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01/07/2018

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Additional Information

Level 1 Regulation

Undertakings for Collective Investment in Transferable Securities Directive (UCITS) Directive 2009/65/EC

Topic

UCITS eligible assets and investment restrictions

Subject Matter

UCITS investing in other UCITS with different investment policies

Question

Is a UCITS permitted to invest in other UCITS or collective investment undertakings with different investment strategies or investment restrictions? By way of example, could a UCITS that in accordance with its fund rules or instruments of incorporation and prospectus is not permitted to invest in certain assets or use derivatives for purposes other than hedging invest

in other UCITS or collective investment undertakings that are not subject to the same investment restrictions?

ESMA Answer

01-07-2018

Original language

[ESMA 34-43-392 UCITS Q&A, Section 1, 6a]

The prospectus of a UCITS should clearly disclose whether in the case of fund of fund investments, the target fund(s) might have different investment strategies or restrictions. Where the fund rules or instruments of incorporation and prospectus of a UCITS expressly rule out certain types of assets or derivative use without any reservations, UCITS management companies/self-managed investment companies should carry out proportionate due diligence to ensure that fund of fund investments do not result in a circumvention of the investment strategies or restrictions set out in the fund rules or instruments of incorporation and prospectus of the investing UCITS. _