

Get a Look Ahead: 2024

Portugal's Golden Visa Funds in a Post-Real Estate Era

Published by:

Get Golden Visa Research Team

Resolutions Report

2024



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Portugal's Golden Visa Funds in a Post-Real Estate Era Resolutions Report

Dear Industry Partners,

I am delighted to share insights gathered from our Resolutions Report, “Portugal's Golden Visa Funds in a Post-Real Estate Era,” a testament to our collective journey in navigating the latest changes within our industry.

Last year, the amendments in the Golden Visa Program led to a regulatory shift away from real estate-centered investments. While misconceptions initially suggested the program's closure, it redirected focus toward alternative fund investments.

Moreover, recent changes to Portugal's Citizenship Law, announced early this year, introduce fairer naturalization application timelines, reinstating hope and enthusiasm among investors considering Portugal as an investment migration destination.

In response to these changes, we collected insights from industry experts. The report explores anticipated challenges, emerging sectors the funds focus on, and strategic investment approaches across within the Portuguese Private Equity and Venture Capital fund sphere.

This strategic shift in the Golden Visa Program places the spotlight on otherwise dismissed, promising opportunities for investors. These developments signal a forward-thinking approach to Portugal's investment strategy, providing a comprehensive outlook for prospective investors.

I hope you enjoy our report. Thank you.



Werner Gruner
Regional Partner | Get Golden Visa

2023

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2023: A Retrospect

Remarks from Industry Experts about the Golden Visa Law Change in 2023

According to Marcos Barcellos from InVino Capital, 2023 will be remembered as a year of great uncertainties for the Portugal Golden Visa Program, establishing that the Program would terminate only for real estate investments and capital transfers, and ending in October with the publishing of Law 56/2023.



Portugal Golden Visa has been quite real estate-centric since its inception, influencing eligible investment funds to invest in this sector

The changes to the regulations that took place during 2023 and that barr investments in real estate, either directly or indirectly, on the one hand, had the immediate effect of forcing the majority of such investment funds/fund managers either to restructure themselves to allow different investment strategies or in different economic sectors, and on the other hand, to incentivize other players promoting “Non-Golden Visa Funds”, mainstream Private Equity or Venture Capital Funds to offer the same as investment solutions to the Golden Visa audience.

João Cunha Vaz - EDGE International Lawyers



The revised Portuguese Golden Visa laws in 2023 brought about a notable shift in the program’s landscape for investors

The preceding year was marked by uncertainty, with investors grappling with concerns about the program's continuity and the eligibility criteria for investments. However, as we navigated through the year, a clearer picture emerged, shedding light on the program's future and the available investment avenues. This newfound enthusiasm for funds, a category that was previously somewhat unfamiliar, is particularly promising for Portugal.

Gonalo Santos - Sharing Education

The lowest-risk and most passive investment option available was real estate investment, which is why - throughout the program's history - real estate has accounted for the lion's share of golden visas.



Christian Henrik Nesheim - IMI

2023: A Retrospect

Insights on the Golden Visa Demand: The Shift Following the Announcement of the New Law Change in February 2023

Stephan Morais from **Indico Capital Partners** believes that last year's government rollback decision was based on society's increasing calls to action given the real estate inflation prices as a route cause for the housing crises for locals adding on international & EU pressure to closely monitor and scrutinize the sources of FDI flows. Without a doubt, the government changes to Golden Visa laws will significantly impact the investment landscape as it affects operators' offers, investor preferences and the overall attractiveness of Portugal country's program.

Despite the challenges, 2023 was a good year where much of our focus included securing great investment pipeline. During 2023, the various funds expanded the investments significantly, both within Portugal and abroad.



Garth Martin - EQTY Capital

When the law changes, there is an immediate effect with the investor's trust on the country and the program due to the sense of legislative instability

Being the real estate option the most popular among the investors, with its termination, the fund option appeared as the most appealing investment eligible for Golden Visa. The market is targeting that option which offers the unique possibility of diversification of risk, level, and business activity because funds invest across all economic sectors (with additional possibility to invest 40% abroad).

Vanessa Rodrigues Lima - Prime Legal

With the new legislation, it is guaranteed that the fund investment option will account for the vast majority of Golden Visa applications

Once Americans really joined the fray, around 2020, we saw interest in the funds option rise sharply because these investors recognized funds as having a manageable risk profile and being entirely hands-off. Additionally, this was a familiar asset class to Americans, who have had securities markets for centuries, where, for example, the Chinese have only had these for decades. Funds quickly became the second-most popular option after real estate. But now that real estate is off the menu, funds become the natural next choice for investors.

Christian Henrik Nesheim - IMI

2023: A Retrospect

Successful Investment Strategies and Sectors for the Portugal Golden Visa Funds in 2023

According to **Michael Maxwell** from **Portugal Panorama**, funds which were the most successful in 2023 were those focussing on diversification and areas core to Portugal or with historical track record. Choosing the right fund is more than considering an investment strategy. It is paramount to consider the strength of the team behind the fund not only from an investment point of view but also capital raising track record.

There is already a shift in the manner with which investors looked into investing in Investment Funds during 2023

We saw a much clearer appetite from investors for funds targeting investments in Portuguese start-ups, mostly in the technological sector, but also a trend in investors wanting to be invested in funds that are exposed investments in the medical, energy, and agricultural sectors. During 2023, our view is that the funds exposed to these areas have been the most successful.

João Cunha Vaz - EDGE International Lawyers

Classic Cars is a tangible asset that is not impacted by the limitations of the Portuguese economy

It is in fact the top performing alternative collectable investment over more than a decade. Tangible, liquid and secure. A strong combination that resonates strongly with international investors looking for offshoring capital or a currency hedge particularly at inflationary times.

Luis Assis Teixeira - Aquila

One notable successful investment strategy for the year involved acquiring distressed hospitality companies across Portugal. This approach, particularly in rescuing family-owned hotels facing mismanagement, proved highly successful, offering a safe and stable return for the fund and its shareholders.



Alex Ohnona - Vida Capital Partners

2023: A Retrospect

Challenges and Obstacles Investors Faced in the Golden Visa Funds in Portugal in 2023

According to **Guilherme Valadares Carreiro** from **Oxy Capital**, in 2023, investors in Golden Visa Funds in Portugal encountered notable challenges, including the misconception that the Golden Visa program had ended. This misinformation may have created uncertainty and impacted investor confidence.

Navigating this period was exceptionally challenging for successful investment decision-making, primarily due to the lack of transparency and legal stability

As expected, the turbulent scenario had a direct impact on foreign private investments via the Golden Visa Program, with some investors preferring to wait until the government's final decision.

Marcos Barcellos - InVino Capital

The better funds had a solid year in terms of capital raising, but the momentum was clearly more in direct real estate investment, which benefitted from the lower investment amount, and that investors were also not required to open a local bank account which was a significant time saver.



Michael Maxwell - Portugal Panorama

Choosing the right fund is more than considering an investment strategy

Many strong funds failed to raise sufficient capital to fulfil their investment strategies competently. It is paramount to consider the strength of the team behind the fund not only from an investment point of view but also capital raising track record. Investors also expressed frustration with the slowness of SEF as well as the process and timing of administrative steps such as opening of a personal bank account which is a requirement to invest in a Golden Visa eligible fund.

Michael Maxwell - Portugal Panorama

It has been important to have a hands-on approach and a very immediate level of communication

Generically, the main challenges have been those directly related to the uncertainties deriving from the whole conversations around the changes to the legislation, which imposed on investors a sense of urgency in completing investments.

João Cunha Vaz - EDGE International Lawyers



2024

The Year Ahead

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2024: The Year Ahead

Predictions for Portugal Golden Visa Funds in 2024

According to Ricardo Louro from Martínez-Echevarría & Ferreira, the funds will be the most searched and most used investment under the new Golden Visa rules in 2024. All sectors have opportunities to gain, and the market, in general, can use this interest to develop new businesses, and incorporate this foreign investment.

New funds are already emerging with very good timings in terms of the licensing process and targeting different economic sectors allowing Investors to access different markets (agricultural, fashion, health, start-ups, renewable energies, etc.), returns, and exposure to risk.



Vanessa Rodrigues Lima - Prime Legal

We observe a two dynamic among potential investors

The first group, already inclined towards fund investments due to inherent advantages, will find an expanded array of options as previously most of the funds were property driven which is no longer available.

The second group, predominantly real estate-oriented investors, is gradually exploring the nuances of this avenue, discovering its benefits and intricacies. Notably, this diversification allows investors to choose among different risk levels tied to various sectors and business plans. The most resilient options are those steered by entities with a track record not only in fund and investment management but also within the sector proposed for investment.

Şafak Nervo - Optylon Krea

There has been, for a while, a very appealing opportunity to invest in funds that capitalize companies with high potential to grow their activity on European/Global scale

The changes occurred in 2023 have reinforced this opportunity, and it will be the trend for Golden Visa funds for the next years to come. Either because there is a strong political will to keep these types of funds eligible for Golden Visa purposes, either because this is a segment within the private equity funds (Capital de Risco).

Francisco Martins - ActiveCap

2024: The Year Ahead

Portugal Golden Visa Law Change | The Effect on the Investment Environment for Portugal Golden Visa Funds in 2024

Christian Henrik Nesheim from IMI says: “For 2024, I expect to see the fund option continue its inexorable rise. Between 2020 and 2021, the number of investors choosing this route doubled. The year after, it tripled. Between 2022 and 2023, it doubled again. I expect some 90% of applications filed in 2024 to fall into the fund investment category.”

The investment in funds will grow intensively during 2024 as there is no other investment option

As the players in the real estate market focused on Golden Visa investors without shifting to funds will go out of business, we will see a huge number of professionals with no experience in the fund business advising funds and management entities to invest in. Market will be deeply dispersed in terms of investment options, and it will be hard for investors to choose and find good options.

Duarte Calheiros e Menezes - BlueCrow Capital

Looking ahead to 2024, we foresee a robust year for Golden Visa eligibility funds in Portugal, possibly the best thus far

Despite past changes causing uncertainty, Portugal's Golden Visa remains the premier program in Europe, likely to experience a strong rebound in demand. 2024 is likely to witness heightened interest and participation. For potential investors, conducting thorough due diligence on the investment team, strategy, and Golden Visa eligibility is paramount, given the long-term nature of such investments.

Alex Ohnona - Vida Capital Partners

The changes to the legislation are redesigning the environment and will bring other relevant parties and funds to the table with different investment strategies and underlying objectives, much more in line with a common global private equity and venture capital approach.



João Cunha Vaz - EDGE International Lawyers

2024: The Year Ahead

Global Events and Economic Shifts in 2024 | The Attractiveness of Portugal's Golden Visa Funds

According to Francisco Sottomayor from Lince Capital, based on past experiences, significant global events have historically increased demand for GV programs. Portugal's secure and neutral position on the global landscape has consistently made it a preferred safe haven for many investors seeking stability amidst global fluctuations.

Beyond political considerations, Portugal's Golden Visa program remains distinctive by providing the passport and citizenship. This distinguishes Portugal from other options, including formidable competitors like Greece.



Safak Nervo - Optylon Krea

Portugal is less exposed than many other European countries. This will help it retain its position as one of a shrinking list of safe-haven countries

As for geopolitical shifts, they can certainly impact demand for Portuguese Golden Visas. In a European context, Portugal is in an enviable position in that it is as far removed from armed conflict as you can get in Europe and that it gets most of its energy from either Africa or the Western hemisphere, which are less vulnerable to disruptions related to wars in Eastern Europe and the Middle East. The country is also a multi-century ally of the UK and a close friend to the Americans and, of course, among the founding members of NATO.

Christian Henrik Nesheim - IMI



All those that are in the Golden Visa program prior to any changes will continue with their rights of investment

The current uncertain economic situation changes can always occur. If we add to this the fact that a new government will be elected, and the end of the first quarter of 2024, there are no certainties regarding new changes in regulations or legal diplomas. In any case, I do not believe to be likely to have big changes for the year 2024.

Ricardo Louro - Martínez-Echevarría & Ferreira



2024: The Year Ahead

Expected Regulatory & Market Changes in 2024 | The Influence on the Investment Dynamics of Golden Visa Funds in Portugal

Garth Martin from EQTY says: “The US elections are in November which, if the last election is anything to go by, could create some unrest during 2024. Unrest abroad typically leads to increased interest in demand for routes to alternative citizenship, so we could see increased demand in PGV from the US.”

The Golden Visa remains attractive and the premier option, with the benefits of Portugal standing out at a time of crisis or growth

Stability, security, strong infrastructure and quality of life is always a draw. Portugal is well positioned to capture the full spectrum of mover from retiring baby boomer to young tech upstart. It remains financially accessible despite noted increases in housing costs and considering the all round quality of the offering is value for money. It is an exciting time to be at the face of investment into Portugal.

Michael Maxwell - Portugal Panorama

The Golden Visa program will attract more qualified investors seeking tax efficiency, diversification, and compliance, among other benefits for such type of regulated investments

In a constantly changing world, global mobility will continue to evolve as a key factor in investors’ decision-making process on where to invest, especially in a year to be marked by wars, political turmoil, among other events. The Portugal Golden Visa Program will continue benefiting from those trends, as it remains one of the best programs in the world.

Marcos Barcellos - InVino Capital

We see mainly other countries in Europe taking advantage of the recent instability of Portuguese Visa Program to create consistent and very competitive programs themselves. We do not expect more changes to the program in 2024, if there is a maintenance of the current political spectre, but in the end 2025 there will be reevaluation of the program, which will bring new changes.



Duarte Calheiros e Menezes - BlueCrow Capital

It is important to remain vigilant and adapt strategies accordingly, considering the dynamic nature of political, regulatory, and market factors

As of now, I do not anticipate any significant regulatory changes in 2024 that would substantially impact investment dynamics in Golden Visa Funds in Portugal. While elections have the potential to bring about changes, I foresee that any significant alterations may materialize only after the year 2024.

Guilherme Valadares Carreiro - Oxy Capital



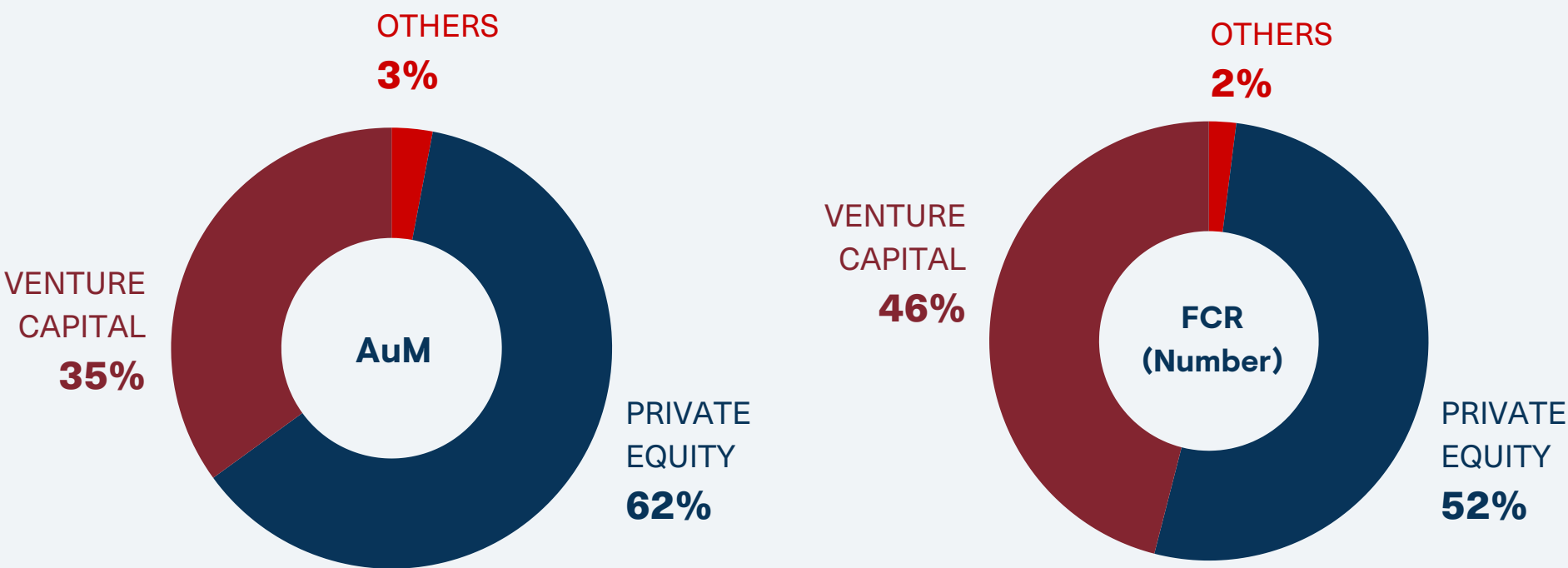
Portugal Investment Funds Market Overview

2022 vs. 2021

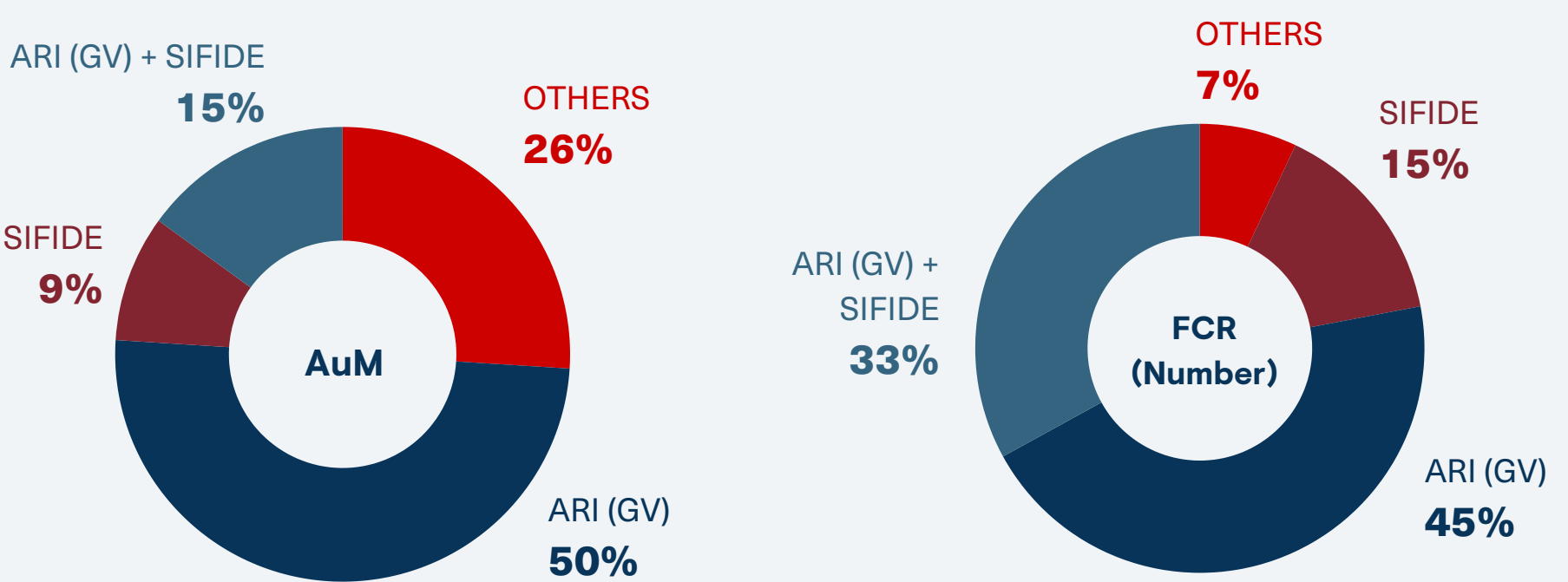
Offering a thorough comparison of 2022 and 2021, the "FCR (Private Equity and Venture Capital) Funds Market Overview" highlights changes including KPIs & fund distribution according to investment policy and type.

	2022	2021
Fund Managers Number	71 (-1)	-1%
Number of Funds	247 (+26)	+12%
Assets Under Management	7,2 b€ (+1.1) b€	+18%
Number of Participants in VC/PE Funds	10.771 (+2.850)	+36%
Average Investment	0,72 b€ (-0.27) m€	-27%
Origin	<div><div>57%</div><div>43%</div></div> <div>Resident in PortugalResident Outside</div>	<div><div>54%</div><div>46%</div></div> <div>Resident in PortugalResident Outside</div>

Funds Distribution by Type



Funds Distribution by Investment Policy



Closing Remarks



Adjusting to the Recent Changes in Portugal’s Golden Visa Funds

by **Gökçe Emer** Director of Business Development | Get Golden Visa

I am thrilled to share the profound insights illuminating pivotal shifts within the Portugal Golden Visa landscape. The recent shifts underscored by the government's strategic announcements have set the stage for a transformative period, reshaping investor preferences and investment strategies.

1

Regulatory Shift Away from Real Estate Investments:

Investors are urged to explore and embrace diverse investment options and funds, reflecting a strategic adaptation to the evolving regulatory environment.

2

Diversification in Investment Funds:

Investors are now poised to explore a broader selection of investment funds beyond traditional real estate avenues. This diversification signals a dynamic shift in the Golden Visa fund investment sphere, offering a more extensive array of opportunities.

3

Rise of Private Equity and Venture Capital:

Investors are increasingly recognizing the potential for growth and returns in these alternative investment avenues, aligning with the evolving landscape.

4

Resilience of Portugal Golden Visa:

Recent changes in citizenship law go beyond procedures, indicating a commitment to rectify inequities and provide an efficient path to citizenship for global investors. This enhances the program's likelihood to stay robust among investment migration choices.

Closing Remarks



Adjusting to the Recent Changes in Portugal’s Golden Visa Funds

by **Gökçe Emer** Director of Business Development | Get Golden Visa

In navigating these transformative times within the Portugal Golden Visa program, it is crucial to acknowledge the multifaceted nature of the investment decision-making process. The broader global environment, underscored by events like the upcoming elections in the United States and Portugal in 2024, introduces additional layers of complexity to investment strategies.

Looking ahead, our report underscores several key considerations for investors:

Alignment with Golden Visa Objectives:

Prioritize investments that align seamlessly with the objectives of the Golden Visa program, ensuring a strategic and purposeful approach.

Diversification Strategies:

Embrace a diversified investment portfolio, including overseas ventures, to mitigate risks and capitalize on emerging opportunities.

Proven Strategies for Success:

Uphold proven strategies that are integral to success within the developing Golden Visa Program, leveraging lessons learned and adapting to the evolving landscape.

As we collectively navigate this transformative period, these insights serve as a compass, guiding investors, industry professionals, and stakeholders toward informed decisions and strategic success within the evolving Portugal Golden Visa sector.



Experienced Fund Managers:

Collaborate with fund managers boasting proven experience across diverse economic environments, offering a valuable edge in navigating evolving market dynamics.

Exciting times lie ahead as we navigate the evolving landscape of investor migration with responsibility and foresight!

Contributors

We would like to thank all of our contributors whose valuable thoughts helped shape this industry report. Their knowledge, experience, and thoughtful comments were critical for the report. We're glad to be a part of this community, and we look forward to the new opportunities and collaborations that the future of our industry will bring.



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About Get Golden Visa

Get Golden Visa is a bespoke investment advisory firm that was founded in 2014. We help people get an additional residency and citizenship by making a qualifying investment in Europe, the Americas, the Caribbean and the rest of the world. Depending on the program of choice, we offer professional advisory services for property acquisition, fund subscription, or other investment vehicles. Our teams of local experts mark Get Golden Visa apart from its competitors because it offers independent advisory service and accompanies the investors throughout the whole journey. With local offices in Lisbon, Athens, Istanbul, and London and various international associations, Get Golden Visa offers transparent guidance with a tailormade and flexible approach.

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