

Unlocking Europe's investment potential

Comparative analysis of EuVECA and ELTIF funds – two distinct EU brands

ELTIF and EuVECA European regimes

In the ever evolving landscape of European finance, two distinct investment fund structures have emerged as prominent players fostering economic growth and innovation.

The European Union's commitment to facilitating investment and supporting businesses has given rise to the European long-term investment fund (ELTIF) label subject to the ELTIF Regulation (EU) No. 2015/760 and the European venture capital fund (EuVECA) label subject to the EuVECA Regulation (EU) No. 345/2013.

Both EuVECA and ELTIF funds benefit from the European passport (which is broader than the marketing passport under the AIFMD), allowing them to target a wider range of investors with a streamlined regulator to regulator notification process.

At the same time the ELTIF and the EuVECA bear each their unique stamp.

Choosing Cyprus

Cyprus as an EU member state provides flexible and accommodating environment for both EuVECA and ELTIF funds. Our legal and regulatory framework aligns seamlessly with EU regulations, making it an ideal destination for investors and fund managers seeking to leverage the benefits of these EU investment structures.

Choosing Cyprus



1. **Passport to Europe and established connections to diverse investor markets**



2. **Cost-effective jurisdiction**



3. **Sophisticated business infrastructure to support the industry**



4. **Advantageous tax system**



5. **Strong legal system**



6. **Open market economy with highly qualified multi-lingual professionals**

The following comparative table provides for a concise overview of the key distinctions and similarities between EuVECA and ELTIF funds.

	ELTIF	EuVECA
Objective	Long-term investments in a broad range of assets, including infrastructure transport, energy, hospitals, schools, social housing, real estate, and unlisted companies.	Venture capital investments in small and medium-sized enterprises (SMEs).
Applicable legislation	Regulation (EU) No.2015/760 applicable since 9 December 2015 and revised by Regulation (EU) 2017/1991 applicable as from 10 January 2024.	Regulation (EU) No. 345/2013 applicable since 22 July 2013 and revised by Regulation (EU) 2017/1991 applicable since 1 March 2018.
Authorisation and supervision	Yes	Yes
Qualification as an AIF	Always	Always
Exemption from AIFMD full regime under lighter regime	No	Possible
External authorised Alternative Investment Fund Managers (AIFMs) requirement	EU authorised AIFM always required unless the entity is an AIF that is internally-managed.	EU registered or EU authorised AIFM
Eligible assets	<p>Restricted to:</p> <ul style="list-style-type: none"> • Equity or quasi-equity instruments issued by a Qualifying Portfolio Undertaking (QPU)¹ • Debt instruments issued by a QPU • Loans granted to a QPU with a maturity no longer than the life of the ELTIF • Units or shares of other ELTIFs, EuVECAs EuSEFs, UCITS and/or EU AIFs managed by an EU AIFM provided they have not themselves invested more than 10% of their assets in any other collective investment undertaking and on the assumption that these funds invest in eligible assets applicable for ELTIFs • Real assets • Simple, transparent and standardised securitisations (STS) • Green bonds. <p>Also same restrictions apply as set out under article 50(1) of the UCITS directive.</p>	<p>Restricted to:</p> <ul style="list-style-type: none"> • Equity or quasi-equity instruments issued by a qualifying portfolio undertaking² • secured or unsecured loans granted to a qualifying portfolio undertaking in which the fund already holds qualifying investments, so long as no more than 30% of the aggregate capital contributions and uncalled committed capital in the fund may be used for such loans • units or shares of one or several other EuVECAs provided that those EuVECAs have not themselves invested more than 10% of their aggregate capital contributions and uncalled committed capital in other EuVECAs.

note 1

- Is a financial undertaking (other than a financial holding company or a mixed activity holding company) that is a regulated entity authorised or registered more recently than 5 years before the date of the initial investment;
- Either (i) is not admitted to trading on a regulated market or MTF as defined in MiFID/MiFIR or (ii) is admitted to trading and has a market capitalisation of no more than EUR 1.5 billion at the time of initial investment;
- Is established in an EU Member State or in a third country that meets specific requirements.

note 2

- Is an undertaking that is at the time of the first investment by the fund in that undertaking not admitted to trading on a regulated market or multilateral trading facility, and that employ up to 499 persons, or is a small and medium-sized enterprise (SME) which is listed on an SME growth market.
- Is established in an EU Member State or in a third country that meets specific requirements.



	ELTIF	EuVECA
Eligible investors	Unrestricted	Restricted to: <ul style="list-style-type: none"> • Professional investors either “per se” or upon request, in accordance with Annex II of MiFID, or • other investors who commit to invest a minimum of EUR 100,000 and state in writing, their awareness of the risks associated with the proposed investment.
Portfolio composition and risk diversification requirement	Must invest within five years of authorisation at least 55% of its capital in eligible assets and maximum 45% in liquid investments (UCITS eligible assets). Further ELTIFs marketed to retail investors are subject to specific rules in respect diversification.	Must invest at least 70% of its capital in eligible assets and a maximum of 30% can consist of other non-eligible assets. No specific risk diversification requirements.
Borrowing	Permitted but certain restrictions apply	Can not use leverage
Legal Form	Investment company (with fixed or variable capital); Limited Partnership (with or without legal personality); Common Fund In principle closed-ended but may be open-ended provided certain safeguards are in place.	Investment company (with fixed or variable capital); Limited Partnership (with or without legal personality); Common Fund. Open-ended or closed-ended.
Umbrella structure	Possible	Possible
Depository	Required	Not required if the manager is a registered AIFM.

Our services

- Assistance in set-up and structuring;
- Acting as promoter of the client's entire application and liaising with the regulatory authorities, as necessary;
- Assistance with drafting of constitutional documents and private offering memorandum/prospectus;
- Design of corporate governance framework and preparation of internal operations manual;
- Advising for PRIIPs regulation and assisting on KID preparation;
- Assistance with re-domiciliation of funds.

Bespoke services:

- Internal audit, risk and compliance services;
- Financial risk management;
- Transactions and restructuring;
- IT Advisory;
- Business performance services.

Technology powered services:

- AIFMD Reporting;
- Risk management and reporting;
- Automation of procedures.

Regulatory Services

Advisory Services

Asset Management Services

Audit Services

Tax Services

- Audit of the statutory annual financial statements based on IFRS;
- Compliance and regulatory reporting for clients;
- Consultation on audit and accounting matters.

- Fund structuring and transaction analysis;
- International tax planning and implementation of cross-border investments and transactions;
- Preparation and submission of corporate tax returns;
- VAT services in relation to fund providers and VAT compliance.

Main Contacts

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