

LLB Swiss Investment Ltd.

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About us

Dear reader,

With this newsletter we would like to keep you updated on changes in our company as well as interesting facts about Swiss fund regulatory aspects in regards of distributing foreign funds in Switzerland.

We aim to provide you with valuable information in this newsletter format and **look forward to receiving any feedback** you may have. We hope you enjoy the read!

1. Financial Result of LLB Group



With the best annual result in more than ten years, **LLB Group** closed the **2023 financial year very successfully** and achieved year-on-year growth of over 10%. To further drive growth, LLB Group opened three new locations in Germany (Munich, Frankfurt, Düsseldorf) in January 2024. In Switzerland, two new locations will also be added in Zurich and St. Gallen.

2. About LLB Swiss Investment Ltd.

LLB Swiss Investment Ltd., for its part, has reached **a new high** in its main activity of launching and managing **Swiss private label funds**, with currently 66 funds and a fund volume of almost CHF 6 billion. We continuously invest in the further optimisation and automation of our processes so that we can provide our services even more quickly and stably.

The **service as representative of foreign funds** is the second important pillar of LLB Swiss Investment Ltd. We have been offering this service for over 10 years. We now represent **more than 250 foreign funds** in Switzerland and have expanded our expertise and resources over time. We work together with six different paying agents in Switzerland and are well placed to point out their advantages and disadvantages to the client when choosing the right paying agent. On request, we can also take over the contract management with the paying agents and thus ensure that the foreign fund provider has only us respectively **one contact person in Switzerland (following the one-stop shop approach)**.

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3. Swiss Tax Transparency – Points to be Aware of

The investment of a Swiss investor in a foreign or Swiss fund is generally taxed in the same way. A special feature of Swiss tax law is that in the case of "private individuals with investments in private assets", capital gains are generally treated as tax-free and only income (e.g. interest and dividends) is taxed. In the case of legal entities and "private individuals with investments held as business assets", no distinction is made in this respect and both capital gains and income are taxed.

Consequently, **no further tax clarifications** for Switzerland need to be carried out for a foreign fund as long as only **Swiss legal entities and "private individuals with investments as business assets"** are invested.

However, as soon as "private individuals with investments in private assets" are invested, it is worth clarifying this in more detail. In principle, the local tax office at the Swiss investor's place of residence decides which income from the foreign fund is taxable. If the annual reports of the foreign fund or the taxable income and the net asset value per unit are sent to the Swiss Federal Tax Administration (FTA), the FTA accepts the income or capital gains and the net asset values per unit shown therein without checking them and displays them on its website.

The local tax office can use this as a guide when taxing the Swiss private investor, but is not obliged to do so. If there are obvious violations in the reported taxable income of the foreign fund (e.g. no tax correction for expenses > 1.5% of the fund assets), the local tax office can determine the taxable income at its own discretion. And in the absence of data, this will probably be to the tax disadvantage of the private investor.

Ensuring tax transparency in Switzerland is **not a regulatory task of the representative**. Nevertheless, we will be happy to **assist you** in assessing whether Swiss tax specialists should be consulted.

4. Publication Duty – Swiss Investors need to be informed in a timely manner

Foreign funds that have been authorised by FINMA for distribution in Switzerland to "non-qualified investors" must comply with certain **publication requirements**.

This includes the fact that, in the event of changes to the fund documents, the notifications to the fund investors in the home country of the foreign fund must also be published in Switzerland at the same time. As representatives, we have to ensure compliance with this publication obligation, which is why our processes are set up in such a way that we can fulfil this requirement. In this regard, we depend on complete and timely notifications from our clients and foreign fund providers, which is why a regular information exchange is important and a key focus in our service delivery.

5. Do you have further Question on the Distribution in Switzerland?

As the legal representative of your funds in Switzerland, we will be happy to answer any questions you may have! Please do not hesitate to contact us.