

# GP Survey 2024

December 2024

Luxembourg Private Equity  
& Venture Capital Association



OBJECTIVE

QUALITY OF THE INPUT

EXECUTIVE SUMMARY

SURVEY

# Objective

The LPEA GP Survey is conducted by the LPEA since 2011 with the objective of describing the Luxembourg Private Equity and Venture Capital sector, notably through its General Partners (GPs).

The survey identifies the types of GPs present in Luxembourg, which investment strategies they conduct, how they structure their operations and define their presence in Luxembourg and which opinion they have on the different elements of Luxembourg as a Private Equity hub.

The results of the survey give a snapshot of the Luxembourg PE and VC industry and provide valuable inputs which are shared with public authorities in the context of LPEA's public advocacy efforts.

A detailed survey is shared with all the survey's contributors while a simplified version is publicly shared by the LPEA.

# Quality of the input

The GP Survey was distributed to members of the LPEA, all of which managers of Private Equity and Venture Capital funds. The pool of respondents is composed of a diverse mix of strategies, size and countries of origin as reflected in the collected data.

The questions were designed by the LPEA Central Intelligence Committee and have in many cases transitioned from the previous editions of the survey – the latest one in 2021. When comparing answers from different years, please be aware that the sample of interviewed GPs changes and therefore year-on-year evolution can only be perceived as an overall trend and not a precise change.

Answers were collected from 53 fund managers and the input was screened for consistency and anomalies to ensure an overall quality of the responses collected.

*“We thank all contributors to the survey for their time and effort in submitting their responses in view of the continuous development of the Luxembourg Private Equity and Venture Capital ecosystem.”*

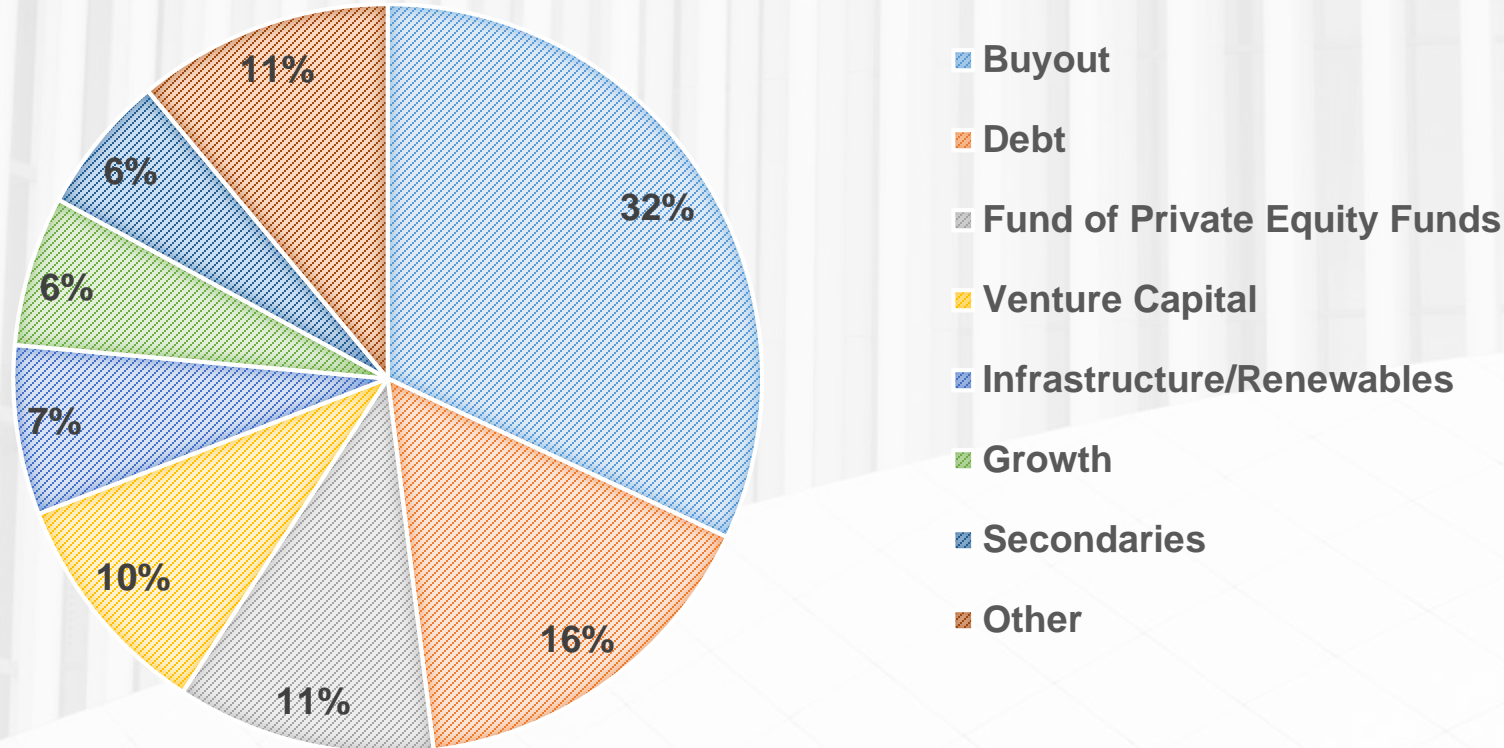
Stephane Pesch, CEO of LPEA

The PE industry continues to expand in Luxembourg with an estimated Alternative Funds industry of €2 trillion Net Asset Value (NAV). The characteristics of Private Equity funds domiciled in Luxembourg - estimated at €1.376 billion NAV, evolves over time and underlines a changing operating environment.

Hereby some of the highlights of this study:

- The number of GPs with AuM greater than €1 billion increased from 49% to 55%. GPs are also managing a greater number of funds compared to 2021.
- Luxembourg is the 1<sup>st</sup> fund domicile for 70% of respondents.
- 90% of GPs are managing AIFs.
- 65% own an AIFMD License, of which 91% obtained in Luxembourg.
- Unregulated SCSps (61%) and RAIFs (59%) are the most popular legal structures.
- 70% reinforced their substance, notably by hiring qualified local staff.
- 16.4 FTEs is the average size of a local team (GP). Fund managers with AuM over €5 billion AuM have a local team 10x bigger than those managing less than €1 billion.
- 85% consider Law and Regulatory requirements as the key factor to relocate to Luxembourg.
- 59% of GPs changed their ESG strategy to follow Investors' interest and 43% are managing an Article 8 Fund.

## Investment strategy of surveyed managers



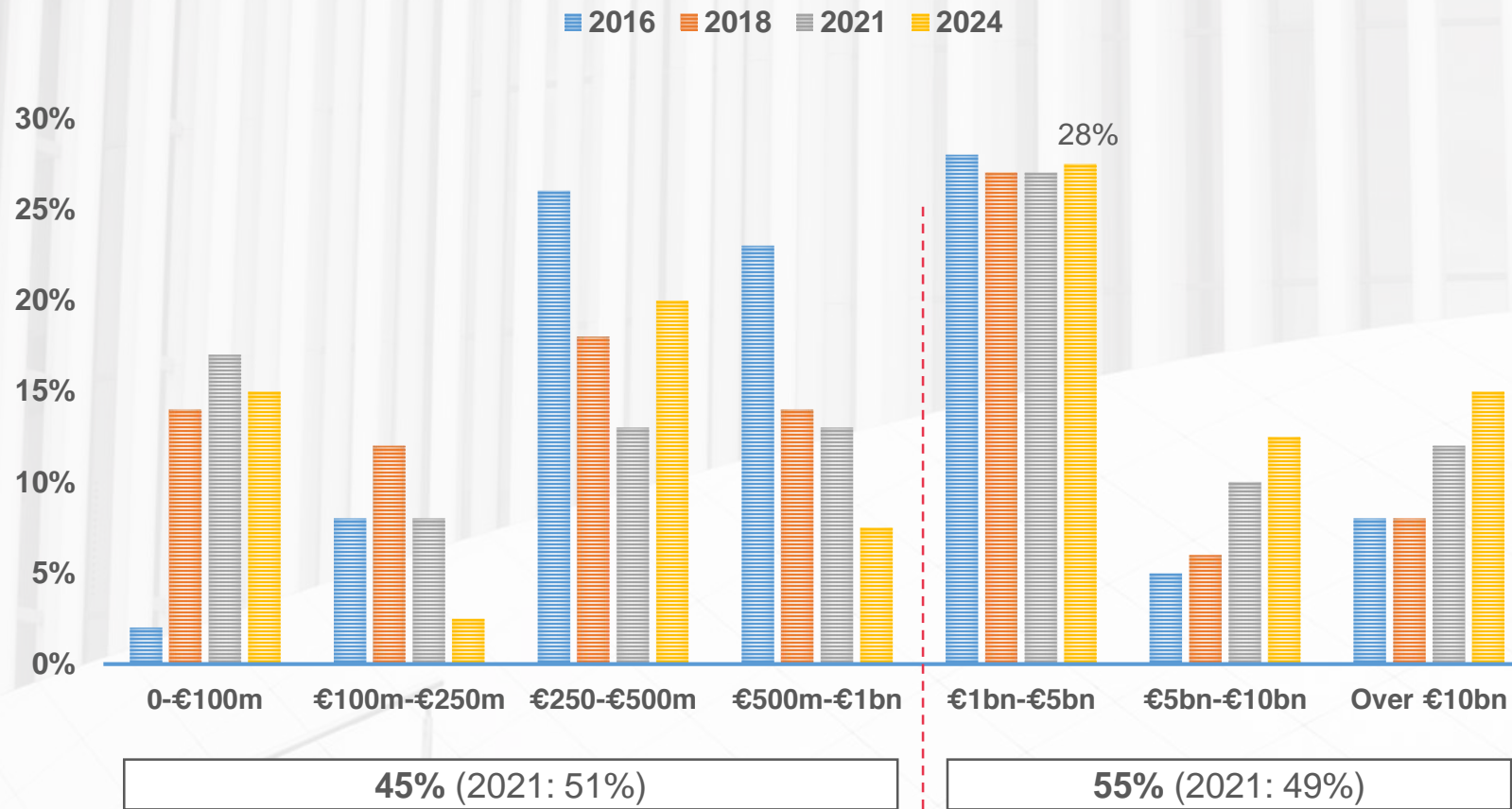
Buyout continues to be the main investment strategy.

Funds of Private Equity funds represent only 11% of surveyed participants vs 20% in 2021.

Venture, Infrastructure, Growth and Secondaries are rather marginal strategies.

# Assets under Management (AuM)

## Distribution of respondents per size of AuM



28% of responding funds have AuM between 1bn and 5bn.

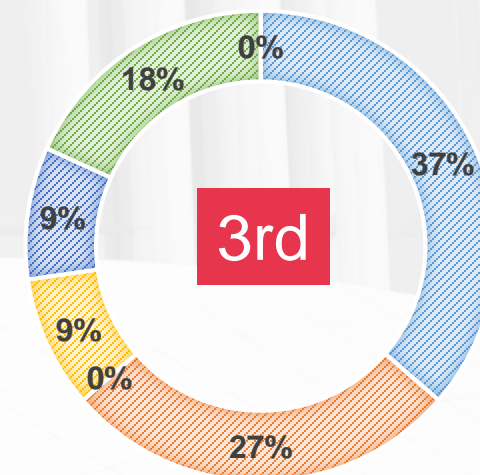
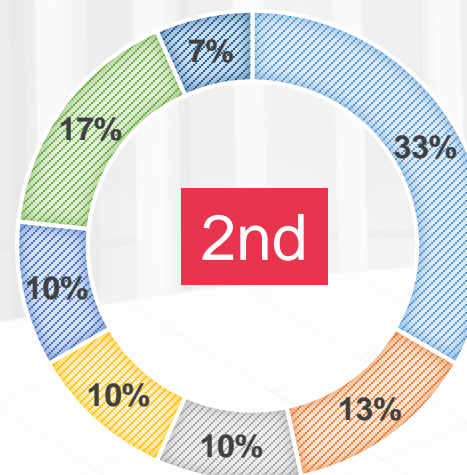
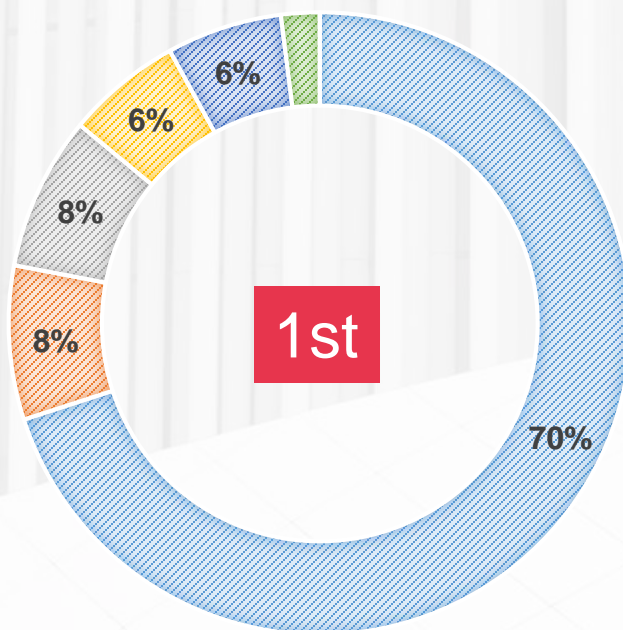
Fund managers with AuM larger than 5bn have been consistently increasing since 2016.

Small funds between €100m and €250m have become rarer.

# Fund Structuring

## Primary Fund domiciles (AuM)

- Luxembourg
- UK
- Cayman
- Channel Islands
- Other European Countries
- US
- Ireland



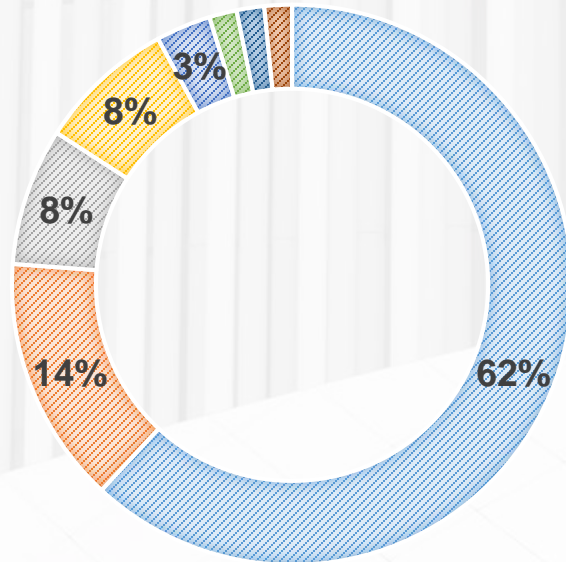
The primary fund domicile of inquired fund managers is Luxembourg.

The 2nd and 3rd fund domicile is, in most occasions, the UK.



## Investment Fund Managers' domicile

- Luxembourg
- UK
- US
- Other European Countries
- Channel Islands
- Ireland
- Cayman
- Other



**With branches 38%**

### Portfolio Management



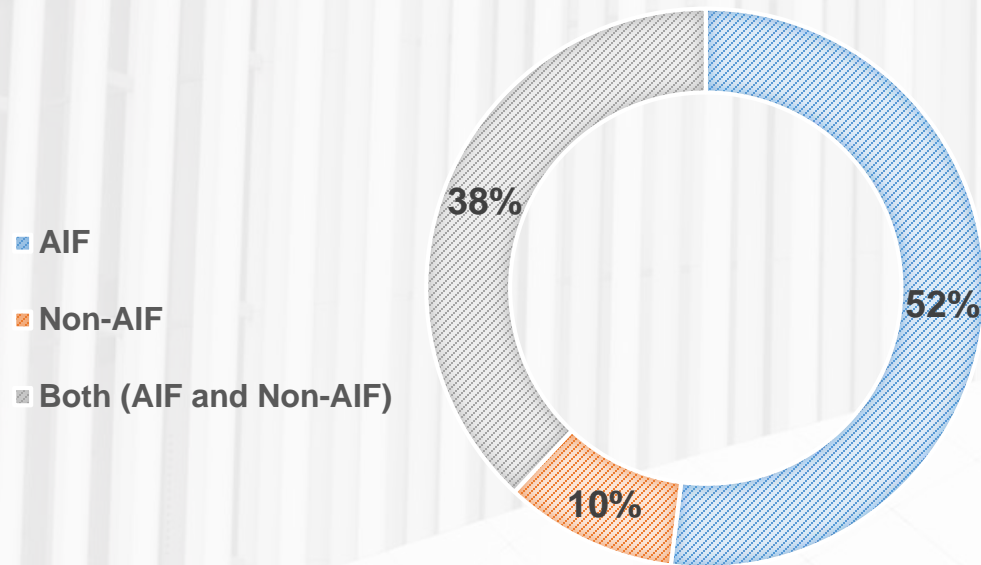
### Marketing & Distribution



### Deals



## Structures: Funds vs non-Funds

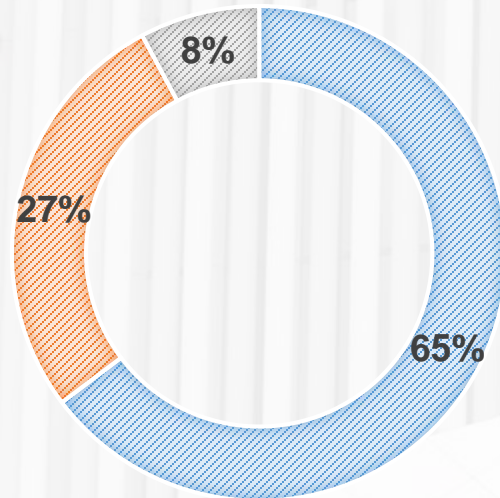


90% of Fund Managers are managing AIFs

Funds out of the AIF scope are structured as **SPVs** (89%) or Offshore (11%)

Only 20% of GPs have Funds dedicated to retail with 15% other preparing to enter the space.

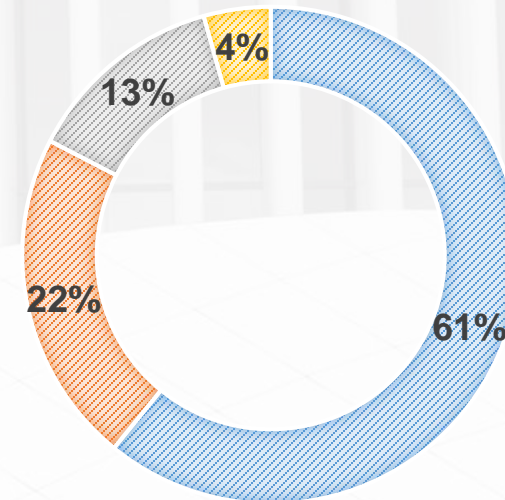
## AIFMD License



→ Of which 91% obtained in Luxembourg

■ Yes ■ No ■ Currently under process

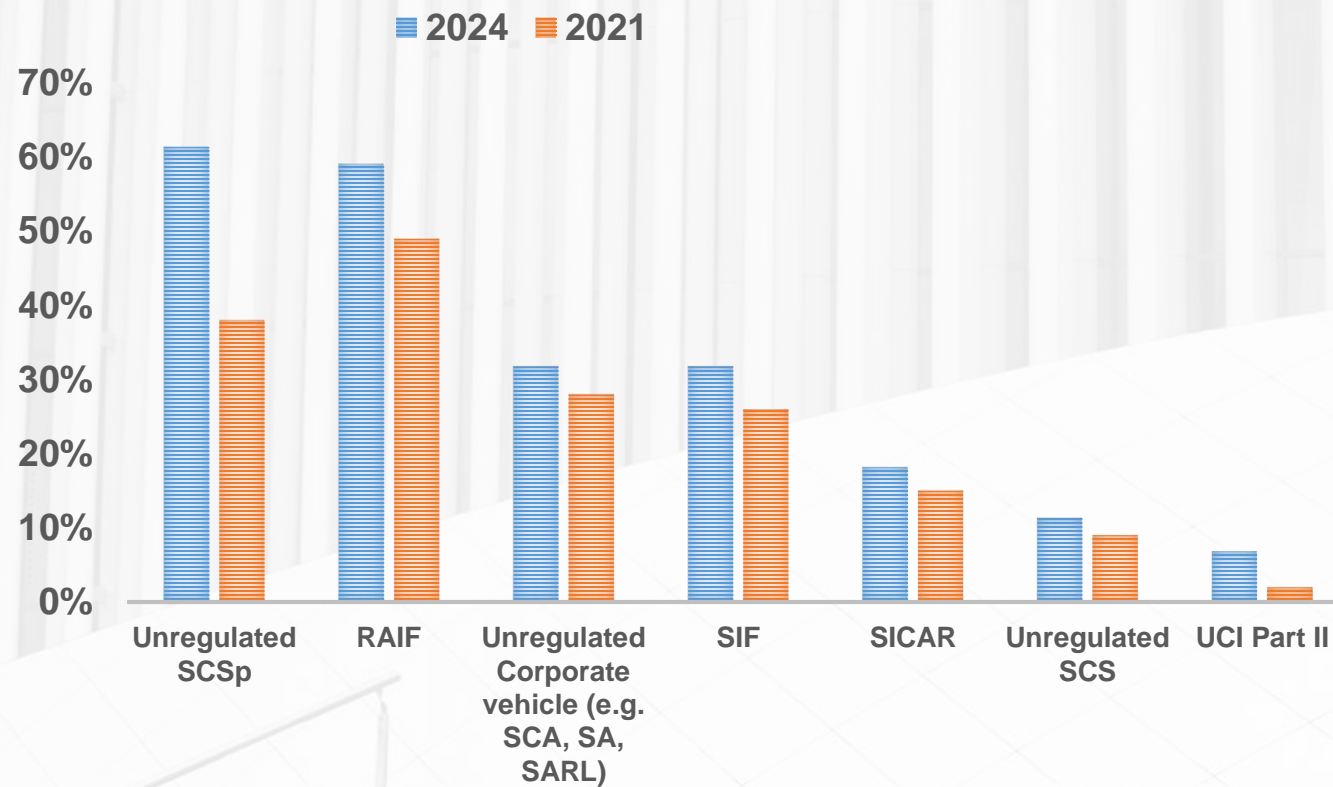
## Alternatives to AIFMD License



■ Self-Managed ■ 3rd Party ■ EuVECA ■ Other

# Fund Structuring

## Legal Structure of AIFs

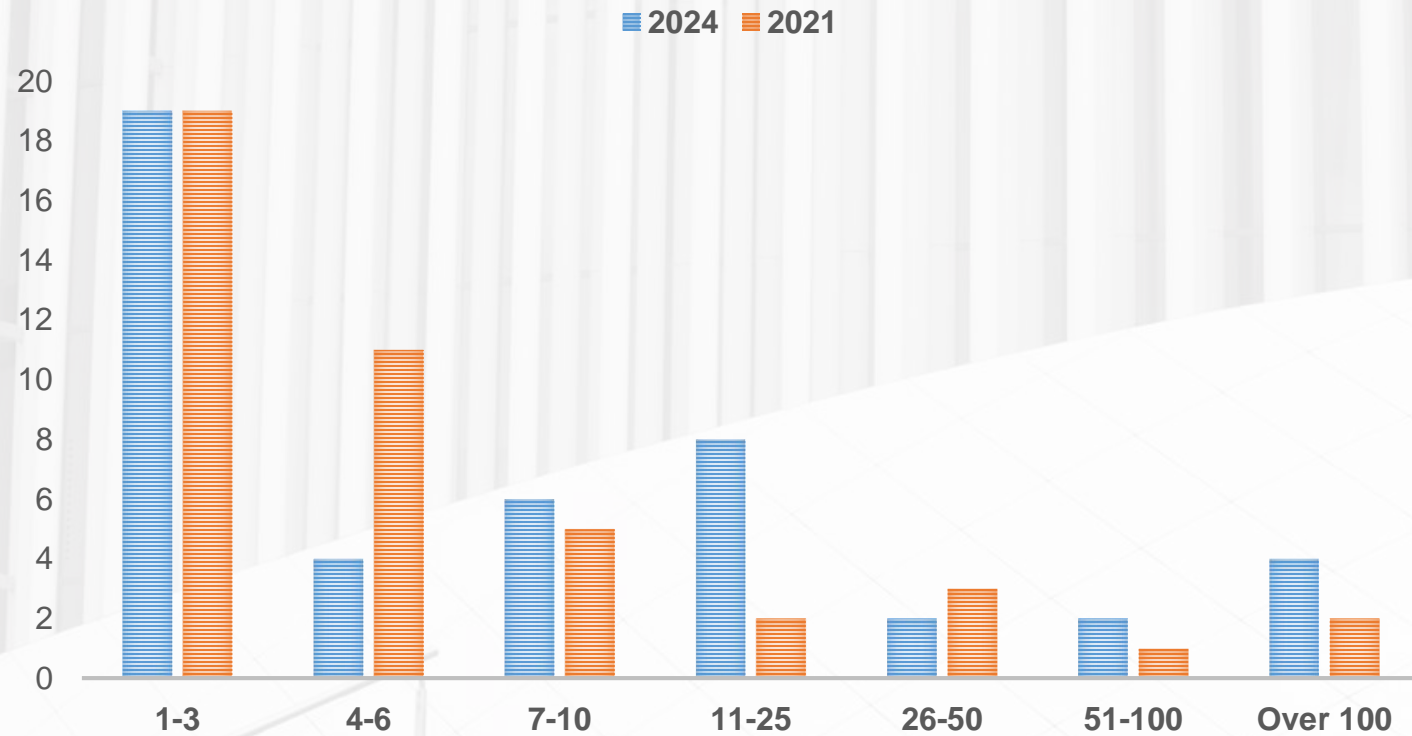


Increase in the use of Unregulated SCSp which become more recurrent than RAIFs.

60% of Fund managers are managing more than one type of Fund.

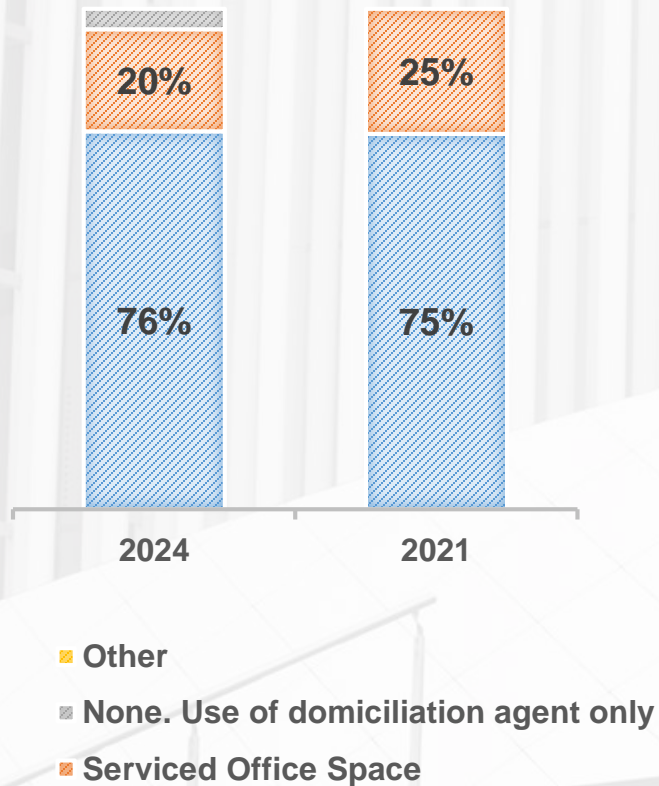
1/3 of respondents are managing 3 or more types of fund structures.

## Number of Luxembourg AIFs managed by each Fund Manager



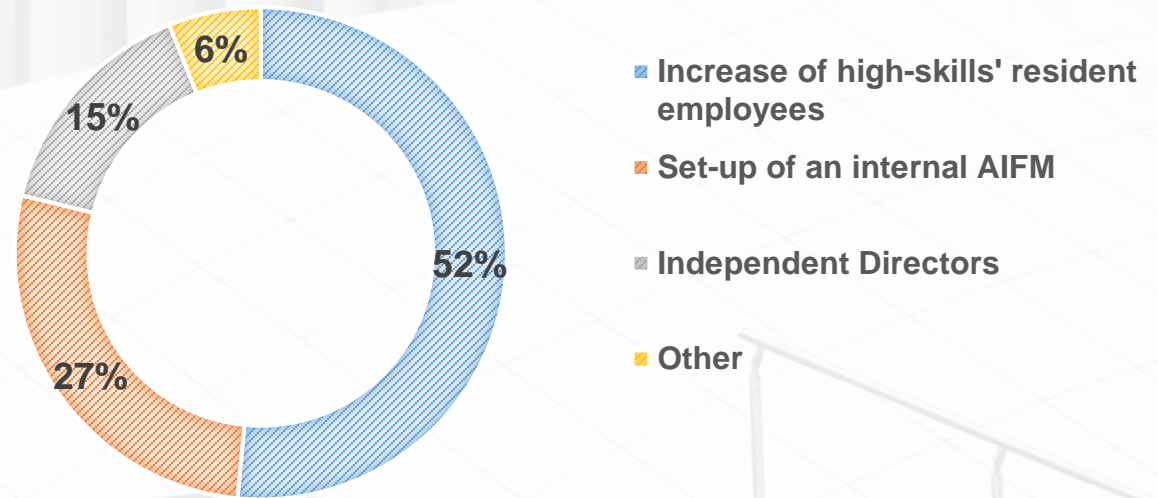
Surveyed GPs are managing a larger number of funds compared to 2021.

## Office Premises

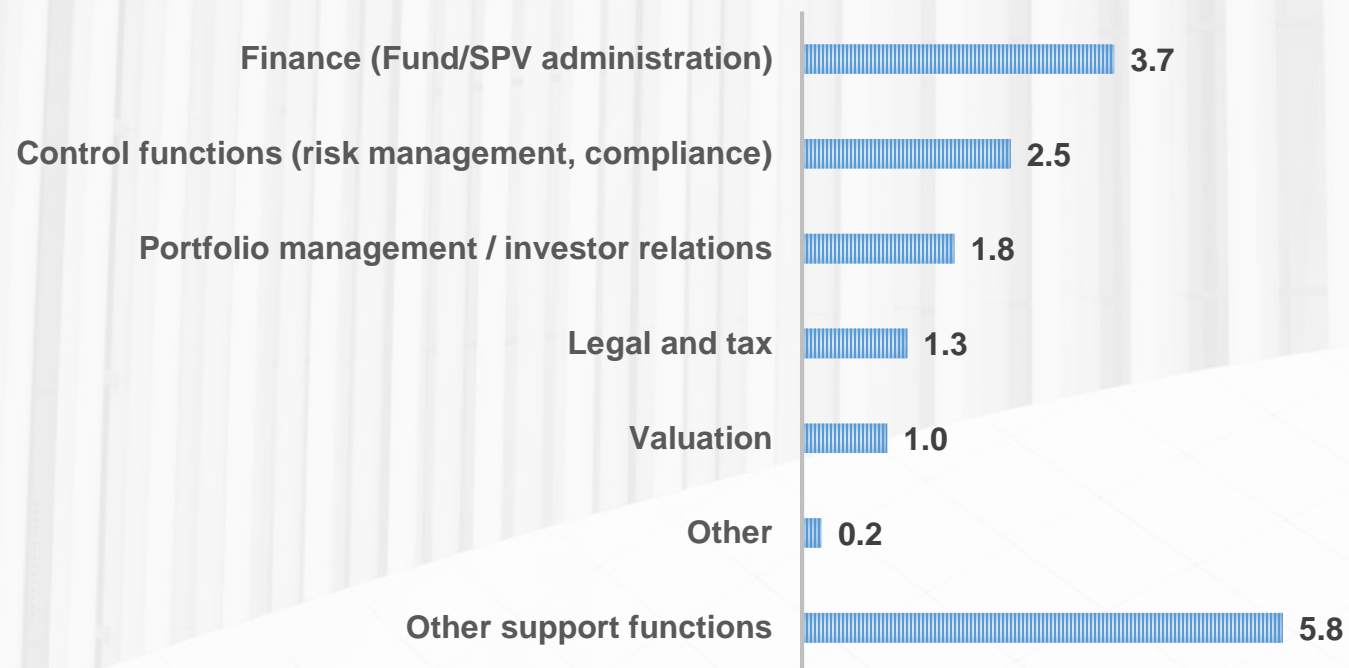


## Substance reinforcement actions

70% reinforced their substance, The majority by hiring staff locally.



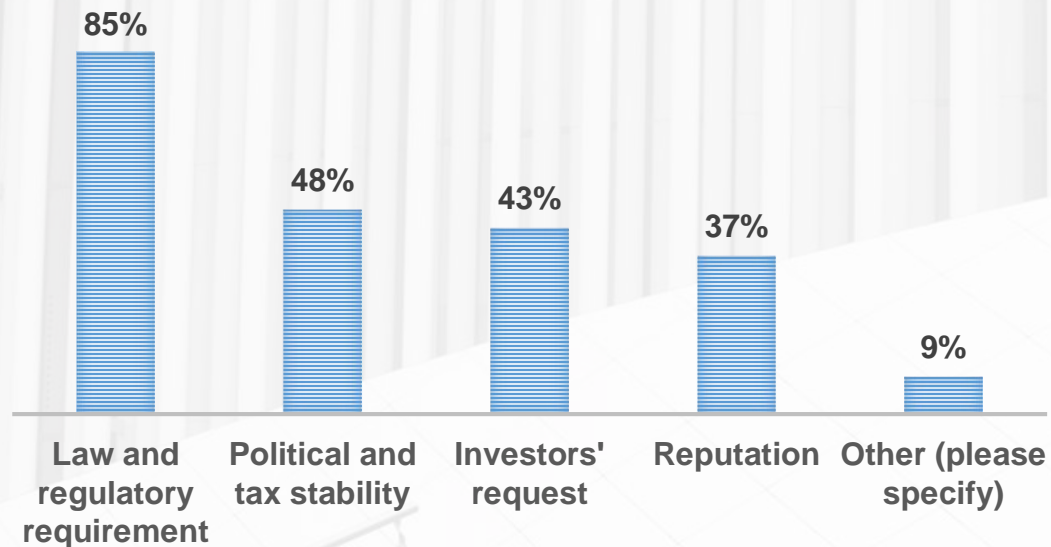
## FTEs and functions



16.4	Average FTEs
19.4	Own Office
5.4	Serviced Office Space
4.6	< €1 billion AuM
10.7	€1-€5 billion AuM
40.5	> €5 billion AuM

A total of 46 firms reported 752 professionals working in Luxembourg.

## Critical decision factors that influenced or could have influenced a relocation to Luxembourg



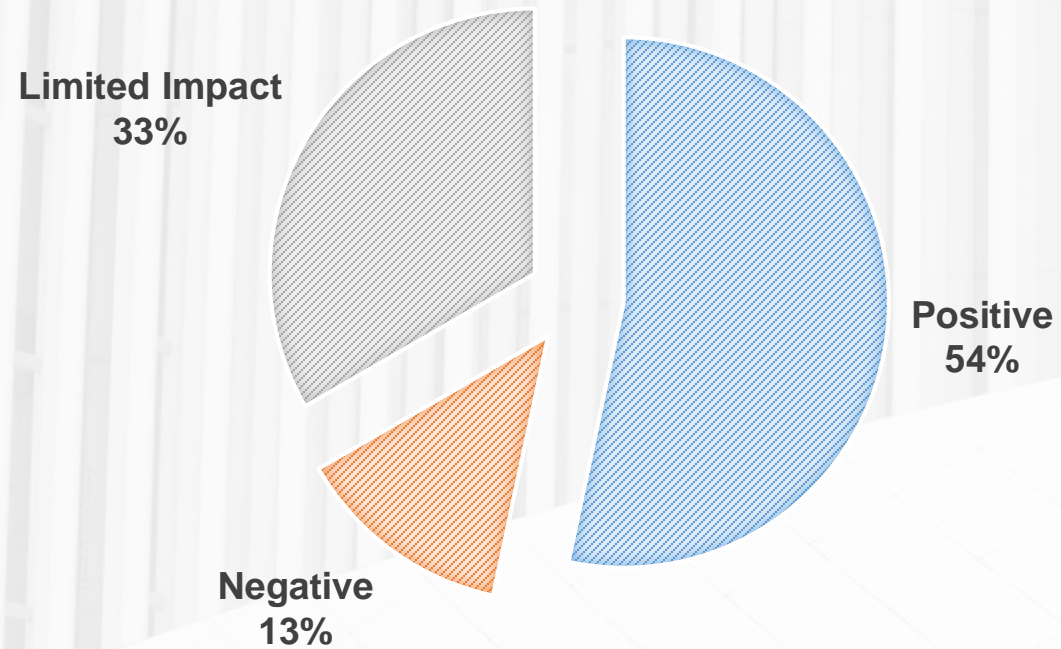
17% of GPs consider relocating to Luxembourg.

85% consider Law and Regulatory Requirements as a key factor to relocate to Luxembourg, an increase from 70% in the previous survey.

Relocation due to Investors' request and Reputation of Luxembourg decreased since 2021.



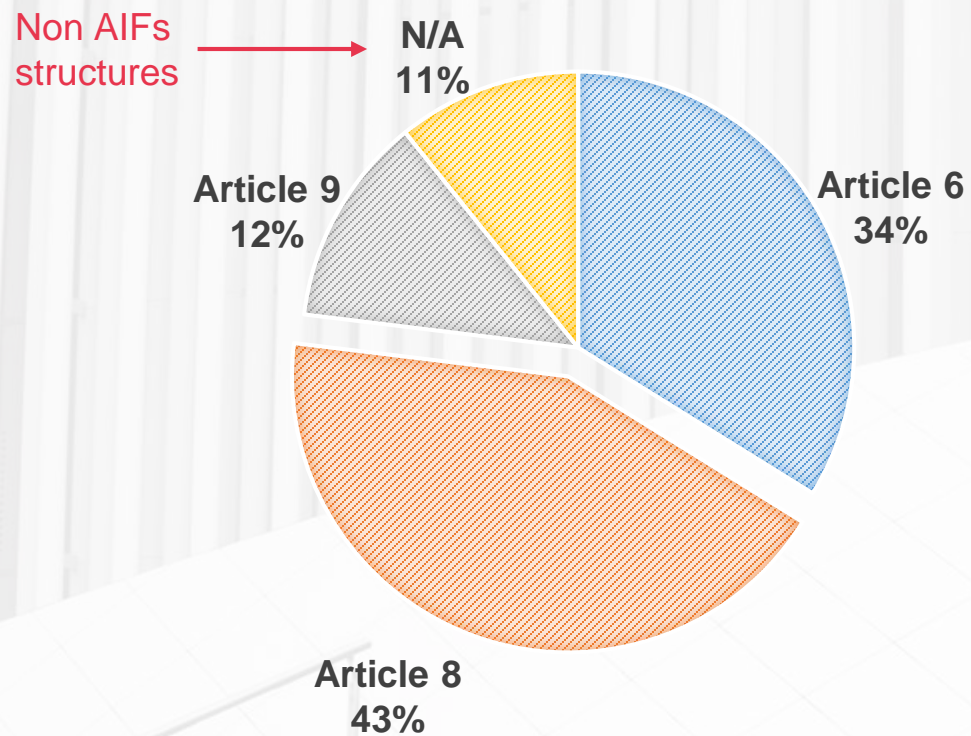
## Impact of ESG regulation in the PE industry



ESG regulation is positively perceived by the PE industry.

59% changed the investment strategy to address the ESG appetite of investors.

## Funds classification



**4 GPs** have funds subject to Article 6, Article 8 and Article 9.

**12 GPs** have funds subject to at least two types of articles.

## Position going forward towards ESG

**60%**  
Strengthen the investment

**38%**  
Stabilise the investment

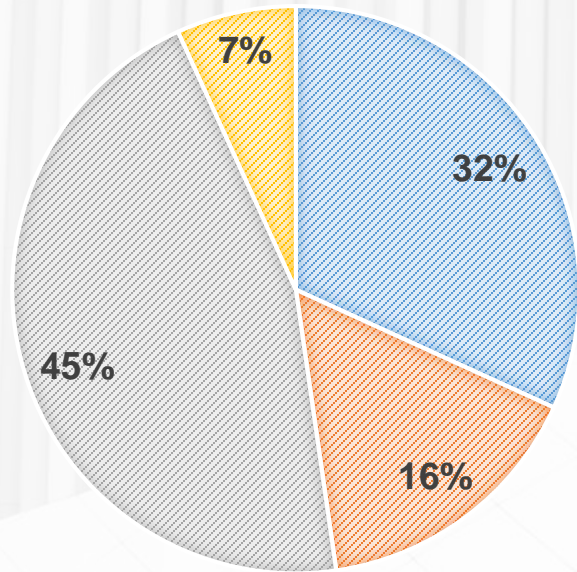
**2%**  
Reduce the investment

60% intend to continue investing in their ESG operations against only 2% willing to reduce their investment.

72% are encompassing nature-related risk in the assessment of environmental risk and in their overall ESG strategy and operations.

31% are familiar with the Taskforce on Nature-related Financial Disclosures (TNFD).

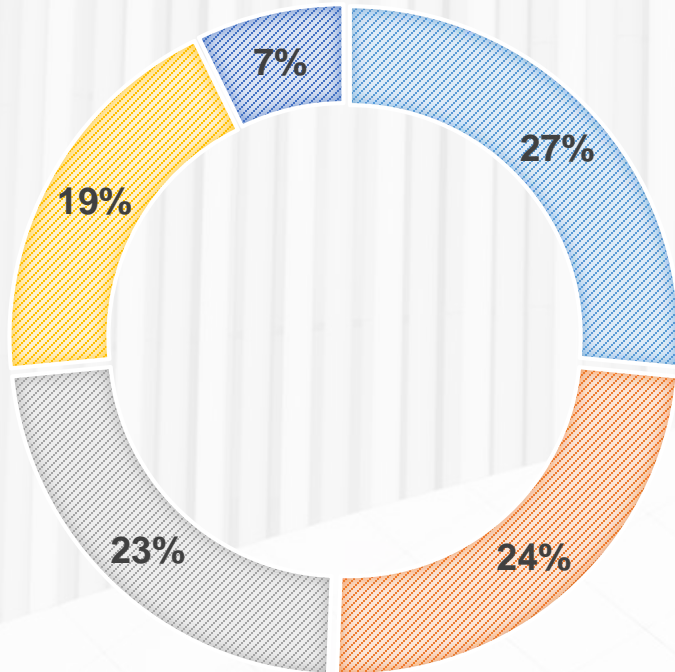
## Decarbonisation journey: stage of development



- Currently establishing a baseline of emissions and related measurement strategy
- Currently setting science-based reference targets
- Currently defining a reporting, disclosing and communication strategy
- Other

*“Further reduction of gas emissions”*

## Challenges in the incorporation of ESG in the product offering



- Complex regulation
- Complex data management
- Multiple reporting framework
- Defining and quantifying ESG risks
- Other

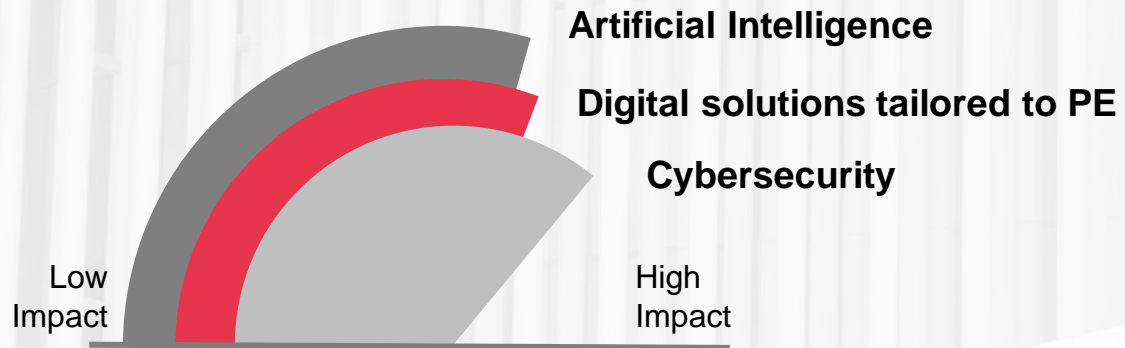
“CSRD - Small cap SMEs not ready for reporting”

“Constantly changing regulation”

“The under-representation of diversity in the *target companies*”

“Lack of investor *interest*”

# Impact of technology in business operations



**47% have a digital transformation programme.**

While some are still in early stages of implementing technology, others are well advanced and creating dedicated internal tools or doing 2.0 enhancements.

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## **ACKNOWLEDGEMENTS**

The current document was compiled by LPEA's Market Intelligence Committee. LPEA expresses its recognition to all the firms which contributed with their answers and to the members of the committee who actively contributed to the preparation of this survey.

## **ABOUT LPEA**

The Luxembourg Private Equity and Venture Capital Association (LPEA) is the representative body of Private Equity and Venture Capital professionals in Luxembourg.

With 590 members, LPEA plays a leading role in the discussion and development of the investment framework and actively promotes the industry beyond the country's borders.

Luxembourg disposes of a stable tax regime and is today at the forefront of international PE regulation providing a flexible, secure, predictable and multi-lingual jurisdiction to operate in. The LPEA provides a dynamic and interactive platform for its members to discuss and exchange information and organises working meetings and networking opportunities on a regular basis.

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