial Institutions, and Law no. 1/04, of 13 February – the Commercial Companies Law, are also applicable.

The UCI Law is complemented by CMC Regulation no. 4/2014 on Undertakings for Collective Investment (Regulation no. 4/2014), which sets forth more specific rules regarding certain aspects of the UCI Law and the Angolan Securities Code (*Código dos Valores Mobiliários*), enacted by Law no. 22/15 of 31 August 2015, as amended from time to time.

Lastly, please note that venture capital merits a specific legal framework, set forth by Presidential Decree no. 4/15 of 16 September (Venture Capital Law) and in Regulation no. 2/19 of 5 February, on Venture Capital.

The Angolan Capital Markets Commission (*Comissão do Mercado de Capitais* or CMC) is the main regulatory body in relation to the aforementioned matters.

1.2 Are managers or advisers to Alternative Investment Funds required to be licensed, authorised or regulated by a regulatory body?

Yes. Fund managers, as non-banking financial institutions, are subject to the CMC's supervision, notably in respect of prudential matters and in what concerns most of the rules governing their management of AIFs' activity.

Therefore, the fund managers' authorisation procedure will be conducted before the CMC pursuant to Law no. 12/15, of 17 June, and thus any entity wishing to provide alternative fund management services ought to be authorised by and registered with the CMC. Provided the authorisation to provide fund management services has been obtained, financial institutions, as well as management companies of collective investment undertakings, may perform fund management services. In any event, this is without prejudice to the application of a registration with the CMC requirement, on top of the aforementioned authorisation requirement, prior to the beginning of the provision of management services.

On the other hand, the foregoing is also without prejudice to the possibility of an investment company (i.e. collective

investment undertakings with legal personality) ensuring its own fund management.

The UCI Law does not foresee any *de minimis* exemption or fast-track authorisation procedure. Accordingly, all fund managers, regardless of the asset under management, need to comply, in general terms, with the same requirements.

Nonetheless, considering the types of AIFs the fund manager intends to manage, i.e. AIFs investing in securities or financial assets or real estate, there are some specific requirements to be met as regards investment policies, contracts with services providers, etc.

1.3 Are Alternative Investment Funds themselves required to be licensed, authorised or regulated by a regulatory body?

Yes. The setting up of any fund, including AIFs, is subject to authorisation by the CMC, which is the competent regulator to conduct the supervision of AIF management, ancillary service providers, distribution and compliance with the general rules applicable to AIFs, notably those relating to the protection of the investors' interests.

1.4 Does the regulatory regime distinguish between open-ended and closed-ended Alternative Investment Funds (or otherwise differentiate between different types of funds or strategies (e.g. private equity vs hedge)) and, if so, how?

Yes. In general terms, the UCI Law distinguishes between AIFs investing (i) in securities or financial assets, and (ii) in real estate (real estate investment funds).

Both AIF types may be open- or closed-ended, but the real estate investment funds may also be of a mixed type, thus allowing the coexistence of both features in the same AIF.

In general terms, open-ended AIFs are addressed to the retail market, while closed-ended AIFs target affluent or professional investors, thus in open-ended AIFs the scrutiny of the CMC tends to be tighter.

Furthermore, depending on the type of AIF at stake and if such is open- or closed-ended, different investing limits and portfolio composition limits apply.

1.5 What does the authorisation process involve for managers and, if applicable, Alternative Investment Funds, and how long does the process typically take?

In a nutshell, the authorisation for the setting up of an AIF is filed with the CMC.

In requesting such authorisation, the relevant AIF manager must provide the CMC with the AIF's documentation, notably the prospectus (if applicable) in simplified and full versions, which must also include the AIF's regulation, subscription form, and an announcement on the beginning and end of the subscription period.

In addition, the CMC must also be given copies of the agreements to be executed between the management company and (i) the depository, (ii) the distributors or entities that will market the AIF, and (iii) any other entities that will render services to the AIF or to the AIF manager.

Documents evidencing the acceptance of the rendering of the relevant services by all entities involved in the AIF's activities must also be delivered to the CMC.

Furthermore, in the case of a closed-ended AIF, if applicable, the authorisation application for the public placement of the units/shares shall also be provided. On the other hand, in the case of open-ended AIFs, the fund manager shall provide a copy of a bank guarantee, in an amount no less than 20% of the AIF's net asset value (NAV), in order to secure the necessary liquidity to pay potential redemption requests placed by the investors.

An authorisation is given within 45 days of the receipt of either the application, with all necessary documentation having been provided in attachment thereto, or of any additional information or amendments to the documents required by the CMC. If at the end of such period the applicants have not yet been notified of the deferral of their application, the authorisation is considered to have been tacitly refused.

However, considering that CMC has discretion to request further information, which suspends the term for granting the authorisation, and that few AIFs are being established in Angola, the term for completing the process may vary significantly from case to case.

The CMC may refuse the authorisation, *inter alia*, if the applicant does not submit the required documentation or if the AIF manager at stake engages in irregular management of other investment funds.

After the authorisation has been granted, an AIF will be fully set up from the moment the first subscription is settled.

1.6 Are there local residence or other local qualification or substance requirements for managers and/or Alternative Investment Funds?

Considering that the vast majority of AIFs in Angola are set up under the contractual form with no legal personality, it is required that such AIFs be managed by a separate fund manager, which needs to be incorporated and have its centre of main interests and effective management located in Angola.

Furthermore, the fund manager must have in place several internal policies aimed at addressing the risk of its activity, remuneration issues, outsourcing, internal control and evaluation of the assets pertaining to the AIFs under management, all being subject to the control of the CMC and, to a certain extent, the depository, and entailing permanent record-keeping by the fund manager.

Lastly, the employees of the fund manager with technical functions, as well as the management, shall have the proper qualification and professional aptitude in accordance with high-level standards. Pursuant to Regulation no. 4/14, it shall be assumed that persons that have held office with similar functions within the financial sector have the necessary professional competence.

1.7 What service providers are required?

An AIF is legally required in Angola to have: a fund manager,

except if it is endowed with legal personality, in which case such an AIF may perform its own management; a depository; an auditor; and, in the case of real estate AIFs, real estate appraisal experts.

Furthermore, the AIF may also have, but is not legally compelled to have, distributors or entities that will market the AIF, the existence of such entities being more usual in the case of open-ended AIFs.

1.8 What rules apply to foreign managers or advisers wishing to manage, advise, or otherwise operate funds domiciled in your jurisdiction?

In accordance with the Banking Law, the same rules established for national managers apply to foreign managers.

However, foreign managers need to be properly authorised to conduct their activities in Angola and need to have a local establishment.

1.9 What relevant co-operation or information sharing agreements have been entered into with other governments or regulators?

There is no specific protocol or sharing agreement signed by the CMC with other governments or regulators in respect of AIFMs or AIFs.

However, the CMC signed a general (low-detail) understanding protocol with the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários* or CMVM) in January 2018, including some information-sharing provisions.

2 Fund Structures

2.1 What are the principal legal structures used for Alternative Investment Funds (including reference where relevant to local asset holding companies)?

An AIF may take one of two forms or structures, both subject to the licensing procedures described in question 1.5 above:

- Contractual structure with no legal personality. This is the classic structure and requires that the AIF be managed by a separate fund manager. The investors' or participants' interests in these funds are called units (*unidades de participação*).
- Collective investment company endowed with legal personality (*sociedade de investimento*). Collective investment companies that mainly invest in securities are classified as SIMs (*sociedades de investimento mobiliários*), while those that mainly invest in real estate are classified as SIIs (*sociedades de investimento imobiliário*). Both SIMs and SIIs may be self-managed or have appointed a third party as their manager, which must be a duly authorised investment fund manager. Participants in these collective investment companies will hold shares (*ações*).

In Angola, AIFs are usually set up under the contractual structure with no legal personality.

In an overall assessment of the pros and cons of both structures, it is possible to verify that the contractual structure has a longer track record in Angola, being the preferred choice for the setting up of AIFs as it offers an affordable, simple and well-known model for AIFs in Angola.

Conversely, the collective investment company endowed with legal personality is clearly a more complex model that allows, however, greater control for the investors over the management of the AIF.

2.2 Do any of the legal structures operate as an umbrella structure with several sub-funds, and if yes, is segregation of assets between the sub-funds a legally recognised feature of the structure?

The setting up of sub-funds is established under the UCILaw and the segregation of assets between sub-funds is legally recognised.

2.3 Please describe the limited liability of investors in respect of different legal structures and fund types (e.g. PE funds and LPACs).

Legally, the assets of an AIF are only liable for its debts, thus it will not be liable for the investors', fund managers', depositories', distributors' or other AIFs' debts. Likewise, investors are not personally liable for the AIF's debts and will therefore not, under any circumstances, be burdened by any of the AIF's debts.

As regards collective investment companies endowed with legal personality, they are also subject to the limited liability provisions applicable to commercial companies by special law.

2.4 What are the principal legal structures used for managers and advisers of Alternative Investment Funds?

AIFs that are not self-managed will need to be managed by a:

- fund manager (non-credit financial institution) authorised to manage AIFs investing in securities and other financial assets or real estate investment funds (*sociedade gestora de fundos de investimento mobiliário*); or
- real estate fund manager (non-credit financial institution), which may only manage real estate funds (*sociedade gestora de fundos de investimento imobiliário*).

2.5 Are there any limits on the manager's ability to restrict redemptions in open-ended funds or transfers in open-ended or closed-ended funds?

The UCILaw is silent in respect of the ability of the fund manager to restrict redemptions in open-ended funds, but considering that such types of AIFs in general target retail investors, the CMC will most certainly scrutinise this matter. In fact, such a possibility would need to be clearly set out in the AIF's regulation, which is analysed during the authorisation procedure.

Moreover, the minutes of the AIF regulation, provided by Regulation no. 4/14, contain a field where the conditions set out for redemptions need to be described, but only seem to refer to the applicable fees, settlement dates and the criteria for the determination of which units/shares will be redeemed. Likewise, Regulation no. 4/14 only seems to foresee conditions under which redemptions may be suspended, but not restricted.

As regards the restriction of transfers in open-ended funds, the same rationale described above in respect of the redemption shall apply.

Conversely, regarding closed-ended AIFs, mainly those targeting professional investors, we trust that it is possible to establish in the AIF's regulation restrictions on the transfer of units from investors to third parties.

2.6 Are there any legislative restrictions on transfers of investors' interests in Alternative Investment Funds?

No. However, the limitations established on foreign investment, which place constraints on transfers abroad of profits or

dividends obtained in Angola, should be borne in mind. Therefore, prior to the investment in an Angolan AIF being performed, the thresholds and requirements to be met by such an investment shall be assessed, on a case-by-case basis, as well as the provisions applicable to the transfer abroad of the profits or dividends obtained pursuant to the redemption of the units/shares or liquidation of the AIF.

2.7 Are there any other limitations on a manager's ability to manage its funds (e.g. diversification requirements, asset stripping rules)?

The ability of the manager to manage its funds will be mainly limited by the investment policy established in the AIF's prospectus or regulation, as applicable, by the general investment limits by type of AIF, if any, established in the UCILaw and by the obligation to conduct its activity in the best interest of the investors.

The UCILaw has a list of acts that a manager cannot carry out, such as granting loans, executing certain transactions on its own account, executing transactions relating to the assets held by the AIF with related parties, e.g., entities of its group, the depository, etc.

2.8 Does the fund remunerate investment managers through management/performance fees or by a combination of management fee and carried interest? In the case of carried interest, how is this typically structured?

The remuneration of the fund manager may consist of:

- a management fee payable by the AIF;
- subscription, redemption or transfer fees payable the investor; or
- other fees provided under the AIF's documentation.

Regulation no. 4/14 establishes that the management fee may have a fixed and a variable component. However, the variable component shall have a maximum limit, which cannot exceed 25% of the positive difference of the increase in the valuation of the assets by reference to the applicable benchmark.

3 Marketing

3.1 What legislation governs the production and use of marketing materials?

Please refer to question 1.1 above, plus the General Marketing Law, approved by Law no. 9/17 of 13 March 2017.

3.2 What are the key content requirements for marketing materials, whether due to legal requirements or customary practice?

The UCILaw and Regulation no. 4/14 provide minutes that the legal documents of the AIF (prospectus and regulation) must abide by.

In respect of marketing materials, there are no minutes available; however, it is customary for the fund manager and other distribution entities to provide information on the investment policy, markets targeted, main features (identification of the relevant entities, terms and conditions of the investment, links to the legal documents) and historic returns of the AIF.

Pursuant to Regulation no. 4/14, the marketing material shall contain the following warnings:

- “Reading of the prospectus and regulation of the AIF is recommended, before investing in it.”
- In cases where the marketing material discloses return figures, “past returns do not guarantee future returns” and “the disclosed returns are subject to taxation”.
- In cases where the figures have a reference period of less than a year, “[t]his UCI has less than 12 (twelve) months. In order to analyse the performance of an UCI, it is recommended the analysis of at least 12 (twelve) months”.

Lastly, as a general note, in accordance with Regulation no. 4/14, the information contained in the marketing materials must comply with the following principles: objectivity; identification; truthfulness; transparency; balance; timeliness; and comparability.

3.3 Do the marketing or legal documents need to be registered with or approved by the local regulator?

Yes. All marketing materials are subject to the CMC’s prior approval.

3.4 What restrictions (and, if applicable, ongoing regulatory requirements) are there on marketing Alternative Investment Funds?

The marketing or distribution (*comercialização*) of AIFs under the UCI Law occurs when there is a collection of funds with the public in order to be channelled with the investment in the AIF, provided that the activity is: (i) addressed to undetermined investors; (ii) preceded or followed by prospection or gathering of investment intentions with undetermined investors; and (iii) addressed to at least 150 addressees.

Therefore, only this kind of marketing is caught by the regime set out in the UCI Law and Regulation no. 4/14.

Furthermore, the concept of reverse solicitation is not an official exemption from the UCI Law requirements, but rather a tolerated practice, which consists in the investor, on its own initiative and without any previous engagement on the part of the distributor, requesting information on the AIF at stake. However, a case-by-case assessment needs to be conducted, considering that the use of the reverse solicitation expedient may come under the scrutiny of the CMC.

Closed-ended AIFs shall register the performance of marketing/distribution activities with the CMC.

Lastly, the marketing/distribution of foreign AIFs in Angola is subject to the prior authorisation of the CMC.

3.5 Is the concept of “pre-marketing” (or equivalent) recognised in your jurisdiction? If so, how has it been defined (by law and/or practice)?

The concept of pre-marketing is not expressly recognised in the UCI Law.

Nevertheless, if the pre-marketing does not constitute one of the activities expressly referred to by the UCI Law as a marketing activity (please refer to question 3.4 above), there are grounds to sustain that it will not be facing marketing activity subject to the UCI Law requirements.

3.6 Can Alternative Investment Funds be marketed to retail investors (including any specific treatment for high-net-worth individuals or semi-professional or similar categories)?

Yes. However, it must be noted that special AIFs investing in transferable securities or financial instruments (*organismos*

especiais de investimento coletivo em valores mobiliários) are distributed within specific segments of the market. If it is intended for the distribution to be carried out with non-institutional investors, the fund manager shall provide the CMC with a training plan of the entities in charge of such distribution. Notwithstanding, the CMC may refuse to grant the authorisation for the AIF to be distributed within certain segments of the market, in case it considers that the investors are not sufficiently protected.

3.7 What qualification requirements must be met in relation to prospective investors?

There is no particular requirement to be fulfilled in relation to investors in AIFs.

Nonetheless, the fund manager shall ensure that the “know your customer and investment adequacy analysis” is properly carried out in relation to the investor, as well as that the anti-money laundering and terrorism financing procedures are respected.

3.8 Are there additional restrictions on marketing to public bodies such as government pension funds?

There are no additional restrictions.

3.9 Are there any restrictions on the participation in Alternative Investment Funds by particular types of investors (whether as sponsors or investors)?

No. However, the holding of units/shares in AIFs may have an impact, that needs to be assessed on a case-by-case basis, on the own funds and reserves of the credit and financial institutions.

3.10 Are there any restrictions on the use of intermediaries to assist in the fundraising process?

No. However, the relationship established between the intermediaries and the AIF shall be put in a written agreement and disclosed in the AIF’s legal documents.

Furthermore, the intermediary, when carrying out the fundraising process, needs to act within its authorised scope of activities, i.e. if the fundraising process corresponds to marketing of the AIF under the UCI Law, the intermediary will need to be an authorised institution under the applicable legal terms to carry out the distribution of securities.

4 Investments

4.1 Are there any restrictions on the types of investment activities that can be performed by Alternative Investment Funds?

Yes. AIFs can only focus on investment activities and their management and investment shall comply with the general rules applicable to the financial instruments markets.

4.2 Are there any limitations on the types of investments that can be included in an Alternative Investment Fund’s portfolio, whether for diversification reasons or otherwise?

Yes. The assets eligible for the portfolio of the AIF will depend on its specific type.

Therefore, in general terms, an AIF investing in securities or financial assets may have in its portfolio: (i) securities admitted to trading in an Angolan regulated market; (ii) securities admitted to trading in a third country regulated market, provided that such is foreseen in the law, the AIF's legal documents or approved by the CMC; (iii) units/shares in other UCIs; (iv) bank deposits with a term of up to a year; (v) derivatives traded in regulated markets referred to in (i) and (ii) above; (vi) derivatives traded in OTC, provided that CMC regulations are complied with; (vii) money market instruments, whose issue or issuer is subject to regulation for the purposes of investors' protection or savings schemes; and (viii) other instruments provided in the CMC's regulations.

As regards real estate investment funds, they may invest the majority of their assets in real estate, but may also invest in shares of real estate investment companies (*sociedades de investimento imobiliário*), derivatives, mainly for hedging purposes, units/shares of other real estate investment funds and liquidity instruments. The extent to which the investment in the referred assets is limited depends on whether the AIF is closed-ended, open-ended or targeting a specific scope, i.e. real estate investment funds investing in house renting, agriculture, livestock, industrial exploration, etc.

4.3 Are there any local regulatory requirements that apply to investing in particular investments (e.g. derivatives or loans)?

The derivatives may only be used for hedging purposes and naked short-selling is forbidden.

Loans originating from AIFs are not allowed under Angolan law.

4.4 Are there any restrictions on borrowing by the Alternative Investment Fund?

Fund managers may obtain loans on behalf of AIFs under their management, but the loan period cannot exceed 120 days, consecutive or not, within a period of one year and up to a maximum of 10% of the AIF's NAV.

The loan to be granted under the terms described above shall be previously authorised by the CMC and the fund manager shall provide grounds for the reasoning for the loan, as well as provide the CMC with the loan's contractual conditions.

4.5 Are there any restrictions on who holds the Alternative Investment Fund's assets?

The depository is required to register or hold in deposit all assets of the AIF, save for those where, due to their nature, such is not possible, e.g., property or tangible assets.

In case the depository cannot register an asset nor receive it in deposit, it will be required to confirm that the AIF holds valid entitlement of ownership, or other right, over the referred asset, namely by verifying the relevant supporting legal and contractual documentation.

5 Disclosure of Information

5.1 What disclosure must the Alternative Investment Fund or its manager make to prospective investors, investors, regulators or other parties, including on environmental, social and/or governance factors?

The AIF's legal documents and their updates shall be available in a durable means or on an internet website. Considering that

the legal documents shall describe the fund manager's identity, depository, auditor, distributors and other services providers to the AIF, the majority of the data in connection with the AIF will be made available to the public.

However, the identity of the investors in the AIF is not mandatorily subject to public disclosure.

There are no developments in respect of disclosures relating to environmental, social and/or governance factors.

5.2 Are there any requirements to provide details of participants (whether owners, controllers or investors) in Alternative Investment Funds or managers established in your jurisdiction (including details of investors) to any local regulator or record-keeping agency, for example, for the purposes of a public (or non-public) register of beneficial owners?

The fund manager shall implement AML/CTF proceedings in respect of the investors and their beneficial owners, and the relevant authorities may request information on the compliance by the fund manager of its obligations in this regard. However, there is no public record-keeping or register of beneficial owners.

5.3 What are the reporting requirements to investors or regulators in relation to Alternative Investment Funds or their managers, including on environmental, social and/or governance factors?

The fund manager must prepare, publish and send to the CMC the reports and accounts, as well as the corresponding auditor's reports. These shall be made available free of charge to investors and participants who request the following:

- The annual accounts within four months of the end of the previous financial year.
- Half-yearly accounts within two months of the end of the half-year in office.

There are no developments in respect of reporting relating to environmental, social and/or governance factors.

5.4 Is the use of side letters restricted?

The use of side letters that set out particular terms and conditions in respect of governance, investment, etc. of the AIF is not specifically addressed by the UCI Law.

However, in the case of open-ended AIFs, considering that they usually target retail investors and/or a broader unrestricted scope of investors, the use of side letters that alter any relevant provision of the legal documents shall be deemed illegal, considering that, as a general principle, fund managers need to abide by the AIF's legal documents during the provision of their services.

In closed-ended AIFs, notably in AIFs targeting only professional investors, we trust that there is a wider margin to set out, namely through a side letter, specific provisions in respect of certain matters. However, in general terms, as the provisions of the UCI Law are imperative, any side letter providing for actions in breach of such legal provisions will be deemed illegal and may subject the fund manager to administrative offence proceedings.

6 Taxation

6.1 What is the tax treatment of the principal forms of Alternative Investment Funds and local asset holding companies identified in question 2.1?

The Angolan tax regime for AIFs set up under the contractual

structure with no legal personality and the collective investment company endowed with legal personality was initially enacted by Presidential Legislative Decree no. 1/14 of 13 October 2014; however, this regime was replaced by the Tax Benefits Code enacted by Law no. 8/22, of 14 April 2022, which now foresees the tax benefits applicable to AIFs.

An AIF is subject to Corporate Income Tax (CIT or “*Imposto Industrial*”) on the annual profit obtained on a worldwide basis in compliance with the accounting rules, including rents from real estate and investment income.

Capital gains and losses that are not realised are not taxed. The CIT rate is 10% for AIFs investing in securities or financial assets and 15% for AIFs investing in real estate.

AIFs are exempt from any other income tax, namely Investment Income Tax and Real Estate Tax on rental income. AIFs are also exempt from: (i) Real Estate Tax (a 50% reduction of the applicable tax rate shall apply to AIFs investing in real estate, regarding the transfer of immovable property and the ownership of immovable property not rented, for a period of one year, from the date of its acquisition); and (ii) Stamp Duty on share capital increase operations.

6.2 What is the tax treatment of the principal forms of investment manager/adviser identified in question 2.4?

There is no special tax treatment or rules applicable in Angola for investment managers or advisers.

As such, as Angolan-resident entities, they are subject to the general taxation regime: (i) 25% Industrial Tax on income obtained on a worldwide basis deriving from banking activities; and (ii) capital gains, interest and dividends are subject to Investment Income Tax under a withholding mechanism (rates may vary from 5% up to 15%).

Dividends paid between resident companies in Angola (provided that the distributing entity has equity traded on a regulated market) may be exempt from Investment Income Tax provided that a 25% stake is held for a minimum holding period of one year.

6.3 Are there any establishment or transfer taxes levied in connection with an investor's participation in an Alternative Investment Fund or the transfer of the investor's interest?

No establishment or transfer taxes are applicable.

6.4 What is the local tax treatment of (a) resident, (b) non-resident, and (c) pension fund investors (or any other common investor type) in Alternative Investment Funds?

Income obtained by a resident, non-resident or pension fund AIF unit holder is exempt from Investment Income Tax on any income obtained, namely those from redemption or distribution of income, as well as gains from the sale of units.

6.5 Is it necessary or advisable to obtain a tax ruling from the tax or regulatory authorities prior to establishing an Alternative Investment Fund or local asset holding company?

Yes, it is advisable, because there is still no track record or official guideline on how the Angolan Tax Authorities enforce the tax regime.

Moreover, the tax legislation is quite incipient in dealing with finance-structured investments.

6.6 What steps have been or are being taken to implement the US Foreign Account Tax Compliance Act 2010 (FATCA) and other similar information reporting regimes such as the OECD's Common Reporting Standard?

On 9 November 2015, the Intergovernmental Agreement (IGA) under Model I to improve international tax compliance with respect to the US Foreign Account Tax Compliance Act (FATCA) was signed between Angola and the US, approved by Presidential Decree no. 162/16, of 29 August.

Following the approval of the IGA, Presidential Legislative Decree no. 1/17, of 20 June, released the Regime applicable to the Tax Reporting of Financial Data within the framework of the Foreign Account Tax Compliance Act. This Presidential Legislative Decree established the legal framework applicable to the disclosure of information by financial bodies to the tax authorities. Additionally, Presidential Decree no. 33/20, of 21 February, approved the Regulations on the Tax Reporting Regime for Financial Data, following article 17 of Presidential Legislative Decree no. 1/17, of 20 June.

6.7 What steps have been or are being taken to implement the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), in particular Actions 2 (hybrids/reverse hybrids/shell entities) (for example, ATAD I, II and III), 6 (prevention of treaty abuse) (for example, the MLI), and 7 (permanent establishments), insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

Angola is not a member of the OECD. Nonetheless, Angolan Representatives were present on 30 June–1 July 2016 in an OECD meeting that took place in Kyoto, Japan, with the intent to push forward ongoing efforts to update international tax rules to tackle BEPS. Following this meeting, Angola joined Inclusive Framework on BEPS, on 7 July, as its 83rd member. In March 2023, Angola joined the international fight against tax evasion by becoming the 166th member – and 35th African member – of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum). No further relevant developments have occurred so far on these topics. According to the OECD website, the 2022 review of Action 6 on the prevention of treaty abuse has been completed.

Angola is not a signatory state of the MLI.

6.8 What steps have been or are being taken to implement the OECD's Global Anti-Base Erosion (GloBE) rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations? Do the domestic rules depart significantly from the OECD's model rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

There are no steps being taken to implement Global Anti-Base Erosion (GloBE) rules. Therefore, there are no domestic rules that replicate the OECD model rules, as Angola is not a member of OECD, despite having joined BEPS as previously mentioned.

6.9 Are there any tax-advantaged asset classes or structures available? How widely are they deployed?

There are none, since venture capital investment funds benefit from the same tax regime applicable to AIFs.

6.10 Are there any other material tax issues for investors, managers, advisers or AIFs?

No, there are not.

6.11 Are there any meaningful tax changes anticipated in the coming 12 months other than as set out at question 6.6 above?

The Angolan Tax Authorities have made available for public consultation a legal diploma that will regulate CIT, revoking miscellaneous tax legislation and focusing corporate taxation under one single tax, instead of the schedular regime (in which income from different sources are taxed separately) currently in force. Nevertheless, we do not have any visibility on the entry into force of the diploma as it is still under discussion and may be subject additional legal amendments.

7 Trends and Reforms

7.1 What have been the main trends in the Alternative Investment Funds space in the last 12 months?

At the time of writing, the Angolan legal UCI framework is in the consolidation stage.

Nevertheless, depending on the economic environment and political circumstances in the upcoming years, it may be necessary to update certain aspects of the Angolan legislation in light of developments and international experience, namely those stemming from the Alternative Investment Fund Managers Directive's implementation in EU Member States and new approaches adopted in the international AIF market.

7.2 What reforms (if any) in the Alternative Investment Funds space are proposed?

No reforms in the Alternative Investment Funds space are expected to occur any time soon.



Pedro Simões Coelho joined VdA in 1998. He is Partner of the Banking & Finance practice and currently head of the firm's Investment Funds practice. He is also responsible for the Agency & Trust practice and member of the firm's aviation finance team. He has been actively involved in several transactions, in Portugal and abroad, mainly focused on the advising, structuring and setting up of collective investment schemes such as mutual funds and real estate investment funds, infrastructure vehicles, venture capital funds and private equity structures.

VdA
Rua Dom Luís I, 28
1200-151 Lisbon
Portugal

Tel: +351 21 311 3677
Email: psc@vda.pt
LinkedIn: www.linkedin.com/in/pedro-simões-coelho-7026539



Carlos Couto joined VdA in 2011. He is a Managing Associate in the Banking & Finance practice, where he works on transactions related to securities, the banking sector and insurance industry. He provides ongoing support to several Portuguese asset management companies in regulatory and legal issues, as well as in transactions involving the acquisition and sale of assets under management or the disposal of the respective shareholdings.

VdA
Rua Dom Luís I, 28
1200-151 Lisbon
Portugal

Tel: +351 21 311 3400
Email: cfc@vda.pt
LinkedIn: www.linkedin.com/in/carlos-filipe-goncalves-couto-7127b07a



Luís Maria joined VdA in 2023. He is a Consultant in the Tax practice where he has been actively involved in several transactions, namely in the field of tax consulting and tax planning, as well as national and international taxation, namely in transactions involving double taxation, personal income tax and corporate income tax issues. His activity has a particular focus on matters of personal and corporate income taxation. He has been simultaneously dedicated to assisting high-net-worth individuals providing legal and tax advice in private wealth management and asset restructuring transactions.

VdA
Rua Dom Luís I, 28
1200-151 Lisbon
Portugal

Tel: +351 21 311 3400
Email: lum@vda.pt
LinkedIn: www.linkedin.com/in/luis-maria



Patrícia Nunes Mesquita joined VdA in 2021. She is an Associate in the Banking & Finance practice where she has been actively involved in several transactions.

VdA
Rua Dom Luís I, 28
1200-151 Lisbon
Portugal

Tel: +351 21 311 3400
Email: pnm@vda.pt
LinkedIn: www.linkedin.com/in/pnunesmesquita

Vieira de Almeida (VdA) is a leading international law firm with more than 40 years of history, recognised for its impressive track record and innovative approach in corporate legal services. The excellence of its highly specialised legal services covering several industries and practice areas enables VdA to overcome the increasingly complex challenges faced by its clients. VdA offers robust solutions grounded in consistent standards of excellence, ethics and professionalism. Recognition of the excellence of our work is shared by the entire team, as well as with clients and stakeholders, and is acknowledged by leading professional associations, legal publications and academic entities. VdA has been consistently recognised for its outstanding and innovative services, having received the most prestigious international accolades and awards of the legal industry. Through the VdA Legal Partners network, clients have access to 12 jurisdictions, with a broad sectoral coverage in all Portuguese-speaking and several French-speaking African countries, as well as Timor-Leste.

Angola – Cabo Verde – Cameroon – Chad – Congo – Democratic Republic of the Congo – Equatorial Guinea – Gabon – Mozambique – Portugal – São Tomé and Príncipe – Timor-Leste

www.vda.pt

International Comparative Legal Guides

The **International Comparative Legal Guide (ICLG)** series brings key cross-border insights to legal practitioners worldwide, covering 58 practice areas.

Alternative Investment Funds 2024 features one industry chapter, two expert analysis chapters and 22 Q&A jurisdiction chapters covering key issues, including:

- Regulatory Framework
- Fund Structures
- Marketing
- Investments
- Disclosure of Information
- Taxation
- Trends and Reforms

The International Comparative Legal Guides are published by:

glg Global Legal Group

