

Unlocking Opportunities:

ELTIF 2.0

Wealth & Asset Management

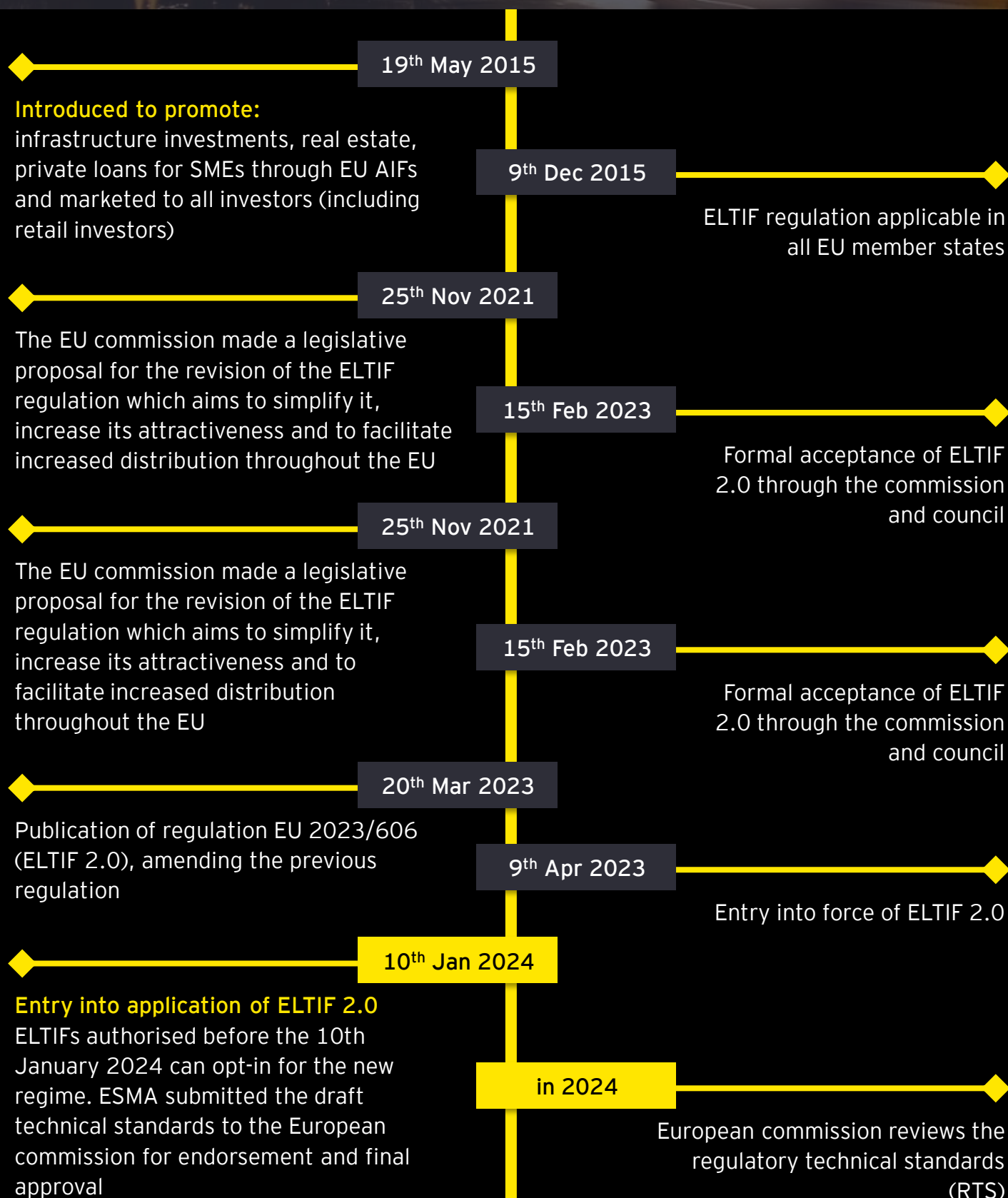
A strategic approach for the
Asset Management industry



Building a better
working world

European Long-Term Investment Fund (ELTIF) Timeline

Will the revised regulation help increase adoption among market participants? The next review of the ELTIF regulation will take place in March 2030.



Regulatory Technical Standards (RTS)

The changes in the RTS are expected to unlock potential for investments and retail investors, providing ELTIFs with a better liquidity profile, and offering private investors efficient access to the broadest possible range of investment capabilities.

Feature	ELTIF 1.0 Regulation	ELTIF 2.0 Regulation
1 Eligible assets	Required to invest (at least) 70% of capital in eligible assets. Individual real assets must have a value or at least €10.000.000.	Required to invest (at least) 55% of capital in eligible assets. No minimum value requirement for real assets. "Real assets" redefined as assets with an "intrinsic value due to their substance and properties".
2 Minimum investment requirement	€10.000 for retail investors without exceeding 10% of the overall portfolio of financial instruments in the ELTIF (not more than 10% for a portfolio of €500.000 or less).	None. However, a suitability assessment (in line with MiFID II) has been put in place, together with a clear written alert to be issued to retail investors under certain circumstances.
3 Diversification	€500.000.000 limit at time of the initial investment.	Limit increased to €1.5 billion .
4 Investing structures	Restrictions on investments in other funds through the life of an ELTIF.	Facilitation of fund of fund investments and master-feeder structures (limited to feeder ELTIFs which invest in master ELTIFs only).
5 Liquidity and borrowing	Borrowing limited to 30% of the capital of the ELTIF.	Borrowing limit raised to 50% of ELTIF NAV for retail investors and 100% for professional-only ELTIFs .
6 Market cap. for entities listed on regulated market or MTF	ELTIFs allowed up to 10% investment in single qualifying portfolio undertaking or real asset , and up to 10% in units/shares of other eligible funds . Additionally, up to 5% investment in UCITs-type assets by a single entity permitted.	Increased limit to 20% for the aforementioned assets. Increased limit to 10% for UCITs-type assets , when issued by a single body.
7 Lock-up period & Redemptions	No minimum holding period. No provision for early exit.	Minimum holding period introduced , with potential for early exit via transfer matching.

Key Considerations when pursuing ELTIF 2.0

Investors seeking to invest in private markets wish to do so through their existing channels, while prioritizing investment performance and product diversity. Asset managers are now presented with opportunities in targeting retail investors through ELTIF structures.



Market Opportunities

- ✓ Conduct comprehensive market analysis to identify gaps, investor demand, and competitive landscape for ELTIFs.
- ✓ Identify specific sectors or asset classes that could benefit from long-term investments.



Target Investors

- ✓ Define target investor profile based on risk appetite, investment preferences, and geographical location.
- ✓ Consider institutional investors, high-net-worth individuals, or retail investors.



Compliance & Regulations

- ✓ Ensure deep understanding of regulatory framework governing ELTIFs.
- ✓ Comply with regulations and prioritize investor protection measures.



Operational Considerations

- ✓ Evaluate operational requirements for launching and managing ELTIFs.
- ✓ Address fund administration, custody services, reporting obligations, and risk management.



Investment Strategy & Differentiation

- ✓ Develop compelling investment strategy to differentiate ELTIFs from competitors.
- ✓ Emphasize specific sectors, thematic investments, or impact-focused strategies.



Distribution Channels

- ✓ Identify suitable distribution channels to reach target investors.
- ✓ Partner with distribution platforms, financial advisors, or wealth management networks.



Marketing & Branding

- ✓ Develop strong brand identity and comprehensive marketing strategy.
- ✓ Communicate unique value proposition of ELTIFs, emphasizing benefits of long-term investments, risk diversification, and potential returns.



Continuous Monitoring & Evaluation

- ✓ Implement robust framework for ongoing monitoring, evaluation, and reporting.
- ✓ Regularly review investment strategy and adapt to market conditions and investor preferences.

EY Services for your ELTIF 2.0

Targeting retail investors with open-ended illiquid strategies significantly increases the complexity of the operating model for asset managers and asset servicers. It is necessary to examine the impact of the launch of an ELTIF across various areas of the value chain.

Explore how **EY can support you** to ensure operational readiness & completeness.

As **your transformation partner of choice**, we would commit ourself to **your success!**

Module 1



Health Check



- ✓ Support with the preparation of the authorisation application documents in Germany (BaFin) or Luxembourg (CSSF)
- ✓ Quality control of the fields of action (open/closed structure; intended investor structure)
- ✓ Assessment of intended target investment (ELTIF)

Module 2



Operating Model Definition

- ✓ Analysis and assessment of existing business processes & technology landscape for ELTIF-readiness
- ✓ Definition of sourcing model on basis of relevant design principles and requirements
- ✓ Definition of a transformation roadmap towards future operating model

Module 3



Service Provider Selection

- ✓ Identification of suitable providers on the basis of pre-defined requirements
- ✓ Drafting of RFI / RFP questionnaires and provision of technical expertise
- ✓ Assessment, evaluation, scoring and discussion of RFP answers
- ✓ PMO and SME support during onboarding of service provider

Why EY?



Key Differentiators:

Our capability to provide detailed and 'practical' guidance on best market practices

Our 'hands-on' and partnership approach

A truly integrated firm, with cross-border teams able to operate in multiple jurisdictions in a seamless way

Our deep knowledge of, and experience with, key solution providers

Our people and methodologies

Contact us!



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