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Dear Reader,

The world is in turmoil, pitching from one disaster to the next, from economic to political to natural. Professional opinion on the resolutions is at best disparate; spend or save, invade or appease, nuclear or fossil.

Investors face as much soul searching and uncertainty in their choices. Here at KMG we see what fund promoters perceive to be the right solutions. These currently include real assets, equities backed by commodities or ventures outside of the main stream -seeking out value where others have not yet looked. Ultimately which courses of action are correct will be decided by history.



Meanwhile, the only people with a 100% courage of their convictions are the Bureaucrats. For them, it seems the answer to every problem is regulation followed by more regulation... the silver lining to this is that the more difficult they make life, the more people need our help.

In this edition we bring you a couple of interesting fund solutions, and an update on some of the regulation that will impact upon us all.

Kind Regards,
Kevin Mudd, Director

LM Investment Management Ltd selects KMG SICAV-SIF S.A. for its Luxembourg funds



When Australian fund manager LM wanted to significantly boost its EU presence it knew it would have to 'go native'.

LM Investment Management is a successful manager; it has a 13 year track record, distribution in some 60 countries and AUD 1 billion under management.

To be totally accepted by investors across all European States, however, it still needed that EU feel, structure and presence. Our objective was to provide LM with a cost and time effective solution which did not involve them in having to replicate their existing Australian infrastructure in Europe.

Working with LM, KMG put together Feeder funds, linking directly into the existing Australian Master Funds. This gives EU investors the comfort and the extra layer of protection of a Luxembourg investment. Meanwhile for LM their investment approach, combined assets and management all remains undisturbed in Australia.

[Contact KMG SICAV-SIF](#)

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Fund Focus:



The Lucent strategic land fund acquires land which has been designated for residential development within local town plans, but, prior to the granting of planning permission; thus enabling investors to benefit from the largest gain in the real estate cycle.

Following an intensive acquisition and planning period for each site purchased, the fund will begin to deliver ready-to-build sites within an 18 to 24 month period.

Target IRR for a typical project will be over 19% and the project investment levels will range from five million pounds upwards. The Lucent Strategic Land Fund is the first OEIC to enable investors to participate in strategic land, an asset class usually only available to sizable institutions.

True to its reputation of identifying key sites with the largest potential for gains, Lucent has secured for its first acquisition phase one of the heralded Lincolnshire Lakes urban extension in North Lincolnshire. The fund has entered into an Exclusivity Agreement with the Local Authority to act as Master Developer for the entire Lincolnshire Lakes area covering 2,000 hectares of land

With an eye to 2013 and the distribution problems that may face non EU funds, KMG sought to ensure that the new Feeders should be in a position to obtain their EU passports. 'The technical challenges for us', says Paul Pavli, KMG's Operations Director, 'was to obtain an understanding of Australian Legislation so as to be able to make modifications to the underlying funds to ensure that the new Feeders are AIFMD ready.'

LM is absorbing any feeder fund costs to ensure that clients will receive the same returns whether investing via Luxembourg or directly into the Australian Master.

LM founder and CEO, Peter Drake comments: 'Many European investors are looking further afield for growth and returns and Australia is the logical choice. Utilising KMG's Luxembourg structure for our established income funds will allow European advisors and institutions greater ease of access to the quality Australian investments that we manage. With KMG's platform all the proven legalisation, legal, custodial, audit and administrative infrastructure required to operate soundly exists.'

For details of the LM Australian Income Fund – Currency Protected Lux and other LM funds, visit www.lmaustralia.com



Getting to Know Us



This month we introduce Richard Goddard, Director of KMG SICAV-SIF S.A.

Richard is a chartered accountant with over 20 years experience in the European financial sector. He has held various general management, business development and operational roles within (JP Morgan) Fleming and ABN AMRO Asset Management.

He is a graduate from Trinity College Oxford and a Fellow of the Institute of Chartered Accountants of England and Wales [ICAEW].

After completing a DPhil, Richard trained and worked as a Chartered Accountant with Price Waterhouse (Coopers) before leaving in 1994 to join (JP Morgan) Fleming, where he held a number of directorships before becoming European Head of Operations and Customer Services for Fleming Asset Management between 1998 and 2000.

In June 2000, he joined ABN AMRO as Managing Director for ABN AMRO Investment Funds SA Luxembourg. He was made Head of European Funds, ABN AMRO Asset Management in March 2004 and was Chairman of the Group's Luxembourg-based funds.

Richard is a native English speaker and fluent in French and German with a solid working knowledge of other European languages. Over the past 10, years he has acted as a Director for various Luxembourg domiciled funds, including alternative investment vehicles, multi-manager products, private equity and structured funds. In addition to this, he is actively involved in a number of industry bodies, including membership of the Investment Funds Committee of Luxembourg Institute of Directors, and the Consultative Committee of Accounting Bodies.

incorporating 10,000 houses, 100,000 square metres of commercial floor space, schools, shops and leisure facilities. Lincolnshire Lakes is aligned with a £5bn Government investment into the Humber Gateway. The subject site will support the first 3,000 new homes and 25k sq m of commercial space.

This flagship project will create a major new waterside neighbourhood and urban extension. The project involves the development of a number of lakes, which will provide an outstanding landscape feature and recreational resource. Adjacent to this will be the creation of quality housing and employment space, all within an ecologically sound environment.

Lucent will be working with the Local Authority to produce a final master plan which will be subsequently followed by a planning application. The anticipated IRR is 21%.



For further details on the Lucent Strategic Land Fund please visit: www.lucentgroup.co.uk

Up & Coming Events



IIR & IBC Financial Events

Perceptions of Hedge Funds & Investors

24th May 2011 - London

28th June 2011 - Geneva

There are a number of factors currently driving the re-domiciliation of hedge funds and many factors driving the relocation of hedge fund managers.

Leading industry professionals who will discuss and debate the

AIFMD (Alternative Investment Fund Manager Directive) Update



To simplify life, the EU Commission split funds in to two categories; UCITS and Not UCITS. The Not UCITS category is now re-labelled as Alternative Investment Funds (AIF). The AIFMD thus affects all non-UCITS funds; it covers all management and marketing of such funds within the EU and thus is of the

utmost importance to any AIF or Alternative investment Fund Manager (AIFM) wishing to carry out business within Europe.

The Directive received approval in November 2011 and will now come into force this year, probably around June 2011. From then it will have 2 years for the various EU states to transpose the directive into national law, during which period various pieces of subsidiary legislation will be drawn up to add detail to the agreed framework.

Summary of key points to date:

- Fund managers must be authorised by a member state to operate in the EU. Once authorised, a fund manager may market funds to professional investors in any member state.
- Fund managers will need to satisfy their regulator of their risk management and prudential oversight arrangements, and will need to disclose information on a regular basis to the supervising authority.
- Fund managers must provide potential investors with clear descriptions of their investment policy, the types of assets and the use of leverage.
- Regulators have power to set limits on the levels of leverage employed. High levels of leverage will require more regular reporting to the regulator.
- Fund managers whose funds hold controlling stakes in companies will need to report certain information to other shareholders and their regulator.
- A passport will allow authorised fund managers to market funds to professional investors throughout the EU from 2015. After 2 years this passport will be extended to the marketing of non-EU funds, managed both by EU AIFMs and AIFMs based outside the EU. In accordance with the principle of 'same rights, same obligations', Existing national private placement rules in relation to non-EU AIFs can continue until at least 2018 but will be subject to additional conditions.
- Every fund must have a depository. The protection offered to investors under the AIFMD is higher than the protection offered under MiFID to UCITS investors. Depositories will have strict liability where they delegate their functions, subject to certain exceptions.
- Overall control of policies and decisions of regulators will increasingly be vested with The new European Securities and Markets Authority ('ESMA'), the successor to the Committee of European Securities Regulators ('CESR').

trends alongside the advantages and disadvantages of key jurisdictions.

Kevin Mudd, Director of KMG SICAV-SIF will be a speaker at these events.



ALFI 3rd Leading Edge Conference

'Towards the successful implementation of the AIFMD'
4th May 2011 - Luxembourg

The conference will be a unique opportunity to hear from and exchange views with the industry leading experts and ALFI's specialists on:

- Routes to the EU markets for Alternative Managers from 2013 onwards.
- Detailed implications of the AIFM Directive for Investment Managers, Depository Banks & Fund
- New Opportunities for the Luxembourg Financial Centre.

[Click here to find out more](#)

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