

Open-Ended Funds for Portugal Golden Visa

The Safest and Most Liquid Investment Option

Complete Guide for Investors

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Introduction: The Investor's Dilemma

Since the elimination of real estate investments in 2023, Golden Visa Portugal applicants face a difficult choice: where to invest €500,000? The market offers dozens of investment funds, but most are closed-ended venture capital funds with 7-10 year horizons and uncertain returns.

There is an alternative that is discussed less frequently: **open-ended investment funds**. They don't promise astronomical returns, but they offer what many investors value more — **predictability, liquidity, and independence from the Golden Visa program's fate**.

In this guide, we'll explore why experienced investors increasingly choose open-ended funds, what risks exist, and who this option suits best.

What Is an Open-Ended Fund?

An **open-ended fund** is an investment fund that continuously issues and redeems its units at current market value (NAV — Net Asset Value).

Key Characteristics:

- **Daily liquidity:** you can sell units on any business day
- **Market valuation:** unit price is calculated daily based on actual asset values
- **No lock-up period:** technically you can exit at any time (though Golden Visa requires 5-year holding)
- **Transparency:** full information about portfolio composition and performance

How It Works in Practice

When you invest €500,000 in an open-ended fund, you purchase a certain number of units at the current price. For example, if NAV is €100 per unit, you receive 5,000 units.

After one year, if NAV rises to €108, your 5,000 units are worth €540,000. If NAV drops to €95, the value is €475,000. This is honest market valuation, not manager promises.

The Main Advantage: Independence from the Golden Visa Program

This is perhaps the most underappreciated aspect of open-ended funds. Unlike specialized venture capital funds created exclusively for Golden Visa, open-ended funds from major Portuguese banks have existed for decades and serve hundreds of thousands of investors.

Why Does This Matter?

Scenario 1: The Golden Visa Program Closes

If Portugal decides to completely abolish the program (as the UK and Ireland did), what happens to your investments?

- **GV Venture Capital Fund:** Potential panic among investors, pressure to exit, possible liquidity problems.
- **BPI or IMGA Open-Ended Fund:** Business continues as usual. Golden Visa investors represent only a small fraction of total unitholders.

Scenario 2: Program Conditions Change

If the minimum investment amount increases or fund type requirements change, venture capital funds may lose new investor inflows, while open-ended funds continue operating for their core audience — Portuguese and European investors.

“The number of investable Portuguese equities is very limited, whereas there are numerous large companies in Portugal with excellent credit ratings”

Liquidity: Your Insurance for Unforeseen Circumstances

How Exiting an Open-Ended Fund Works

1. You submit a redemption request
2. The fund calculates value at current NAV
3. Money arrives in your account within 2-5 business days

No negotiations. No searching for a buyer. No discount.

Liquidity Comparison Table

Fund Type	Time to Receive Funds	Exit Price
Open-ended fund (IMGA, BPI)	2-5 business days	NAV (market)
Closed-ended VC fund	7-10 years or secondary market	At 20-40% discount
Real estate (pre-2023)	3-12 months	Market minus commissions

Yes, you need to hold the investment for at least 5 years to obtain citizenship. But life is unpredictable: urgent capital needs, change in life plans, better investment opportunity. With an open-ended fund, you have a **choice**. With a closed-ended fund, there's no such choice — your money is locked for 7-10 years regardless of circumstances.

Transparency: Know Where Your Money Goes

Daily NAV Publication

Open-ended funds publish unit values every business day. You always know the exact value of your investments — not an approximate estimate, but the real market price.

CMVM Regulation

All open-ended funds in Portugal are regulated by the Securities Commission (CMVM). This means:

- Mandatory audits
 - Portfolio disclosure
 - Strict risk management requirements
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Honest Discussion of Disadvantages

It would be dishonest to talk only about advantages. Open-ended funds have significant disadvantages that need to be considered.

Volatility

Open-ended funds, especially those investing in equities, are subject to market fluctuations. During crisis periods, value can drop by 20-30%.

Example: During the COVID crisis of 2020, the PSI 20 index fell 25% in a few weeks. If you had invested €500,000 in an index fund, the temporary drawdown would have been €125,000.

Important Counterargument: Volatility Is Temporary

However, it's important to understand: **volatility is a temporary phenomenon.** Markets historically recover after declines. After the 2008 crisis, PSI 20 returned to pre-crisis levels within a few years. After the COVID drop of 2020 — in less than a year.

If you can wait a few weeks or months, the market usually recovers losses. Serious volatility typically accompanies only serious economic crises.

Closed-Ended Funds in Crisis: Hidden Risks

Paradoxically, **closed-ended venture capital funds may be even more vulnerable in a crisis:**

- **Illiquid assets:** Startups and venture projects cannot be quickly sold
- **Delayed revaluation:** You may not know the real value of investments for months
- **No exit option:** Money is locked regardless of circumstances
- **Bankruptcy risk:** Startups often fail in crises, and losses are irreversible

Conclusion: Open-ended fund volatility is a **visible and manageable risk**. Closed-ended fund risks can be **hidden and uncontrollable**.

Limited Returns

Open-ended funds, especially bond funds, offer moderate returns — typically 3-8% annually. This is significantly less than what venture funds promise (15-25%).

However, it's important to remember: promised venture fund returns are a **target indicator**, not a guarantee. Actual returns can be higher or significantly lower, including complete capital loss.

The 60% Rule: Golden Visa Limitation

To qualify for Golden Visa, the fund must invest at least 60% of assets in Portuguese companies. This limits choices and may affect diversification.

Available Open-Ended Funds for Golden Visa

BPI Portugal

- **Management Company:** BPI Gestão de Activos (Banco BPI, part of CaixaBank)

- **Type:** Portuguese equity fund
- **Minimum Investment:** €500,000 for Golden Visa
- **Historical Returns:** ~5-8% annually (with volatility)

IMGA Ações Portugal

- **Management Company:** IM Gestão de Ativos (Banco Millennium BCP)
- **Type:** Equity fund
- **Features:** One of the largest Portuguese equity funds

Optimize Capital

- **Type:** Open-ended fund focused on Golden Visa
- **Features:** Specifically structured for foreign investors
- **Liquidity:** Daily

3 Comma Capital

- **Type:** Open-ended fund
- **Features:** Accepts investments through SDIRA (for American investors)
- **Strategy:** Diversified portfolio of Portuguese assets

Who Are Open-Ended Funds Right For?

Ideal Investor Profile:

Conservative investor for whom capital preservation is more important than maximizing returns. Willing to accept moderate returns in exchange for liquidity and predictability.

Investor with uncertain horizon who isn't sure they can hold the investment for the full 7-10 years. Life plans may change.

Experienced investor who understands market risks and prefers transparent instruments with daily valuation.

Investor skeptical of venture promises who has seen how “guaranteed” 20% annual returns turned into losses.

Who They’re NOT For:

- Investors seeking maximum returns and willing to accept high risk
 - Those who believe in a specific venture project or team
 - Investors who aren’t concerned about a 10-year lock-up period
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How to Invest: Practical Steps

Step 1: Choose a Fund

Study available options, compare historical returns, fees, and conditions. Pay attention to fund size and management company reputation.

Step 2: Open an Account

Investment requires opening an account with a Portuguese bank or broker. Some funds work directly with foreign investors.

Step 3: Golden Visa Documents

Ensure the fund provides all necessary documents for Golden Visa application:

- Investment confirmation
- Certificate of program compliance
- Unit value statements

Step 4: Monitoring

After investing, track unit values and receive regular reports from the management company.

Conclusion: The “Sleep Well” Factor

The choice between open-ended and closed-ended funds isn't just a financial decision. It's a choice between two investment philosophies.

Closed-ended venture capital funds offer potentially high returns but require complete trust in the management team and willingness to lock up capital for a decade.

Open-ended funds offer what many investors value more than returns — **control and flexibility**. You always know your investment value, can exit when necessary, and don't depend on the Golden Visa program's fate.

For many investors, especially those who already have a diversified portfolio and view Golden Visa as a tool for obtaining European citizenship rather than an investment opportunity, open-ended funds are the **optimal balance between program requirements and financial common sense**.

Need a Consultation?

Our experts will help you select the optimal fund for your situation and guide you through the entire Golden Visa process.

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