

## Response to the ESMA Consultation on the Draft RTS on open-ended loan-originating AIFs under the AIFMD

Consultation Questions	Invest in Visions Responses
Q1: Are there any elements other than the redemption policy, the availability of liquid assets, the performance of liquidity stress tests and ongoing monitoring that AIFMs shall take account to demonstrate that the liquidity management system of the OE LO AIFs they manage is sound? If yes, please specify.	No, these are already the most relevant elements to be taken into account.
Q2: Do you agree with the list of factors set out in Article 2 of the draft RTS to be considered by AIFMs to establish an appropriate redemption policy for an OE LO AIF? If not, please justify your position.	Yes, we agree.
Q3: Are there any other factors that AIFMs shall consider to demonstrate that the redemption policy of the OE LO AIFs they manage is appropriate? If yes, please provide a list of such factors and explain why they shall be included.	No.
Q4: Do you agree that AIFMs that intend to manage OE LO AIFs shall determine an appropriate proportion of liquid assets to be able to meet redemption requests? If not, please justify your positions?	Yes, we agree.
Q5: Do you agree with the list of factors that AIFMs shall consider to establish the appropriate amount of liquid assets? If not, please justify your position. Shall AIFMs consider other factors, and if yes what are these factors?	Yes, we agree.
Q6: Do you agree that cash flow generated by the loans granted by OE LO AIFs shall be considered as liquid assets? If not, please justify your position.	Yes, we agree.

<p>Q7: Do you agree that AIFMs may consider other assets as liquid if they can demonstrate that these assets can be liquidated within the notice period, to meet redemption requests, without significantly diluting their value? If not, please justify your positions.</p>	<p>Yes.</p>
<p>Q8: Are there any other types of assets that could be considered as liquid for the purpose of the availability of liquid assets? If yes, please give examples and explain why they could be considered as liquid for the purpose of the availability of liquid assets. Conversely, are there any other types of assets that shall not be considered as liquid? If yes, please specify.</p>	<p>Additional assets that could be considered as liquid: Standby credit (overdraft) facilities with a maximum pre-notice similar to investor redemption notice period.</p>
<p>Q9: In your practical experience, how do AIFMs that manage OE LO AIFs determine the level of liquid assets to be held by the fund to meet redemption requests? In particular, how do they calibrate the amount of liquid assets with respect to the maturity of the loans granted and the number of loans in the portfolio?</p>	<p>In our experience, the level of liquid assets to be held is based on liquidity forecasts, using current cash and liquidities, future cash flows from the portfolio assets, required cash for day-to-day operations, future investor redemptions, and stress tests based on asset default assumptions and investor outflow assumptions. Purchases of our fund shares are effected on a monthly basis, while sales are done on a quarterly basis, which gives us enough time to plan for capital inflows and outflows. This assessment and determination of the level of liquid assets required to meet redemption requests is not purely static but rather a dynamic process that requires ongoing liquidity monitoring by the AIFM. Our AIFM requires a minimum of 10% liquidity to be available at all times. Our fund rules include a qualitative obligation to ensure sufficient liquidity to meet redemption requests. In our opinion this is in the best interest of investors to protect them from liquidity events.</p>
<p>Q10: Do you believe there should be a regulatory minimum amount of liquid assets to be held by an OE LO AIFs and, if yes, please specify it? Should this minimum apply across all types of OE LO AIFs, or should it differ among OE LO AIFs and, if yes, how?</p>	<p>No, because it's not possible to require a one-size-fits-all minimum for all AIFs as the required minimum depends on all the factors mentioned in the RTS. Every AIF has a unique profile (in terms of investments and investors) that determine the appropriate minimum level.</p>

Q11: Do you agree with the draft provisions on liquidity stress testing set out in Article 4 of the draft RTS? If not, please justify your positions.	Yes, we agree.
Q12: What other parameters, if any, AIFMs managing OE LO AIFs shall take into account when performing liquidity stress tests?	None. The parameters provided are in the RTS are sufficient.
Q13: What could be the criteria that would justify a frequency of liquidity stress tests higher or lower than on a quarterly basis?	This should depend on the frequency of redemptions for each fund.
Q14: Do you agree with ESMA's proposal on ongoing monitoring set out in Article 5 of the draft RTS? If not, please justify your position.	Yes. The AIFM already apply ongoing monitoring.
Q15: What are the parameters that AIFMs managing OE LO AIFs shall monitor to ensure that the AIF has a sufficient level of liquid assets to meet redemption requests?	The parameters set out in Article 5 of the draft RTS seem sufficient.
Q16: How do AIFMs that manage OE LO AIFs monitor the liquidity of the loans originated by the AIFs?	In our experience, the level of liquid assets to be held is based on liquidity forecasts, using current cash and liquidities, future cash flows from the portfolio assets, required cash for day-to-day operations, future investor redemptions, and stress tests based on asset default assumptions and investor outflow assumptions. Purchases of our fund shares are effected on a monthly basis, while sales are done on a quarterly basis, which gives us enough time to plan for capital inflows and outflows. As mentioned in our response to question 9, this is a dynamic process that requires ongoing liquidity monitoring by the AIFM, which includes regular reports and discussions within the risk management team and portfolio risk committee.
Q17: If you are managing an open-ended loan-originating AIFs, please indicate:	
a) the size of these funds, specifying the smallest size as well as the average size;	Biggest: approx. 700 million Euro Smallest: approx. 100 million Euro
b) the number of loans originated by these funds, specifying the smallest number as well as the average number of loans;	Between 100 and 200 in total
c) the loan-origination strategy you implement (direct lending, mezzanine, distressed debt, venture debt, diversification strategy etc);	Purchase of loans or unsecuritised loan receivables from a fronting vehicle; participation in syndicated loans. Diversification is crucial for all of our private debt funds.

d) the policy of the fund regarding the management of non-performing loans;	Non-performing loans are handled by our portfolio risk manager who takes part in workout procedures and restructuring negotiations and intends to recover defaulted payments, often in a lenders' group setting.
e) the shortest, highest and average redemption frequency and, if any the notice period;	For all funds: quarterly redemption, two months notice period.
f) among the loans you granted, please indicate (as a % of the number of loans granted, and as a % of the total amounts of the loans):	
i. the share of shareholders' loans <sup>1</sup> ;	None.
ii. the share of non-performing loans;	2 % of the total number of loans
iii. the share of loans whose maturity has been extended;	2 % of the total number of loans
Q18: If you are managing an open-ended loan-originating AIF, have you already sold loans to meet redemptions requests? What were the main characteristics of the secondary market you used to sell them (i.e.: types of counterparties, time required to achieve the sales process, liquidity, overall cost of transaction etc)?	No.
Q19: If you are managing OE LO AIFs, what are the types of loans originated, how frequently do you value them and what is their level of liquidity?	We invest in direct loans (including syndicated loans) and unsecured loan receivables, ranging from 2 to 5 years maturity (mostly senior debt, microfinance). Our valuation frequency is monthly.
Q20: If you are managing OE LO AIFs, what are the liquidity management tools you are using to comply with the obligations set out in Article 16 (1) and (2) of the AIFMD? Are you also using liquidity management tools other than those listed in Annex V of the AIFMD, and if yes, what are these tools?	Suspension of subscriptions, redemption gates. Other: diversification of investor base to avoid single large investor exposure.
Q21. Do you agree with the above-mentioned reasoning in relation to the possible costs and benefits of the option taken by ESMA as regards the RTS on open-ended loan originating AIFs?	Yes. The size of the funds in question and of the AIFM should be taken into account in order to consider proportionality concerns and keep the implementation burden reasonable.

<sup>1</sup> Shareholders' loans are defined Article 4(1) of AIFMD as means a loan which is granted by an AIF to an undertaking in which it holds directly or indirectly at least 5 % of the capital or voting rights, and which cannot be sold to third parties independently of the capital instruments held by the AIF in the same undertaking.

Which other types of costs or benefits would you consider in that context?	
Q22. Is there any ESG and innovation-related aspects that ESMA should consider when drafting the RTS under the AIFMD?	<p>Yes, ESMA should consider the following ESG-related aspect:</p> <p>The ESMA Guidelines on fund names with ESG terms requires funds with ESG terms in their names to have at least 80% of investments contributing to their sustainable investment objective (for Art 9 SFDR funds) or promoting ESG characteristics (for Art 8 SFDR funds). For Art 9 funds that are only allowed to hold sustainable investments (with the exception of cash/derivatives), this requirement means that an Art 9 fund with ESG term in their name is de facto obliged to not hold more than 20% cash/derivatives. This can be contradictory with the requirements and rationale of the present RTS, particularly in case of Art 9 funds investing in illiquid assets, as from a liquidity perspective it might be prudent for such funds to have (temporary) cash levels beyond 20%.</p> <p>The special role of funds with sustainable objectives or of impact funds should be taken into account.</p>