

FUND MANAGEMENT SERVICES

THINK MEGA.



MEGA PLOUTOS
FUND MANAGEMENT

ABOUT US

“ In an ever changing business environment, we can help you navigate your options and realise your investment objectives. Our fund management services are designed to add value by leveraging our deep-sector expertise and exceptional client service. ”

Mega Ploutos Fund Management Ltd (MP AIFM) is an Alternative Investment Fund Manager (AIFM), authorised and regulated by the Cyprus Securities and Exchange Commission (CySEC) with license number AIFM52/56/2013.

MP AIFM specialises in the management of Alternative Investment Funds (AIFs) offering comprehensive solutions for both AIFs and Registered AIFs (RAIFs).

Our seasoned professionals and certified experts can advise you on the fund structure to suit your needs and assist you with all aspects of the fund establishment and administration. We also have a strong network of local partners and associates and can introduce you to legal counsel, auditors, tax advisors and custodians as required.

We are based in Cyprus and can operate throughout the EU, in line with the EU's AIFM Directive.



CERTIFIED EXPERTS

DEEP INDUSTRY KNOW-HOW

EXCEPTIONAL CLIENT SERVICE

HIGHLY EXPERIENCED TEAM

FULL SPECTRUM OF FUND MANAGEMENT SERVICES

WHY CYPRUS

Cyprus has long been an established business hub, with a strong track record of successfully servicing international clients. Through continuous structural reforms and targeted incentives, Cyprus, is developing an attractive environment for international fund managers.

In particular, with the requisite legislation and increasing inflows of foreign investments, Cyprus, is on track to becoming a fund and asset management centre of excellence; offering a flexible, safe, transparent and cost-effective ecosystem for investment funds and asset managers.

The country's competitive advantage lies in a combination of factors that collectively make Cyprus a unique fund jurisdiction:

- EU Member state compliant with EU Laws & Regulations
- Member of the Eurozone, Council of Europe, IMF, World Bank, Commonwealth, UN and WTO
- Simple and cost-effective to set up and operate funds
- Legal system based on English Common Law
- Favourable EU and OECD compliant tax regime
- Strong and established professional and financial services sectors with highly-qualified personnel
- Leading business centre with sophisticated infrastructure
- Abundance of highly educated and skilled individuals, multilingual in their majority
- Strategic geographical location (between Europe, Middle East and Africa) and convenient time zone, with excellent transport links and telecommunications
- Modern regulatory framework, fully harmonised with EU Directives, providing transparency and flexibility
- Stable and attractive corporate tax system, with an extensive range of double tax treaties (i.e. more than 60 countries)
- Collective investments can be listed on the Cyprus Stock Exchange and other recognised EU stock exchanges
- Attractive incentives and tax benefits for fund managers and High Net Worth Individuals (see page 4)
- Increased flexibility as a number of asset classes can be included in the investment strategy.

TAXATION

Cyprus' tax regime provides notable tax incentives for the set up and operation of funds. These provisions include:

Fund Taxation

- 12,5% corporate tax rate - among the lowest in the EU
- Gains from trading in securities are tax exempt
- Notional Interest Deduction (NID) for new equity may reduce taxable base for interest received by up to 80% (for company type funds) reducing the effective tax on interest to 2,5%
- Excluded from tax are dividends received, capital gains arising from sale of property abroad, capital gains from sale of shares of foreign property companies
- No subscription tax on the net assets of the fund
- Fund management services are not subject to VAT
- Each compartment of an AIF, although legally is not treated as a separate entity, for tax purposes is treated as a separate taxpayer
- AIFs having the form of an investment company, can take advantage of the wide double tax treaty network of Cyprus
- Depending on the legal form of the fund, an AIF may be transparent for tax purposes
- Based on the current Cyprus tax legislation, no permanent establishment is deemed to arise in Cyprus in the following cases of:
 - i. Non-Cyprus resident investors investing into Cyprus tax-transparent investment funds; or
 - ii. Non-Cyprus investment funds managed from Cyprus.

Investor taxation

Non-Tax resident investors

- No withholding tax on dividends distributions
- The subscription, redemption, conversion or transfer of a fund's units is exempt from Cyprus stamp duty
- No capital gains tax on the disposal or redemption of units*

Tax resident investors

- Withholding tax of 17% on dividends – if the investor is physical person (zero if legal entity or a non-domiciled physical person)
- The subscription, redemption, conversion or transfer of a fund's units is exempt from Cyprus stamp duty
- No capital gains tax on the disposal or redemption of units*

** Provided that the fund does not hold, either directly or indirectly, immovable property located in Cyprus. However, even if it owns immovable property in Cyprus, no capital gains tax arises if the fund is listed on a recognised stock exchange.*

AIFS AT A GLANCE

Cyprus offers an attractive range of regulated and unregulated structures suitable for both professional and non-professional investors, including: common funds; variable or fixed capital investment companies; and limited partnerships.

The country offers two fund options that are compliant with the Alternative Investment Fund Managers Directive, offering EU-wide distribution:

- 1) Alternative Investment Fund (AIF) with either Unlimited Number of Persons or Limited Number of Persons; and
- 2) Registered Alternative Investment Fund (RAIF).

These AIF regimes are subject to differing investor criteria, minimum capital and asset requirements:

| | AIF with Limited number of Persons | AIF with Unlimited number of Persons | Registered AIF (RAIF) |
|--|---|---|---|
| Regulatory Authority | CySEC | CySEC | CySEC – however no licensing required |
| Limitation on number of Investors | Up to 50 (with look through provisions) | Not applicable | Not applicable |
| Available Structures* | Variable Capital Investment Company (VCIC), Fixed Capital Investment Company (FCIC), Limited Partnership (LP) | Variable Capital Investment Company (VCIC), Fixed Capital Investment Company (FCIC), Common Fund (CF), Limited Partnership (LP) | Variable Capital Investment Company (VCIC), Fixed Capital Investment Company (FCIC), Common Fund (CF), Limited Partnership (LP) |
| Eligible Investors | Professional and/or well-informed investors | Professional and/or well-informed investors or Retail investors (subject to conditions) | Professional and/or well-informed investors |
| Umbrella Funds | Possible for all structures | Possible for all structures | Possible for all structures |
| Minimum AuM within 12 months | €250,000 | €500,000 | €500,000 |
| Minimum Share Capital | Internally managed funds only €50,000 | Internally managed funds only €125,000 | Externally managed the RAIF does not require minimum share capital |

(CONTINUED)

AIFS AT A GLANCE

(CONTINUED)

| | AIF with Limited number of Persons | AIF with Unlimited number of Persons | Registered AIF (RAIF) |
|---|--|---|--|
| External Manager Licensing Requirement | No, can be internally managed | No, can be internally managed | Yes, always externally managed |
| Director Requirements | Fit and Proper | Fit and Proper | Fit and Proper |
| Depositary Requirements | <p>Cyprus, EU or in a third country based.</p> <p>May be waived if one of the following criteria is met:</p> <ul style="list-style-type: none"> • total assets of the fund < €5m and up to 5 investors; <p>or</p> <ul style="list-style-type: none"> • no more than 10% of total assets are subject to custody and; investors up to 25 and; minimum investment per investor is at least equal to €500.000 | <p>Mandatory appointment of a local Depositary if managed by an AIFM.</p> <p>Cyprus, EU, or in a third country based if AIFM is not appointed</p> | <p>Mandatory appointment of a local Depositary if managed by an AIFM.</p> <p>Cyprus, EU or in a third country based if AIFM is not appointed</p> |
| Reporting ** | Audited annual report and half-yearly unaudited report to be submitted to CySEC and made available to unitholders | Audited annual report and half-yearly unaudited report to be submitted to CySEC and made available to unitholders | Audited annual report and half-yearly unaudited report to be submitted to CySEC and made available to unitholders |

Source: CIFA

* Amendments to the current Partnership Law will allow the General Partner to elect for legal personality of the Limited Partnership upon its establishment

** Additional reporting requirements apply for AIFs with unlimited number of persons which are subject to the AIFM Law and for Registered AIFs, the scope and frequency of which depend among others in the type of AIF managed by the AIFM and the level of AuM.

HOW CAN WE HELP

Our team consists of experts in Risk Management, Portfolio Management, Compliance and Internal Audit, among others, have ample experience in the provision of support to AIFs and RAIFs.

We offer a range of fund management services either via in-house experts or via our associates.

FUND ESTABLISHMENT

- Assess investors' objectives to determine a fund's investment strategy and the most appropriate setup;
- Support with the fund licensing and registering process; and
- Assist with the set-up and operational management of the fund.

FUND ADMINISTRATION

We offer a full range of fund administration functions, including but not limited to:

- Legal and fund management accounting services
- Administrative and bookkeeping services
- Investor inquiries
- Valuation and pricing, including tax returns
- Regulatory compliance monitoring
- Maintenance of unit/shareholder register
- Distribution of income
- Issues and redemptions of unit/shares
- Contract settlements, including certificate dispatch
- Record keeping
- Marketing*.

** We are fully licensed under the AIFMD which offers your fund the opportunity to market to professional investors in any EU markets without the need to have a physical presence in these countries.*

RISK MANAGEMENT

- Perform quantitative and qualitative assessments of the effectiveness of the funds' risk management policies and mechanisms, including liquidity analysis and stress tests.

PORTOFOLIO MANAGEMENT

- Support the AIF, its promoters and investment advisors during the investment and disinvestment processes by reviewing investment proposals and by ongoing monitoring of the investment portfolio.
- We implement checks and monitoring over the delegated portfolio managers and support AIFs operationally during the investment process
- Note the operating license of MP AIFM covers the management of AIFs following the strategies of: Real Estate, Private Equity and Other. Hedge Funds, and Fund of Funds strategies are possible with special application to CySEC.

COMPLIANCE & INTERNAL AUDIT

- Assist with ensuring the regulatory and KYC/AML compliance and monitoring the adequacy and effectiveness of the policies, arrangements and procedures in place.

The information provided in this document for general information purposes only. You should always seek professional advice suitable to your needs. For more information on our services and how we can assist you, please feel free to contact us.





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Mega Ploutos Fund Management Ltd is authorised and regulated by CySEC (authorisation number AIFM52/56/2013 & Registered Number HE428838). Member of the Cyprus Investment Funds Association (www.cifacyprus.org).

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