The smart way to structure family wealth: Why Liechtenstein funds are in demand

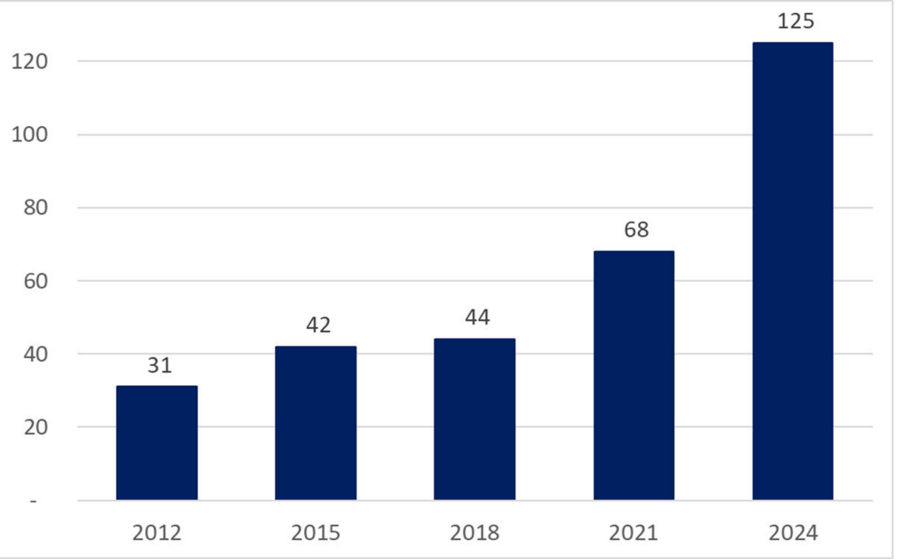
Funds are increasingly being used by families and family offices as efficient, flexible vehicles for long-term wealth structuring. Here, **David Gamper**, Managing Director of the Liechtenstein Investment Funds Association, explains why demand remains strong, and why Liechtenstein continues to stand out as a fund domicile

The demand for customised investment funds as instruments for structuring family wealth remains strong. This is largely due to the many advantages they offer, from administrative simplicity to international tax efficiency.

By outsourcing the administration of family assets, including accounting, performance calculation and reporting, to a fund management company, clients benefit from lower costs and consolidated global oversight. Appointing multiple asset managers across different jurisdictions remains possible, and there are no limitations on asset classes.

Working with a fund management company also provides access to specialist knowledge throughout the entire value chain, from initial structuring and regulatory setup to day-to-day operational support.

Investor protection is another key advantage. Funds, their administrators, and custodian banks are strictly regulated in the European Union. This ensures compliance with governance and transparency standards, and legally obliges fund management companies to act in the interests of investors — which, in the case of family funds, means the individual family members themselves.



Assets under management in Liechtenstein in EUR billion

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This applies equally in Liechtenstein, a member of the European Economic Area (EEA) and a recognised fund domicile within the EU regulatory framework. Liechtenstein funds and their managers are subject to regular audits by specially authorised firms and are supervised by the Liechtenstein Financial Market Authority (FMA). The FMA, in turn, is a full member of the European Securities and Markets Authority (ESMA), holding equal rights and responsibilities to any EU national regulator.

	Country	Number of Funds
1.	Luxembourg	13.599
2.	France	10.933
3.	Ireland	8.903
4.	Germany	7.797
5.	Spain	3.279
6.	United Kingdom	3.274
7.	Liechtenstein	2.776
8.	Italy	2.427
9.	Austria	1.978
10.	Netherlands	1.640

White label funds also offer tax advantages. They can be tailored to reflect the tax position of individual family members in their respective countries of residence. As a recognised investment vehicle, the fund's income is taxed at the investor's domicile, which simplifies matters for families with cross-border tax exposure. In Liechtenstein, funds are exempt from all taxes, meaning there is no additional taxation at the fund level.

Structurally, funds also offer high flexibility. They can be created in various legal forms, and in Liechtenstein, investment companies can issue different share classes with or without voting rights, allowing asset controllers to designate how control is distributed among family members. Funds can also be used in succession planning; for example, a family business can be placed in a fund, with units distributed to heirs efficiently and typically at low cost.

Liechtenstein's alternative investment fund (AIF) regime imposes no statutory diversification requirements, which means individual investments, such as a single company, can be included without restriction. This makes AIFs an attractive tool for bespoke wealth structuring.

The Principality itself continues to enhance its reputation as a trusted location for white label fund management, particularly in the area of family wealth. Assets under management have increased significantly in recent years, supported by the country's political and economic stability. The Principality is one of the few countries in the world with no public debt, and its currency, the Swiss franc, is considered among the safest globally, thanks to a longstanding monetary union with Switzerland. It is also one of only 11 countries worldwide to hold a coveted AAA rating from Standard & Poor's. ■

Further information

The article is sponsored by Liechtenstein Finance and written by David Gamper, Liechtenstein Investment Funds Association. For further information visit www.lafv.li/en/ or www.finance.li/en