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Issue 38, June 2026

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Hind El Gaidi
President, LPEA



Stephane Pesch
CEO, LPEA

Dear members, friends and partners,

In the context of the current geopolitical constraints and international uncertainties, the LPEA decided to respond positively by creating key events, influential roadshows, and empowering learning sessions, which were delivered together with our closest members. While executing these initiatives, we respected the integration of our 2025–2030 strategy of continuously promoting, defending, and training the private capital ecosystem through engagement, innovation, and operational excellence.

For example, we organised a dedicated "M&A Conference" that featured five deals incorporating a Luxembourg angle (buyer, seller, structuring, local interests, or integration). In addition, the first "LP Summit" attracted close to 100 curated investors from Luxembourg and abroad (including members of our Family Office and Wealth Management Clubs), offering dedicated content, Tier 1 GP presentations, and specialised roundtables focusing on the main interests of LPs.

A strong sense of intellectual curiosity for promising and non-traditional investment theses inspired us to launch "Real Assets and Other Strategies," with five motivated managers sharing their expertise. Concerning the established PE Tech Day and AGM, new milestones were reached, with a record number of exhibitors and attendees, respectively.



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The magazine of the Luxembourg Private Equity & Venture Capital Association
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LPEA Insights Conference 2026: Private Capital at the Crossroads

The LPEA Insights Conference 2026 will take place on 15 October at Luxexpo The Box, bringing together an anticipated 1,500 private markets professionals for Luxembourg’s leading Private Equity and Venture Capital event. Under the theme “Private Capital at the Crossroads,” this flagship conference will examine how the industry is navigating geopolitical uncertainty, technological disruption, evolving regulation and changing investor expectations.

The event attracts a broad international audience from across the private capital ecosystem, with approximately half of attendees representing General Partners (GPs) and Limited Partners (LPs), creating valuable opportunities for networking and industry exchange.

Throughout the day, internationally recognised speakers and industry experts will share perspectives on the trends and opportunities shaping the future of private markets through keynote sessions and panel discussions across three dedicated stages.

Held during the Luxembourg Venture Days, organised in partnership with Luxinnovation, the conference also brings together investors and innovative entrepreneurs from the Fit 4 Start programme.

Register here



LPEA Strengthens Its Commitment to Diversity and Inclusion

The LPEA has signed the Luxembourg Diversity Charter, promoted by IMS Luxembourg, marking another important milestone in its ESG journey. The signature reflects LPEA’s commitment to fostering diversity, inclusion and equal opportunities within the PE & VC industry, while encouraging the wider ecosystem to embrace responsible practices.

The initiative aligns with LPEA’s existing “Entreprise Responsable” certification issued by INDR Luxembourg and complements the association’s ongoing efforts through its ESG Club and Private Equity for Women (PE4W) Club. By formalising these commitments, LPEA continues to support the development of a more inclusive, sustainable and responsible financial ecosystem in Luxembourg.

LPEA PE Tech Day 2026: Celebrating Innovation in Private Markets

On 12 May, the LPEA PE Tech Day 2026, hosted by KPMG Luxembourg, brought together more than 300 participants from across the private capital ecosystem to explore the technologies transforming PE & VC. The event featured 42 technology providers and innovation leaders, who showcased their latest solutions to an audience of GPs, LPs and other PE&VC professionals, highlighting new ways to enhance efficiency, transparency and operational excellence across the industry.

A highlight of this year’s edition was the inaugural LPEA PE Tech Awards, sponsored by Alter Domus, recognising outstanding technology solutions across private markets. The winners were selected through on-site voting by attendees, reflecting peer and client recognition from across the industry.

The 2026 winners were Ylookup (PE Tech Innovation Award), Arendt Regulatory & Consulting (Fund Services Solution Award), QUANTYX (GP Solution Award), Private Labs (LP Solution Award), and Domos (LPEA PE Tech Implementation Award), recognised for its collaboration with Kartesia to digitalise investor onboarding and investor relations.

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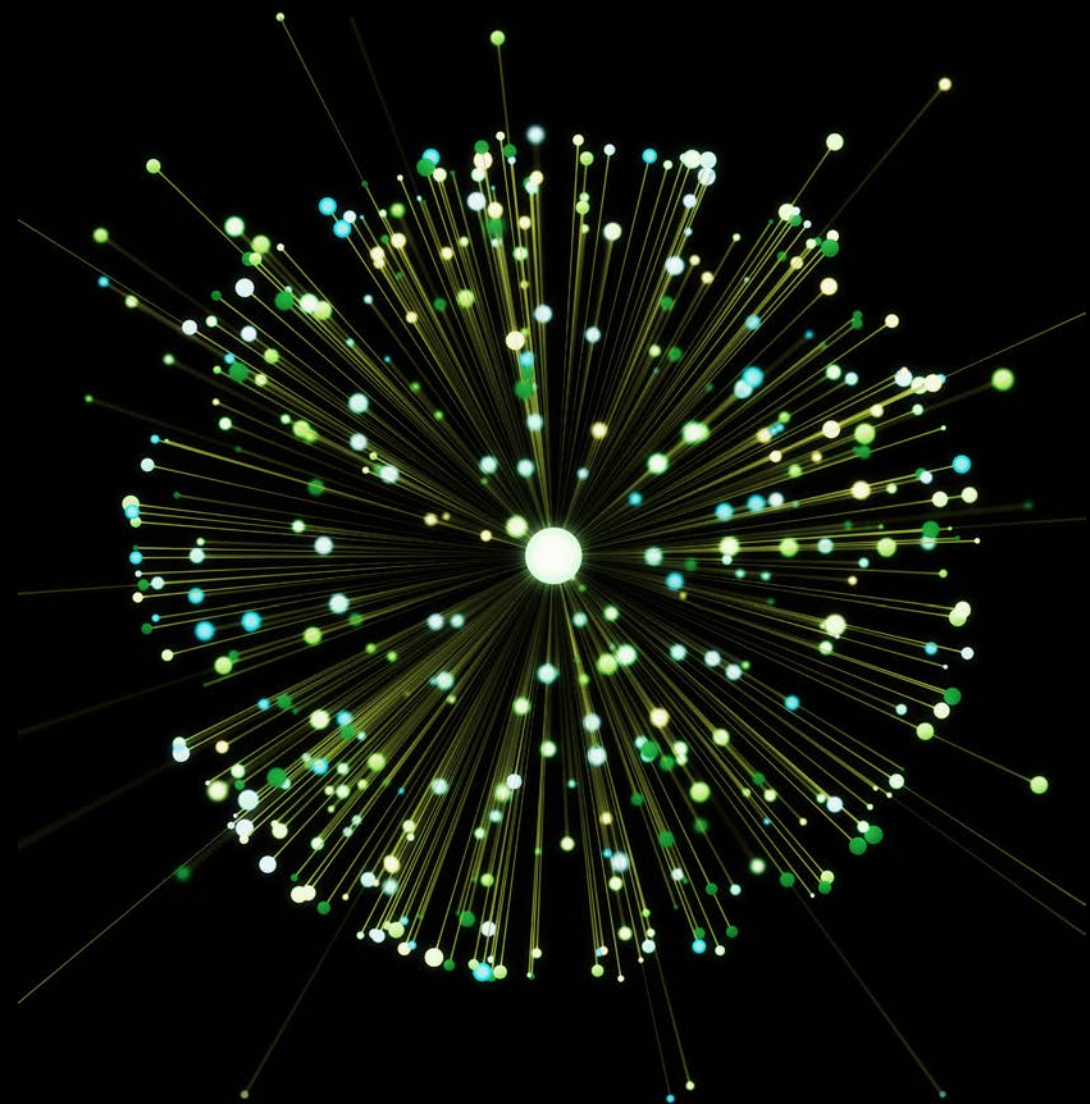
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Luxembourg Launches €150m Fund to Boost Defence Innovation

Luxembourg has launched the National Defence Fund (FND), a €150 million initiative spread over five years to support the development of a national ecosystem of innovative companies in the defence sector. Managed by the National Credit and Investment Corporation (SNCI), the fund is separate from the €150 million raised through the government's defence bond issued in January, which financed increased defence spending.

The FND will be financed through contributions of €75 million from the SNCI, €50 million from the state budget and €25 million from the Luxembourg Intergenerational Sovereign Fund (FSIL). It will invest in specialised venture capital funds and directly in companies, with a focus on dual-use technologies serving both civilian and military purposes.

Priority sectors include cybersecurity, automation, smart materials, robotics, artificial intelligence and space. The initiative aims to help Luxembourg meet its Nato commitments, attract private capital, support research and development, create skilled jobs and strengthen the country's economic resilience and security.

US Investor NPE Backs Luxembourg-Based One group solutions

AUS technology-focused Private Equity firm New Private Equity (NPE) is set to make a strategic investment in Luxembourg-based funds governance provider One Group Solutions, subject to regulatory approval expected in the fourth quarter of 2026. Founded in 2019, One Group Solutions has grown to more than 160 employees globally and said it had doubled its headcount over the past year. The company expects annual headcount growth of 20% to 30% as it expands in the US, UK and EU. According to the firm, the investment will support further hiring and additional spending on AI and technology infrastructure, while technology is intended to support client work rather than reduce staffing.

New Brochure Highlights the Rise of Private Equity ELTIFs



LPEA and ALFI have jointly released "Private Equity ELTIFs: Why Luxembourg?", a new publication designed to guide market participants through the evolving landscape of European Long-Term Investment Funds (ELTIFs).

Developed by a dedicated joint working group, the brochure examines the opportunities created by the ELTIF 2.0 framework and the growing role of Private Equity strategies within this expanding market. It highlights Luxembourg's position as the leading ELTIF domicile in Europe, accounting for more than half of all EU ELTIFs, while outlining a range of structuring options, including fund of funds and master-feeder models.

The publication also explores enhanced distribution possibilities across the EEA, broader access to retail investors, and the increasing appeal of ELTIFs to insurance investors following recent Solvency II revisions. By combining regulatory guidance with practical structuring insights, the initiative reaffirms LPEA and ALFI's commitment to supporting innovation and the continued development of Luxembourg's alternative investment ecosystem.



➤ Bridgepoint Luxembourg:

Turning Operations into Strategic Value



Interview by Luis Galveias,
COO of LPEA

As private markets continue to evolve, scale, operational excellence and adaptability have become key differentiators. In this interview, Aurelie Comptour, Head of Luxembourg at Bridgepoint, discusses the group's transformation into a global multi-strategy platform, the growing strategic role of Luxembourg within the organisation, and how technology and AI are reshaping operations across alternative asset management.

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Bridgepoint is a middle market player with investment strategies spanning from buyout to credit and secondaries, and also active as a Private Wealth manager. How has the group evolved over recent years?

Over recent years, the private markets industry has undergone significant transformation. We have seen substantial consolidation among asset managers, with firms expanding across geographies and strategies to achieve greater scale and diversification. At the same time, investors are increasingly focused on performance, liquidity and fee transparency. In the current environment — with a more selective deal-making backdrop and higher interest rates than markets were accustomed to for many years — discipline and execution have become critical differentiators.

Institutional investors today are looking for broader exposure across alternative asset classes, but they are also increasingly focused on operational

robustness and long-term value creation.

Bridgepoint has evolved from a specialist Private Equity investment manager into a broader multi-strategy investment platform, while remaining firmly focused on the mid-market. We have expanded across Private Equity, private credit, infrastructure, secondaries and private wealth solutions. Today, with \$98 billion of assets under management and teams across Europe, North America and Asia, we combine global scale with local market and sector expertise, consistently delivering strong returns through cycles.

At our 2024 Capital Markets Day, our CEO set out a clear ambition to continue scaling the Group towards more than \$200 billion of AUM. The additions of Energy Capital Partners and Newbury Partners demonstrate that strategy in practice, and we continue to see significant opportunities for further growth through a combination of organic expansion and targeted M&A. While diversifying across strategies, ➤

“ Bridgepoint's track record across market cycles and differentiated mid-market positioning have enabled the group to continue generating returns through disciplined asset selection and strong origination capabilities.”

Aurelie Comptour



➔ Bridgepoint has maintained deep specialist expertise within its chosen sectors and remains disciplined around its core strengths: supporting growth businesses, partnering closely with management teams and creating long-term value.

Prior to joining Bridgepoint, you worked across the LP, GP, and services sides of the industry. Tell us more about your professional journey and your current role at Bridgepoint.

One of the aspects I value most in my professional journey is having had the opportunity to experience the private markets industry from multiple perspectives.

Before joining Bridgepoint, I worked across the LP, GP and services sides of the industry. Each of these experiences provided a different understanding of how the industry functions and how expectations have evolved over time.

Working on the investor side gave me direct insight into what institutional clients and family offices truly expect from asset managers today. While performance metrics and liquidity remain fundamental, investors increasingly assess governance, operational resilience, transparency and strategic alignment. That perspective has been extremely valuable in understanding how alternative investment platforms need to evolve.

My experience on the services side also gave me strong exposure to the operational and regulatory complexity of the industry across multiple jurisdictions. The market in Europe is exceptionally sophisticated, bringing together legal, corporate, compliance, tax and governance expertise that supports increasingly global and complex fund structures. Joining Bridgepoint allowed me to bring together these different perspectives within a multi-sector specialist platform.

Today, my role is focused on overseeing and developing the Luxembourg platform while supporting the group's broader operational objectives. A key part of my role is ensuring that the

Luxembourg operations are not viewed simply as an administrative function, but as a strategic and integrated partner of the wider organisation.

This also means helping the team embrace change. The industry is evolving rapidly — through regulation, technology, investor expectations and AI-driven transformation — and operational teams need to evolve alongside it.

What motivates me most is building an environment where people feel empowered, connected to the business and recognised for the value they create. Bridgepoint is an environment where this mindset is genuinely encouraged and supported.

How is Bridgepoint Luxembourg positioned within the global platform, and what role does it play in supporting the group's broader activity?

As the group has expanded internationally and diversified across multiple investment strategies, Luxembourg has naturally become an important hub supporting the operational, governance and structural dimensions of the business.

Over time, Luxembourg has established itself as one of the world's leading centres for cross-border investment structures, particularly within private markets.

Historically, operations in alternative asset management were often viewed primarily as execution-focused support functions. Today, however, operating platforms are playing an increasingly important role in supporting growth and meeting investor expectations.

Our ambition is for the Luxembourg team to remain an integrated and strategic part of the group — not a team sitting alongside the business, but a team embedded within it.

That means developing a deeper understanding of the investment strategies, assets and broader value creation process. It also means strengthening collaboration across functions and jurisdictions so that operations can contribute not only through execution,

but also through expertise, insight and proactive partnership.

Within Bridgepoint, the Luxembourg platform is increasingly structured around three areas: skills, processes and data. These three areas are all connected. Strong skills allow us to interpret and challenge information effectively. Operational teams need increasingly specialised expertise across governance, structuring, financing arrangements, regulatory frameworks and investor reporting. Robust processes create scalability and consistency. For example, standardising certain deal execution, reporting and governance processes allows the team to dedicate more time on complex structuring matters, management incentive plans, financing arrangements or specific investor requirements. Finally, better use of data enhances visibility, responsiveness and strategic decision-making across the platform. Our ambition is to constantly improve how data is centralised and leveraged.

Ultimately, Luxembourg contributes to Bridgepoint's broader objectives by combining strong technical expertise with international coordination, operational discipline and strategic alignment.

How do you see the Luxembourg operations adding value to the group's objectives? And where do you see the use of AI impacting your operations?

I believe strong operations are becoming an increasingly important differentiator within alternative asset management. Strong operating models enable better reporting, stronger governance, improved scalability and ultimately better decision-making. They also reinforce trust with investors, which is fundamental in our industry. A strong operating model should no longer be viewed merely as a cost centre, but as an enabler of performance and scalability. Our ambition is to go beyond just delivering processes efficiently and become more connected to performance and value creation.



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That means building an operational model that is scalable, disciplined and increasingly insightful by using AI.

Our structures deal with significant volumes of data, which we increasingly aggregate and analyse to improve coordination, reporting quality and investor servicing.

Investor servicing and operational support functions are already evolving through greater use of technology and automation. For global platforms managing large volumes of data and documentation across jurisdictions, these efficiencies are valuable. At Bridgepoint, operational support functions are already being reshaped by AI. We have deployed AI solutions across a number of operational processes, including due diligence exercises, vendor monitoring and certain corporate secretarial functions. There are clear opportunities in areas such as

“ Our Luxembourg team needs to understand not only the processes they manage, but also the assets and investment strategies behind the business.

Aurelie Comptour

document processing, data extraction, reporting automation, workflow optimisation and compliance monitoring. AI helps us optimise time and accuracy on repetitive tasks, improve consistency and accelerate access to information.

At the same time, private markets remain highly relationship-driven, where judgment and human interaction continue to play a central role. Technology can help improve efficiency and access to information,

allowing teams to spend more time focused on analysis, decision-making and supporting investors and the wider business.

What does the local team look like and how do you see it evolving?

One of Luxembourg's strengths is the quality and diversity of its talent pool. Bridgepoint attracts professionals from across Europe and beyond, creating teams that are multilingual, ➔



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↳ adaptable and comfortable working in international environments. What is particularly important to me is building a culture that goes beyond technical expertise alone. Our culture is the glue to create cohesion and belonging. Our role is no longer just to operate in the background executing processes. It's to support the organisation's ability to perform and adapt in an increasingly complex environment. That means creating structures and capabilities that make the wider platform efficient and resilient.

I always encourage the team to maintain a strategic mindset and bring expertise and judgement into day-to-day work. This means challenging inefficient processes, anticipating risks and business needs earlier, and contributing insight.

Our Luxembourg team needs to understand not only the processes they manage, but also the assets and investment strategies behind the business. One thing I have found particularly effective is involving operational teams

earlier in the decision-making process, which allows us to keep informed and remain impactful partners to the organisation.

As the industry continues to evolve, we need to build a future-focused operating model leveraging data, automation and AI. This includes enhancing reporting capabilities, automating recurring processes and using technology to improve scalability and efficiency across the platform.

I also believe strongly in creating an environment based on trust, openness and continuous learning. Strong collaboration and human interaction will remain essential, particularly in an industry as relationship driven as private markets.

What are the group's key ambitions today, and what are the main levers for achieving them?

In a more complex and uncertain market environment, Bridgepoint's track record across market cycles and dif-

ferentiated mid-market positioning has enabled the group to continue generating returns through disciplined asset selection and strong origination capabilities.

Our global footprint, diversified investment strategies and active investment and exit pipeline position the firm well to navigate today's environment.

The current market requires careful execution, operational rigour and long-term thinking. Performance today is less driven by market momentum and more by expertise, discipline and value creation.

Finally, talent and culture remain critical. The industry is evolving quickly, and organisations need teams capable of adapting, collaborating and operating across increasingly complex environments.

For Bridgepoint, the objective is not simply to grow, but to continue building a resilient platform that combines investment expertise, operational excellence and adaptability over the long term. ●



By **Alisa Amarosa Wood**,
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5 Questions to Ask Managers about Evergreen Private Equity

The market of evergreen Private Equity vehicles continues to expand, meaning it is more important than ever that investors have the right information and transparency to distinguish between offerings, from investing approach to structure and alignment.

Do you have a strong track record in the strategy you are pursuing in your evergreen product or are you trying something new?

Why it matters: Evergreen Private Equity strategies are sometimes viewed as “watered down” versions of a manager’s institutional business. It is important to identify whether a manager is providing institutional-quality access to Private Equity backed by a proven track record through their evergreen vehicle or if the vehicle is getting “leftovers,” lower-returning assets, or something entirely novel.

Importantly, the dispersion of returns between top-performing Private Equity managers and bottom-performing managers is nearly 1,500 basis points, in contrast to the only 300 basis point disparity among public market managers¹. So, it follows that the “who” of Private Equity is just as important, if not more so, than the “what.” It is critical to invest alongside a cycle-tested manager that has an established track history. Ultimately, Private Equity returns depend on whether managers can make companies more valuable than when they bought them.

What to look for: Investors should assess the underlying portfolio of a manager’s evergreen vehicle. In some instances, managers aim to replicate their institutional Private Equity strategies in their evergreen vehicles and in others, managers may incorporate additional asset classes or completely new strategies to accommodate the evergreen vehicle. In the latter case, the manager may not have a track record which evidences their ability to achieve the deployment and performance levels necessary to maintain an open-ended vehicle. This may raise questions about a manager’s ability to achieve their target returns.

These questions may include:

- Are the investments included in the evergreen vehicle consistent with the manager’s institutional strategies?
- Are the target returns consistent with the manager’s historical long-term institutional track record?
- If the target returns diverge from that manager’s historical long-term institutional track record, what factors are driving the difference?
- Do you have to trust the manager to be good at something they have not tried before?

As stated above, how the manager achieves their target returns often depends on their ability to create value in their investments. Investors who choose a single-manager strategy with control over the underlying investments are placing trust in the skill and expertise of the manager’s investment

teams. By taking controlling positions of investments, managers have an ability to drive sustainable value creation through repeatable playbooks from operational optimization and product development to accretive M&A and digital transformation, to name a few.

Does your evergreen Private Equity strategy have robust, consistent, and priority deal flow?

Why it matters: A Private Equity strategy is only as strong as its underlying investments. Maintaining an “always on” vehicle requires a robust sourcing engine to align inflows with deployment, manage deployment effectively, and source and size allocations appropriately. Some managers have access to deal flow across their own platforms, while other managers rely on third-party deals through co-investments or secondaries.

What to look for: Single-manager evergreen strategies typically participate in transactions at their own firms. As a result, single-manager vehicles tend to have firsthand information about which companies are in their pipeline, the timing of those deals, when exits are on the horizon, and when distributions might occur. Single-manager vehicles focused on investing in controlled positions often have even more information regarding their underlying portfolios, including real-time operational metrics, strategic progress, and risk factors. These attributes can allow for more efficient portfolio management, superior portfolio construction, proactive risk management, and more predictable cash flow generation, all of

which provide structural advantages for a scaled evergreen strategy.

Not all single-manager strategies are created equally, however. Some aim to replicate the institutional experience by investing in the same deals at the same time and at the same price as the manager’s drawdown vehicles. Conversely, some evergreen vehicles acquire companies the manager’s institutional funds turned down, invest through any capital “left over” after institutional pools have participated, or execute entirely separate “whitespace deals” outside of the manager’s other strategies. The breadth of a manager’s platform also determines the scale of available deal flow—for example, sector-specific managers may have less robust sourcing engines than managers investing across a wide range of sectors and/or geographies. In some cases, where managers have limited breadth, their evergreen vehicle is investing behind novel, untested strategies.

On the other hand, multi-manager strategies typically have access to a wide swath of investment opportunities because they invest across other managers beyond their own platforms. While this broad approach can provide a potentially larger investment universe, it also presents challenges related to not having control over deal flow. For example, co-investors typically cannot access all deals originated by third-party firms and are often presented with opportunities only after these firms’ own funds and clients have been accommodated. Additionally, co-investors can find it

difficult to manage the sizing of their allocations, as they generally cannot control the amount available to them. Similarly, secondary and fund of fund strategies depend on market availability and the capacity of other managers and allocators to execute transactions. Multi-manager strategies and strategies without certainty around deal flow rely on third parties for capital deployment and information access, which can limit visibility into the pipeline, valuations, and exits, making efficient portfolio management more challenging, in our view.

How do you manage liquidity?

Why it matters: Evergreen Private Equity vehicles typically maintain a liquidity sleeve to enable consistent capital deployment and to meet redemption requests. Thoughtfully managing the risk-return profile of this sleeve is a critical component of operating a scaled evergreen strategy.

What to look for: Some managers may seek to compensate for lower returning assets with higher risk allocations in their liquidity sleeves. It is important to understand the way a manager thinks about risk management because it is key to their overall approach to liquidity.

Questions to ask may include:

- Is the liquidity sleeve used as “sleep well at night money” or as a return driver?
 - Is the liquidity sleeve truly liquid?
 - How susceptible are the sleeve’s investments to market fluctuations?
- Since part of the purpose of the sleeve is to help facilitate redemption requests,

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investors should evaluate the pros and cons of a liquidity management strategy carefully, in our view. Additionally, managers must be able to balance the amount of capital they receive from investors with deal activity in order to deploy that capital and avoid inflating the liquidity sleeve. Investors should look for managers with thoughtful approaches to this balancing act and well-fueled deployment engines to match inflows.

How do you manage the operational complexities of your evergreen strategy?

Why it matters: Evergreen Private Equity products require scaled platforms, robust operational resources, and deep experience to manage effectively given the operational complexity of maintaining an “always on” vehicle.

What to look for: Evergreen vehicles necessitate continuous operational coordination across cash management, liquidity, hedging, valuations, risk management, etc. Regular subscriptions and redemptions must be balanced against the flow of new portfolio investments and exits, while liquidity sleeves are actively calibrated to support investor activity without disrupting portfolio objectives. For globally invested portfolios, this complexity is further compounded by foreign exchange hedging considerations, in addition to regular-way accounting and reporting processes. Taken together, these moving parts demand constant precision and thoughtful execution. It follows that operational capability becomes a critical driver of investor experience and outcomes. Successfully managing these complexities requires

depth in the form of specialized and scaled resources (i.e., people and processes) across functions. Experience also matters, particularly cycle-tested managers with know-how in evergreen strategy management. As the landscape of evergreen strategies evolves and vehicles grow in size and adoption, the ability to manage complexity consistently becomes less about structure and more about resources, infrastructure, scale, and experience.

How do you ensure alignment between you, your evergreen investors, and your other investing vehicles and clients?

Why it matters: Alignment among a manager's stakeholders helps ensure all investors receive fair treatment.

What to look for: Incentives are an important area of alignment.

- Does an evergreen vehicle have similar fee structures and capital support as a drawdown vehicle?
- How often does the evergreen manager crystallize profit sharing, and are they paid in cash or in shares?
- Does the manager have skin in the game?

Managers typically charge performance-related economics as a percentage of excess returns paid to the manager only if they deliver performance above a set hurdle or benchmark. These are generally in addition to the management-related economics that compensate for the general partner's active management of the portfolio.

Most single-manager strategies have one layer of economics, and a manager's incentives are generally easy to understand. In multi-manager vehicles, investors may indirectly pay man-

agement and performance economics to third-party firms managing the underlying positions, in addition to any fees charged by the evergreen manager. This double layer may mean each underlying investment needs to perform even better for clients to receive the same net performance, which may be challenging given other structural components, as noted earlier. Additionally, these structures may mean investors are paying active-management-level economics on secondary or co-investment assets that are actually managed by a third party.

Another important determinant of alignment is the manager's direct participation in its own investments (i.e., “skin in the game”). This includes examining whether the manager invests its own capital alongside clients in portfolio companies and understanding the extent of that commitment. Additionally, it's important to consider whether the manager participates not only in its institutional strategies but also in its evergreen vehicles or in all deals directly, as this demonstrates a consistent alignment of interests across different fund structures.

As noted at the beginning of this article, not all evergreen strategies are created equally and will win across all of the dimensions discussed in this article. Going through this list of questions with managers should help investors navigate the nuances and understand which manager and evergreen solution is best suited for a client's needs. ●

1. eVestment Alliance database for 15-year period through December 31, 2024. US Equities include large and small cap indexes. Source: Preqin online database, performance as of December 2024 (includes vintages for the 15 years to 2022), top quartile, median, and bottom quartile boundary net IRRs.



By Denis Kalinin,
Head of APAC
at Runa Capital

The China-Luxembourg Tech Corridor: Europe's Gateway for Chinese GPs

China's venture capital ecosystem is undergoing its most significant transformation in years, and a small European nation of 650,000 people has emerged as the critical bridge connecting Chinese GPs with European markets. As geopolitical headwinds reshape global capital flows, Luxembourg is positioning itself as the ideal European platform for Chinese fund managers seeking to diversify beyond the United States.

China's Capital Market Evolution

China now operates the world's second-largest VC ecosystem, with \$71B deployed across venture capital and tech-focused PE in 2025, according to the Chinese VC/PE database ITjuzi. Exits are also broadly available in China: in 2025, VC/PE exits in China tripled year-on-year. More notably, deep tech exits across AI, compute, robotics, energy, and space reached \$259B, surpassing the United States' \$206B. By this measure, China has quietly become the world's leading market for deep tech venture returns.

The shift toward 出海 (going global) represents a fundamental strategic pivot. According to Bain & Company's 2026 Greater China Private Equity Report, domestic GPs continued to allocate approximately 20–30% of capital internationally, leveraging access to the Chinese market, supply chain advantages and portfolio connections. This isn't opportunistic expansion — it's survival-driven diversification as domestic markets consolidate and competition intensifies across every vertical from semiconductors to consumer tech.

The US Challenge and European Alternative

Historically, the United States absorbed the vast majority of Chinese GP overseas expansion efforts. The logic was straightforward: Silicon Valley ecosystem access, deep LP networks, and predictable legal frameworks. But the Investment Security Act restrictions, CFIUS intensification, and bipartisan consensus on tech competition have fundamentally altered the equation. Based on my conversations with Chinese GPs, even top-tier firms report sub-50% renewal rates from their US institutional LP base for new USD fund vintages.

Europe presents a compelling alternative: €17T in combined GDP, mature institutional LP base managing \$31T in assets, and a regulatory environment that remains technology-neutral despite occasional friction on specific sectors. More critically, Europe is actively pursuing strategic autonomy from US dominance in tech infrastructure, semiconductors, and AI development — creating natural alignment with Chinese innovation strategies.

The European Complexity

Recent diplomatic warming between Beijing and Brussels has opened new possibilities. Belgian Foreign Minister Maxime Prévot's April 2026 visit to Beijing signaled renewed engagement, with China expressing willingness to strengthen cooperation with both Belgium and the EU. President Xi's March 2026 meetings with German Chancellor Friedrich Merz in Beijing, followed by a state visit to Greece, further underscored a shared commitment to “de-risking without decoupling” in areas like green transition and advanced manufacturing. Trade volumes between China and the EU reached record levels in Q1 2026, with bilateral trade flows totalling \$213B and technology components including EVs and battery materials representing the fastest-growing segments.

Yet Europe remains fundamentally challenging for Chinese market entrants. The continent fragments across 27 regulatory regimes, 24 official languages, and radically different business cultures spanning from Nordic transparency to Mediterranean relationship-driven models. GDPR compliance alone requires specialized legal infrastructure. Anti-subsidy investigations into Chinese EV manufacturers and solar companies demonstrate that political economy remains contested terrain. Cultural barriers compound legal complexity — German engineering rigor operates nothing like French administrative processes.

Why Luxembourg Solves the European Puzzle

Luxembourg operates as Europe's most pragmatic jurisdiction for Chinese GPs entering the continent. The country maintains strategic neutrality that extends beyond rhetoric. Luxembourg hosts 37.6% of all global investment funds investing in China, ahead of

Chinese companies are selecting Luxembourg not just for market access, but for full-stack European deployment — combining regulatory licensing, treasury management, and operational headquarters in one jurisdiction.

Denis Kalinin

Hong Kong and the US as a domicile for China-focused vehicles. Seven of the largest Chinese banks have established their European hubs in Luxembourg to manage asset and wealth management, serving as a bridge between Chinese clients and European investments. The Grand Duchy signed a bilateral investment treaty with China in 2017 that remains one of Europe's most favorable frameworks.

The numbers tell the story: Luxembourg dominates European fund infrastructure with 50% market share in domiciled investment vehicles, representing €7.2T in assets under management. For Chinese GPs, this translates to battle-tested service providers fluent in cross-border complexity. The Big Four accounting firms, 20+ depositary banks, and 150+ specialized law firms create an ecosystem where Luxembourg administrators have structured everything from RMB-denominated vehicles to VIE structures compatible with EU regulations.

Regulatory efficiency matters operationally. Luxembourg's Reserved Alternative Investment Fund (RAIF) framework allows Chinese GPs to launch funds in 4-6 weeks without prior regulatory approval, while still accessing the AIFMD passport for EU-wide distribution. Contrast this with French AMF authorization time-

lines of 4-6 months or German BaFin processes requiring 6-9 months.

Tax and Talent Advantages

The revised carried interest regime approved in January 2026 positions Luxembourg competitively against London and Zurich. Fund managers performing investment functions now access preferential tax treatment, with carried interest taxed at one-quarter of ordinary income rates (effective rate of ~11.5% versus 45.78% standard) when specific conditions are met. The subscription tax on fund NAV sits at just 0.01% for Private Equity structures — 10x lower than comparable European jurisdictions.

For Chinese GPs building European teams, Luxembourg's in-patriation regime offers significant advantages. New residents qualify for partial income tax exemptions on certain compensation elements for up to 8 years, while social security contributions cap at €154,255 annually (versus uncapped systems in Belgium or France). The multilingual workforce — with 70%+ speaking English, French, and German — eliminates the single-language constraints that plague fund operations in Madrid or Milan.

The Tech Validation

When the leading Chinese autonomous driving company Pony.ai selected Lux-

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→ Luxembourg for its European autonomous vehicle testing headquarters in 2023, the decision validated the jurisdiction's tech credibility. The Chinese self-driving startup chose Luxembourg over Berlin, Paris, and Amsterdam based on three factors: regulatory clarity for AV testing, access to connected vehicle infrastructure pilots, and crucially, the ability to structure European operations through the same legal entities managing their regulatory and customer relationships.

Ant Group, the developer of Alipay, prioritized Luxembourg for its expansion based on three factors: the CSSF's robust Electronic Money Institution (EMI) framework, which provides an immediate EEA passport to all 30 member states; the jurisdiction's proactive adoption of MiCA-compliant standards for e-money tokens; and the logistical advantage of consolidating its multi-billion euro pan-European merchant settlement and AML compliance operations under a single, highly-regarded regulatory supervisor.

The momentum is continuing into 2026, with new Chinese entrants reinforcing Luxembourg's positioning as a European launchpad for regulated tech and mobility platforms. According to Xinhua News Agency, a growing number of Chinese companies are selecting Luxembourg not just for market access, but for full-stack European deployment — combining regulatory licensing, treasury management, and operational headquarters in one jurisdiction.

Market Access and Distribution

Beyond fund structuring, Luxembourg delivers genuine European market access. The AIFMD marketing passport allows Luxembourg-domiciled funds to raise capital from professional investors across all 27 EU member states plus Norway, Iceland, and Liech-

tenstein. For Chinese GPs, this means a single regulatory filing unlocks distribution to European pension funds managing €3T+ in assets, insurance companies allocating to alternatives, and sovereign wealth vehicles from Ireland to Sweden.

The country's neutrality provides commercial advantages. European LPs hesitant to invest directly in Shanghai-domiciled RMB funds demonstrate greater comfort with Luxembourg structures, even when the same Chinese GP manages both vehicles. The jurisdiction signals governance standards, regulatory oversight, and legal recourse frameworks that reduce perceived risk without changing underlying investment strategies.

Decision-Making Efficiency

The scale advantage cannot be overstated: Luxembourg's entire financial sector regulatory apparatus operates within a government structure where ministers and other key decision makers remain accessible. Chinese GPs report scheduling meetings with Luxembourg Finance Ministry officials in 2-3 weeks — timelines impossible in Paris, Frankfurt, or London bureaucracies. The CSSF financial regulator maintains English-language guidance, processes inquiries rapidly, and demonstrates familiarity with Chinese market structures from years of processing cross-border flows. This efficiency extends to corporate mechanics. Company formation com-

“ The momentum is continuing into 2026, with new Chinese entrants reinforcing Luxembourg's positioning as a European launchpad for regulated tech and mobility platforms. ”

Denis Kalinin

pletes in 5-7 business days. Banking relationships with institutions experienced in RMB transactions (BNP Paribas, ING, Deutsche Bank Luxembourg) establish in 2-3 weeks. The RCS business registry digitally processes all filings, with English accepted as a primary language.

The Road Ahead

For Chinese GPs evaluating European expansion, Luxembourg represents the path of least resistance through regulatory complexity while maintaining maximum strategic optionality. The jurisdiction doesn't solve every challenge — building portfolio company networks in target markets still requires local presence, and LP relationship development demands physical proximity to decision-makers in London, Munich, and Stockholm.

But as a legal domicile, fund administration hub, and European beachhead, Luxembourg delivers unmatched combination of infrastructure depth, regulatory pragmatism, and political neutrality. As US-China tech decoupling accelerates and Chinese GPs seek permanent European presence, the China-Luxembourg corridor will define the next decade of cross-border venture capital flows.

The toolkit is proven. The ecosystem is mature. For Chinese fund managers ready to go global, Luxembourg isn't just a European option — it's the European solution. ●



By **Laurent Hengesch**,
Founding Partner
of Ilavaska Vuillermoz Capital

From a Coffee in Berlin to a London Unicorn: The 9fin Story

How a casual conversation between friends turned into one of the defining investments of our first fintech fund – and a reminder that in venture capital, relationships still travel further than spreadsheets.

Most investment stories told in industry magazines start with a thesis. This one starts with a coffee in Berlin.

Sometime in 2021, I was catching up with Marie Wennergren, a good friend of mine who at the time was investing out of Fly Ventures in Berlin. We met, as we often did, somewhere between Mitte and Kreuzberg, and the conversation drifted, as it often does between venture investors, from personal life into deal flow. Marie had recently been looking at a London-based company called 9fin. Her words stuck with me: it was, in her view, one of the best companies she had seen in a long time. Coming from Marie, that was not a sentence to be filed away politely. It was a signal.

That conversation is, in many ways, the reason this article exists.

A company building the rails for global debt markets

9fin was founded in 2016 in London by Steven Hunter, a former J.P. Morgan banker, and Hussam El-Sheikh, a former Deutsche Bank

engineer. The premise was as simple as it was unfashionable at the time: debt capital markets – a roughly 145 trillion dollar asset class, the largest in the world – were still being analysed with tools and workflows that had barely evolved since the 1980s. Information that mattered to credit professionals lived buried in PDFs, data rooms, prospectuses and email threads. The bond, loan and, increasingly, private credit markets were converging, and yet the technology stack supporting them lagged decades behind equities.

Hunter and El-Sheikh set out to centralise that information and build the analytical and, eventually, AI-native layer on top of it. The product combines proprietary data, news, covenants analysis, deal predictions and an AI-powered workflow into a single platform – the kind of tool a leveraged finance analyst would have built for themselves if they could.

When we first looked at the company in 2021, the thesis was straightforward to underwrite once you had spent ten minutes with the founders. The market was vast, the incumbents were complacent, and the team understood the workflows of their customers from the inside. The Series A round in October 2021 brought in Redalpine and Fly Ventures as institutional backers, alongside Seedcamp who had been there since the seed in

2017. We participated and welcomed 9fin into our first fintech fund.

A relationship business, not a transaction business

It is worth pausing on this point, because it is the part of the job that rarely makes it into pitch decks or annual reports.

The 9fin opportunity did not come from a banker, a cold email, or a screening tool. It came from a friend. Marie and I had known each other for years before that Berlin coffee, and we will know each other for years after the last of our portfolio companies has exited. Venture capital, particularly at the early stages, is an industry in which information is almost always asymmetric – and the asymmetry that matters most is not what you read in the data room, but what you hear from people whose judgement you have learned to trust.

There is a temptation, especially in a market that has become more crowded and more competitive, to treat fellow investors as competitors first and collaborators second. Our experience, with 9fin and elsewhere, has been the opposite. The investors and operators who shared their best ideas with us five years ago are, more often than not, the ones whose calls we still take first today. Marie's generosity in sharing what she was seeing is precisely the kind of behaviour that compounds

“Multiple consecutive years of 100 percent ARR growth and industry-leading retention metrics suggest the trajectory is far from done.”

Laurent Hengesch

over a career. We were, and remain, very grateful for it.

From Series A to unicorn

From there, the company executed. In December 2022, Spark Capital led a 23-million-dollar Series A+ to support the launch of 9fin's New York office and accelerate the US go-to-market. By December 2024, Highland Europe led a 50-million-dollar Series B that valued the company at around 478 million dollars, with the platform by then serving the majority of the world's leading investment banks, distressed advisors and credit-focused law firms.

In late March 2026, 9fin announced a 170-million-dollar Series C led by HarbourVest Partners, with participation from CPP Investments – already a 9fin client before becoming an investor – and existing backers including Redalpine, Highland Europe, Spark Capital and Seedcamp. The round valued the company at approximately 1.3 billion dollars, formally placing 9fin in the European unicorn club and bringing total capital raised to more than 250 million dollars. The proceeds are earmarked for deeper AI capabilities, expansion of 9fin's proprietary dataset and continued growth in the United States, which has become the company's fastest-growing region.

Multiple consecutive years of 100 percent ARR growth and industry-leading retention metrics suggest the trajectory is far from done. Notably, the AI thesis that has come to dominate every investment conversation in 2025 and 2026 is, for 9fin, not a pivot but the natural maturation of a strategy that has been in place since the beginning: data first, workflows second, intelligence layer third.

What we take away

There are the obvious lessons – back outstanding founders in large, structurally underserved markets, and re-up when the company keeps proving you right. We did, and we are looking forward to supporting Steven, Hussam and the team in the chapters still to come.

The less obvious lesson is the one we keep coming back to. The single most consequential moment in this investment was not the term sheet, the cap table modelling or the reference calls. It was a coffee in Berlin, with a friend who had no obligation to share what she was seeing, and chose to anyway. That is the part of this industry that no platform, no AI, and no LP report will ever fully capture – and it is the part that, more than a decade in, we still believe matters most. ●



By **Dominika Nettwall**,
Global Product Manager for Private Capital
at BNP Paribas S.A., Luxembourg branch,
Securities Services business

Asset-based Financing Enters the European Private Credit Arena

Asset-based financing is increasingly being adopted by Private Credit managers. As many begin to launch strategies in Europe, GPs must ensure they have the expertise and frameworks to succeed.

Recent years have seen some of the world's largest Private Equity players expanding into Private Credit. Several North American Private Equity giants are now running Private Debt platforms exceeding the AuMs of their traditional Private Equity franchise. The Private Credit market, however, has grown not only in size but also in terms of breadth. The focus is increasingly shifting, from debt funds that pool investors funding into pure corporate credit, to lending through diverse asset-based financing (ABF) solutions.

Some market studies suggest that the ABF market is expected to top USD 9 trillion by 2029¹. The total addressable market is estimated to be over USD 20 trillion². While organisations like Moody's hold a more cautious view, they corroborate the shift from corporate lending to the ABF market³. Undeniably, this shift is creating new opportunities for alternative lenders.

Asset-based financing's resurgence: diversification and flexibility

Private Credit managers entering the ABF space believe it provides an inter-

esting value proposition for investors across economic cycles, as credit performance is less correlated to traditional corporate credit. It allows GPs to structure diversified investment opportunities that meet the risk-return needs and preferences of investors. As ABF creditworthiness derives from the cashflow of the pool of underlying assets and their collateral value, ABF can provide varied investment profile exposure.

Private ABF deals also further increase portfolio diversification as they are considered to be low-correlated to Private Credit strategies. ABF loans can be paid back more quickly since they set payback amortisation schedules as part of their terms. As a result, portfolio managers have improved visibility on whether and when the assets will be repaid.

Additionally, borrowers are prone to pay more for certainty, speed of execution and the financing flexibility that some ABF lenders can provide. Private financing can offer yield premium thanks to customisation, certainty and scale. In the case of self-originated ABF assets, it provides investors and other deal participants with the ability to customise the structure, control asset quality and benefit from lower credit volatility.

Asset-based finance reaches European shores: why now?

ABF has historically been a central strategy of US managers, but we are now seeing more uptake in Europe. Increasing banking regulation in Europe and balance sheet optimisation has caused bank lenders to retract from certain areas of traditional lending or non-corporate credit profiles. Some borrower types are no longer covered by bank lenders, which has created space for specialty finance asset managers. With technological developments facilitating the underwriting process, more non-bank lending plat-

Asset-based financing: a quick guide

ABF broadly refers to lending that is secured against physical assets or pools of assets. ABF is first supported by the contractual cash flows generated by them, and then by the liquidation value of those assets. This is in contrast with direct corporate lending which relies on the borrower's own creditworthiness. ABF provides critical funding to the real economy. It spans consumer-focused credit: auto loans, student loans, personal loans and non-consumer loans, as well as business-related activity: aviation finance, royalty streams, equipment leasing, and mortgages including home improvement loans.

“As the growth in ABF continues, we anticipate new strategies may emerge focused on fintech lending, infrastructure and energy transition assets.”

Dominika Nettwall

forms are coming to the market seeking financing. We see this burgeoning interest through several high-profile fund launches in recent years:

- Blackstone launched their asset-based credit (ABC) platform in 2023, combining the ABF and insurance groups into a single unit. In 2024, they partnered with several banks to acquire multiple loan portfolios. In 2025, Blackstone launched an ABF fund BLACKSTONE ABF ICAV.
- In 2024, Apollo's Atlas SP partnered with BNP Paribas to support asset-backed credit originated by Apollo and Atlas with an initial commitment of USD 5 billion. In 2026, Apollo launched a Luxembourg-domiciled dedicated ABF fund.

Launching ABF products in Europe: factors for success

For US GPs, implementing an ABF strategy in Europe is not a simple “copy-and-paste” exercise. Based on our experience supporting major Private Credit managers with their ABF fund launches, GPs need to focus on these areas to successfully navigate the local environment:

1. European regulatory requirements: US GPs might consider implementing the same strategy in Europe as those they have successfully launched in the US, using their US or UK-based implementation teams. However, they must be prepared for a plethora of regional regulations as well as the distinct roles of European market intermediaries and service infrastructure. For exam-

ple, GPs need to consider, as part of their deal and fund structuring, the differences between the role of US custodians and European depositaries under AIFMD, and their so-called look-through requirements. A multi-local depositary provider who understands the different requirements in the US and in Europe can provide GPs with the necessary support to bridge this gap.

2. Navigating local ecosystems and asset class specifics: US GPs need to find a common language with service providers in Europe when it comes to fund management and administration processes. In addition, understanding the specifics of the ABF investment strategy and instrument types can ease operational set up and day-to-day business with administrators and any other service providers. For diversified ABF portfolios that combine liquid and illiquid expertise, it's important for service providers to have connectivity with pricing data vendors for liquid instruments as well as to the client's independent data source for illiquid assets valuation.

3. Educating existing investor bases: GPs replicating an ABF strategy in Europe must consider how to bring in their existing US investor base, in addition to a new European investor base. US investors will need to understand how the AML/KYC process applied in the US through Luxembourgish structures works, and how to navigate these specific European requirements. GPs should not underestimate this process

and start discussions on the expected onboarding requirements early on.

Choosing the right partner

Choosing the right partner in Europe can help guide Private Credit managers on the European regulatory environment, in addition to cooperation with their local AIFMs. Tight cooperation, especially during the structuring phase and definition of the investment strategy, can facilitate look-through assessment for the desired fund products and investment portfolio.

In Europe, ABF funds are sold only to professional investors. Nonetheless, GPs looking for liquidity solutions for their LPs may choose to set up semi-liquid ABF funds. In these cases, a servicing partner needs to be able to support GPs throughout the lifecycle of the funds. They must be able to manage subscription and redemption processes, while also managing cash upstream and downstream via a multi-layer investment structure often used in European private funds.

As the growth in ABF continues, we anticipate new strategies may emerge focused on fintech lending, infrastructure and energy transition assets. For Private Credit managers, leveraging the expertise and support of a specialised European administrator will be the key to unlocking these opportunities ahead. ●

1. Asset-backed finance is growing fast and drawing new scrutiny
2. Apollo-Global-Asset-Backed-Finance-White-Paper.pdf
3. Private credit outlook 2026 executive summary



By **James Abram**,
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and **Isabell de Wit**,
Regional Director, Europe,
at Multifonds

One Year On: Can the Private Asset Market Ramp Up Faster

The ELTIF market today: accelerating, but still uneven

A year ago, ELTIF 2.0 showed promise but had yet to deliver breakout growth. Twelve months on, the picture is more encouraging, though still complex. The market has expanded meaningfully. The combined ELTIF universe, across both closed-end and open-end structures, reached nearly €28 billion by Q3 2025¹. On the back of this, Scope Fund analysis estimates ELTIF volume at between €65 billion and €70 billion by the end of 2027, at least three times larger than in 2024².

Product proliferation has also accelerated. By the end of 2025, 268 ELTIFs had been registered, including 113 new funds launched in the year. Of the funds launches in 2025, a variety of asset classes were represented:

- Multi-asset ELTIFs grew by 79%
- Infrastructure strategies increased by 48%
- Private Equity expanded by 31%
- Private debt rose by 28%

This diversification signals a maturing market, with managers exploring different ways to package private assets for a wider investor base.

Liquidity management: the first real test

If 2024 was about regulatory clarity, 2025 was about real-world stress testing.

The suspension of redemptions by an Irish-domiciled ELTIF late last year

marked the first gating event in the European market. While isolated, it highlighted a fundamental challenge: reconciling illiquid underlying assets with semi-liquid fund structures.

This is not a new issue; similar tensions have long existed in other jurisdictions, but its arrival in the ELTIF space is significant. It underscores that liquidity management is not just a technical requirement, but a core determinant of investor confidence.

For managers, this has sharpened focus on technology to provide:

- Robust liquidity frameworks
- Clear redemption policies
- Stress testing under different market conditions

For investors and regulators alike, it reinforces the need for transparency around how these products behave under pressure.

Distribution: expanding reach, raising new questions

Distribution has improved, but remains uneven.

Traditional bank-led channels still dominate. Large institutions continue to invest heavily in adviser education. For example, one major European bank has trained more than 2,000 advisers across dozens of sessions to support ELTIF distribution. This reflects both commitment and complexity: private market products require a fundamentally different sales approach compared to traditional funds.

At the same time, digital platforms are beginning to reshape access. Neo-brokers and online banks are entering the space, opening ELTIFs to a broader retail audience. This is a crucial step toward true “retailisation.”

However, this shift introduces new risks. Wider access does not automatically equate to better understanding. Semi-liquid structures, long investment horizons, and complex underlying assets require a level of investor education that digital channels must work hard to deliver.

The result is a market at a crossroads:

- Broader access than ever before
- But ongoing questions around suitability and investor comprehension

Market structure: concentration and scale challenges

Despite the increase in launches, scale remains concentrated.

The top 10 open-end ELTIFs account for nearly 70% of total open-end AUM, highlighting a strong first-mover advantage and the importance of brand, distribution reach, and operational capability.

Most managers are still testing the waters:

- The majority have launched just one ELTIF
- Only a handful are building multi-product strategies

At the same time, large global private market firms are entering the space, expanding the competitive landscape

“If the past year has shown anything, it is that building a retail private markets ecosystem in Europe is not just about regulation, it is about infrastructure, education, and trust.”

and raising expectations around product design, distribution, and performance.

Domicile trends also reflect the market’s structure:

- Luxembourg remains dominant, hosting the majority of ELTIFs
- France is a strong second, supported by local incentives
- Other jurisdictions—including Ireland, Germany, and Spain—are gradually gaining traction

Under ELTIF 2.0, we are seeing more traditional, liquid-focused fund administrators stepping into the space, more able to cater to the technology demands of semi-liquid products than pure private asset specialists that historically dominated the regime.

This shift highlights both the framework’s increased flexibility demands and the broader convergence between public and private markets.

What still needs to happen

Another year on, the original challenges have not disappeared; they have simply evolved.

Liquidity management is still front and centre, requiring more sophisticated frameworks and clearer communication.

Distribution is improving, but still fragmented, with education and tech-

nology remaining a key bottleneck.

Operational scale continues to favour larger players, as servicing a broader investor base demands automation, integration, and ongoing engagement.

And importantly, investor understanding must keep pace with access. Without it, the risk of misalignment and potential reputational damage to the market remains.

Outlook: steady acceleration, not exponential growth

The ELTIF market is no longer in its infancy, but it is not yet fully mature.

The trajectory now looks clearer:

- Strong pipeline of new products
- Increasing participation from large asset managers
- Expanding distribution channels
- Growing retail engagement

But growth is likely to remain measured rather than explosive.

If the past year has shown anything, it is that building a retail private markets ecosystem in Europe is not just about regulation, it is about infrastructure, education, and trust.

ELTIF 2.0 has laid the foundations. The next phase will determine how far, and how fast, the market can truly scale. ●

1. https://www.efama.org/sites/default/files/files/asset-management-report-2025_0.pdf
2. https://www.scopeexplorer.com/files/get/?name=news.ReportFile/bytes/filename/mimetype/Scope_ELTIStudy_2025_ENG.pdf



By **Greg McKenzie**,
Country Head for Belasko
in Luxembourg

AIFMD 2.0 readiness: What changes operationally for managers and third-party providers?

With the AIFMD II transposition deadline of 16 April 2026 now reached, and implementation uneven across Member States, the focus for alternative investment fund managers and operational partners has shifted from regulatory interpretation to operational execution.

While many firms began impact assessments and gap analyses soon after the Directive was finalised, AIFMD II is now a live regulatory framework. Although it does not fundamentally rewrite AIFMD, it introduces targeted – and in some cases far reaching – changes that are materially affecting operating models across Private Equity, private credit, real assets and other alternative strategies. Here, Greg McKenzie, Country Head for Belasko in Luxembourg, highlights the areas where firms are experiencing the most significant operational change and shares practical readiness considerations to support implementation.

AIFMD II in context: evolution rather than revolution

AIFMD II reflects a regulatory intent to enhance supervisory convergence, strengthen investor protection and address risks highlighted during periods of market stress. Rather than

broad structural reform, it introduces focused enhancements in areas such as delegation oversight, liquidity risk management and loan origination.

For Luxembourg managers in particular, many of whom already operate within a highly regulated environment, the challenge has been less about conceptual compliance and more about documenting, evidencing and embedding practices in a way that meets heightened supervisory scrutiny – particularly in a cross border context where national implementation and supervisory expectations continue to diverge.

Delegation under renewed scrutiny

Delegation remains central to the Luxembourg fund model, but AIFMD II reinforces expectations around active oversight and demonstrable control. While delegation itself is not restricted, AIFMs are required to justify arrangements and ensure they do not result in so called “letterbox entities”. Operationally, this has elevated the importance of:

- Formalised delegation due diligence at onboarding and on an ongoing basis
- Clear allocation of responsibilities between the AIFM and delegates
- Regular, structured oversight reviews supported by documented evidence

For many firms, this has meant enhancing existing frameworks rather than creating new ones. However, the quality, consistency and regularity of oversight reporting to boards and senior management has increased, with operational partners often supporting more standardised reporting packs.

In practice, delegation is no longer assessed on structure alone, but on a manager’s ability to evidence ongoing challenge, escalation and effective oversight within day to day operations.

Liquidity management tools

AIFMD II formalises the availability and governance of liquidity management tools (LMTs), including gates, suspensions and side pockets, where applicable. Although many funds already disclosed these tools, the Directive places greater emphasis on predefined activation processes and governance controls.

Key operational implications include:

- Clear disclosure of applicable LMTs and conditions for use
- Defined internal escalation, decision making and documentation processes
- Enhanced reporting on liquidity profiles and stress testing outcomes

For open ended structures, the regime is now prescriptive: liquidity management tools must be selected in advance,

governance clearly defined, and activation processes capable of being executed and evidenced under stressed market conditions.

Even for closed ended or illiquid strategies, firms should not assume they are out of scope. Supervisors are increasingly focused on how liquidity risks are understood, governed and evidenced across all alternative fund types.

Loan origination: new rules for private credit strategies

One of the most material changes under AIFMD II is the introduction of a harmonised framework for loan originating funds, reflecting the continued growth of private credit.

Requirements now cover:

- Risk diversification and concentration limits
- Credit granting, monitoring and valuation policies
- Restrictions on certain lending practices, including lending within an AIFM’s own group

For private debt managers, these requirements extend beyond disclosure and directly affect portfolio construction, risk management and operational workflows.

Supervisory focus is increasingly on whether origination criteria, monitoring processes and valuation frameworks operate as a single, joined up control framework rather than a collection of standalone policies.

This often requires closer coordination across investment, risk and operations teams, supported by coherent, board reportable control frameworks.

Enhanced reporting and regulatory data expectations

Although AIFMD II does not introduce an immediate wholesale expansion of Annex IV reporting, supervisory expectations around data quality, consistency and responsiveness have

“Experience to date suggests that early engagement, clear expectations and aligned timelines across the operating ecosystem are key to successful implementation and supervisory readiness.”

Greg McKenzie

increased, with a further step change anticipated as ESMA technical standards bed in from 2027.

Operational readiness in this area depends less on new templates and more on ensuring that internal and third party data sources are aligned, well controlled and capable of responding efficiently to supervisory requests.

Practical AIFMD II readiness considerations

Early experience of operating under AIFMD II has highlighted several practical focus areas for firms embedding the new requirements:

- **Strengthen delegation oversight frameworks:** emphasising evidencing effectiveness and follow up actions
- **Pressure test liquidity governance arrangements:** including escalation paths and decision making roles
- **Revisit fund documentation with an operational lens:** aligning disclosures with how processes operate in practice
- **Embed loan origination controls across the lifecycle:** from origination through monitoring and valuation
- **Enhance board reporting and engagement:** focusing on decision relevant information and clear escalation thresholds
- **Align data, systems and operational partner reporting:** ensuring consistency and ownership across the operating ecosystem

Also on the radar

- **Distribution and marketing arrangements:** increased clarity around when

third parties act “on behalf of” the AIFM and the governance evidence expected

• **Depository and custody models:** limited but evolving optionality under AIFMD II, with indirect implications for operating and oversight frameworks

The role of third party providers in AIFMD II implementation

Although compliance obligations sit with the AIFM, implementation cannot be achieved in isolation. Administrators, depositaries and other providers play a critical role in supporting compliant data, reporting and control environments.

Experience to date suggests that early engagement, clear expectations and aligned timelines across the operating ecosystem are key to successful implementation and supervisory readiness.

Embedding AIFMD II as business as usual

AIFMD II marks a clear transition from regulatory anticipation to supervisory reality. While transposition was a significant milestone, effective compliance depends on embedding new requirements into day to day operations rather than treating implementation as a one off exercise.

As AIFMD II moves from policy to supervision, firms that navigate it most effectively are those treating implementation as an operating model exercise rather than a documentation project. ●



By **Sophie Døstrup**,
Manager of Partnerships
at Embankment



and **David Svante Hansen**,
Co-founder and CEO
at Embankment

When Tools Are No Longer Enough: A Shift in Fund Operations

As private markets evolve, so do the questions that define how fund operations are structured and delivered. What was once a matter of tools, efficiency, and process optimization is increasingly becoming a question of scalability, control – and ultimately, reliability of outcomes.

The shift is unfolding as the operational landscape becomes increasingly complex. Much of the industry's attention remains focused on front-office innovation – new tools, new asset classes, new ways of creating value. But beneath this surface, a different transformation is taking place. A shift from *tools* to *outcomes*.

Beyond Digitization: When Tools Reach Their Limits

Over the past decade, technology has played a central role in modernizing private markets operations. The widespread adoption of software platforms, data systems, and workflow tools has significantly improved efficiency and reduced reliance on manual processes. This wave of digitization – often framed as Software-as-a-Service – has been both necessary and transformative.

Yet, for all its progress, it has not fundamentally changed the operating model.

Managers still find themselves coordinating multiple providers, navigating

fragmented workflows, and reconciling data across systems and jurisdictions. While tools have become more sophisticated, the responsibility for connecting them remains somewhat unchanged.

Technology has made operations more efficient, yes. But not necessarily simpler.

As private markets continue to grow, this gap becomes more visible. Fund structures span multiple jurisdictions, investor expectations continue to rise, and regulatory requirements continue to expand – complexity that cannot be handled through improvements in tooling alone.

In cross-border environments where international reach meets local substance, these dynamics are particularly evident. Luxembourg is a clear example, where cross-border structures and regulatory expectations leave little room for fragmented operating models. Here, this dynamic is no longer simply an operational challenge – it begins to define how firms can scale and exposes the limits of existing operating models. For many years, operational decisions have been framed around selecting systems and defining workflows. Control has been closely associated with visibility.

Today, that perspective is changing. As, David Svante Hansen, CEO at

Embankment, puts it: “*In fund operations, the question is no longer what tools you use – but whether the outcome is delivered.*” He points to a broader redefinition of the operating model. What matters is no longer the configuration of systems in the back office, but whether the end result is accurate, timely, and dependable.

From Processes to Outcomes

The emerging model offers a different way forward. Rather than attempting to standardize processes, it focuses on standardizing outcomes. Consistency is achieved at the level that matters most – what is delivered – while allowing flexibility in how it is produced.

This allows global ambitions and local expertise to coexist more naturally. It enables firms to scale without losing the nuance required in different jurisdictions, a balance that sits at the core of Luxembourg's role as a cross-border hub, where local substance remains important.

From Support Function to Embedded Capability

Technology remains at the center of this evolution – but its role is changing. While the first phase of digital transformation was about digitizing existing processes, the current phase is less visible. It is characterized by the integration of systems, the structuring of data across workflows, and the intro-

“**Ultimately, the question is no longer how operations are performed, but whether they deliver what the market increasingly expects: clarity, consistency, and confidence in the outcome.**”

duction of intelligence into operations. Automation reduces manual tasks, while unified data improves consistency and transparency. Now, information is not only being processed, it is increasingly being validated and analyzed in real time to identify inconsistencies before they become issues.

This introduces a new and different approach to service delivery – one in which data flows seamlessly across workflows, validations happen continuously, and outcomes are produced through embedded processes rather than assembled manually. An approach that redefines how operational responsibility is structured.

In practice, this does not mean that the underlying challenges disappear – but that they are absorbed differently. “*Instead of sitting at the level of the manager, it is increasingly handled within integrated operational frameworks, supported by technology and specialized expertise. For managers, this changes the nature of their involvement. It's no longer about overseeing workflows in detail, but about maintaining control through transparency, access to information, and*

confidence in outcomes.” David Svante Hansen notes.

A New Definition of Value

The transition from tools to outcomes reflects a broader shift in how value is created in private markets operations. As private markets continue to expand internationally, the role of jurisdictions that can support this operational depth becomes increasingly important. Luxembourg, with its combination of regulatory robustness, global connectivity, and deep operational expertise, sits at the center of this shift. It has evolved beyond a structuring hub into a platform where complex, cross-border fund operations can be executed with consistency and confidence.

In an environment where outcomes matter more than processes, such ecosystems play a critical role – not only in enabling scale, but in ensuring that scale does not come at the expense of control.

Ultimately, the question is no longer how operations are performed, but whether they deliver what the market increasingly expects: clarity, consistency, and confidence in the outcome. ●



By **George Bagkalas**,
on behalf of the LPEA Fund
Administrators Committee

Continuation Funds and the Operational Realities Behind GP-Led Secondaries

Continuation funds have moved from niche structuring tools to mainstream instruments within private markets. What began as opportunistic solutions during periods of exit market dislocation has evolved into a structural component of the liquidity toolkit available to general partners. At their core, continuation vehicles allow a GP to transfer one or more portfolio assets from an existing fund, often approaching the end of its life, into a newly formed vehicle. Existing limited partners are offered a choice. Take liquidity at a negotiated price or roll their interest into the new structure and continue participating in the asset's upside. New investors, often secondary funds, may also participate. The strategic rationale is straightforward. High-quality assets frequently continue compounding beyond the typical ten-year fund term. Volatile exit environments can make third-party sales suboptimal. Institutional investors increasingly value optional liquidity without forcing premature divestments. Yet while discussion often centres on valuation fairness and conflict management, the operational dimension of continuation funds remains underexamined. From an operational standpoint particularly for fund administrators, CFOs, compliance teams, and depositaries GP-led secondaries introduce a distinct and amplified risk profile.

A continuation transaction is, in substance, a related-party transaction. The GP sits on both sides of the deal; as seller through the existing fund and sponsor of the acquiring vehicle. Operationally, this creates valuation sensitivity. Independent pricing processes, fairness opinions, and defensible documentation become critical. Dual NAV processes frequently run in parallel, one for the selling fund and one for the acquiring vehicle. Timing gaps between signing and closing can introduce bridging valuation risk. Stub-period financials, cut-off NAVs, and pro forma waterfall simulations may all be required. The operational burden is not theoretical. NAV integrity must withstand audit scrutiny, investor challenge, and, in regulated jurisdictions, supervisory review. Even small discrepancies between funds can escalate into disputes.

Continuation funds depend on precise investor elections. LPs must actively choose whether to sell or roll. Consent thresholds must be verified. Side-letter rights may be triggered. Documentation must align with fund constitutional terms. These processes are operationally intensive. Election tracking errors, misapplied consent mechanics, or inconsistent communication flows can create both legal exposure and reputational damage. Successful execution requires close coordination between legal advisers, administrators, compliance teams, and oversight functions. In practice, gov-

ernance risk in continuation vehicles is often operational risk in disguise.

A continuation vehicle is not simply an extension of the original fund. It is typically a newly formed structure with recalibrated economics. Carried interest terms may reset. Management fees may change. Debt facilities may be refinanced. SPV chains may be restructured. This creates significant data migration and systems challenges. Historical asset information must be preserved for audit purposes while commitments, capital accounts, and reporting templates are rebuilt. Many fund accounting systems are not designed for mid-life asset transfers between affiliated vehicles, leading to manual workarounds and spreadsheet overlays. Each manual layer introduces model risk and key-person dependency. As transaction volume increases across the industry, scalability becomes a central operational question.

Carried interest treatment in continuation transactions is one of the most technically sensitive areas. Depending on the structure, carry in the original fund may crystallize at the transfer price, be partially deferred, be rolled into the new vehicle, or be subject to escrow adjustments and clawback recalculations. Each scenario reshapes partner allocations, tax reporting, and waterfall modelling. Simulations must account for multiple investor election outcomes. Edge cases such as partial rollovers or differential fee arrangements add complexity. Waterfall models that functioned predictably in a standard fund lifecycle can become materially more intricate when layered across two interlinked vehicles. Small modelling errors can translate into significant economic consequences.

Continuation funds also double reporting complexity. Selling LPs require final realized statements. Rolling LPs need

“A continuation transaction is, in substance, a related-party transaction. The GP sits on both sides of the deal; as seller through the existing fund and sponsor of the acquiring vehicle. Operationally, this creates valuation sensitivity. Independent pricing processes, fairness opinions, and defensible documentation become critical.”

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transition documentation and updated capital account confirmations. New investors must be onboarded and integrated into reporting systems. In European contexts governed by the AIFMD, regulatory reporting must carefully reflect the termination of exposure in one vehicle and the establishment of exposure in another. Annex IV filings, risk exposures, and leverage disclosures must remain coherent across reporting periods. Depositary oversight adds an additional layer of operational scrutiny. Asset ownership transfers, cash flow monitoring, and valuation policy compliance must be demonstrable and well documented. In a GP-led structure, evidencing arm's-length process discipline is essential. Operational misalignment across these dimensions can quickly become regulatory risk.

Across continuation transactions, five themes consistently emerge:

- Process risk arising from multi-party coordination under tight timelines
- Model risk embedded in complex valuation and waterfall simulations
- Governance risk linked to conflict management and consent mechanics
- Systems risk driven by platform limitations and manual overlays
- Human capital intensity requiring senior oversight and institutional knowledge

These risks are not incidental; they are structural features of the transaction design.

As continuation vehicles proliferate, the role of the fund administrator evolves beyond periodic NAV production. Administrators increasingly function as transaction execution partners, validation agents for election mechanics, and independent checkpoints within valuation processes. They are required to run parallel calculations, stress-test waterfall outcomes, reconcile investor-level decisions, and maintain audit-grade documentation throughout. Operational sophistication is no longer a back-office attribute. It becomes a strategic capability.

Continuation funds represent a structural evolution in private markets. They allow sponsors to extend ownership of high-performing assets while offering liquidity optionality to investors. In doing so, they reshape the traditional closed-ended lifecycle model. But liquidity engineered through structuring inevitably amplifies operational complexity. The central question for market participants is not whether continuation vehicles will continue to grow, they almost certainly will. The question is whether governance frameworks, systems architecture, and operational teams are sufficiently resilient to support that growth without embedding latent risk into the infrastructure of private markets. In the next phase of industry development, operational excellence will not be a supporting function. It will be a defining differentiator. ●

The New Transfer Pricing Landscape

As Luxembourg continues to strengthen its position as a global hub for Private Equity and Venture Capital, transfer pricing is moving far beyond a purely compliance exercise to a strategic lens through which value creation, governance, financing, and economic substance are assessed across the value chain of an investment platform. The following articles explore this evolution from two complementary angles: first, through the findings of KPMG's global transfer pricing survey, highlighting how PE managers are adapting their policies, documentation, and governance frameworks; and second, through insights shared at the Luxembourg Transfer Pricing Association (LTPA) forum, where industry leaders discussed how transfer pricing is increasingly shaping the future of Luxembourg's investment fund ecosystem. Together, they show how robust transfer pricing frameworks are becoming essential to building scalable, credible, and investor-aligned PE and VC structures.



By **Sophie Boulanger**,
Partner, Head of Transfer
Pricing at KPMG



and **Cristina Diaz Velasco**,
Director, Tax at KPMG

Transfer Pricing in Private Equity: Key findings from KPMG's global Transfer Pricing survey

KPMG Luxembourg has recently published the second edition of its Transfer Pricing ("TP") Asset Management Survey.

The second edition expanded from a European initiative (first edition published in February 2024) into a global benchmark covering Europe, North America and other regions, with respondents being mainly global asset managers and managers within banks or insurance groups.

This global survey provides insight and data on how asset managers deal with TP, specifically on topics such as TP documentation, TP policies and models, and audits and their resolution. It confirms that TP policies and the approach to TP documentation observed in Europe can be meaningfully compared notably with those in

North America. While audit practices and enforcement differ by jurisdiction, the underlying policy choices and documentation approaches display a high degree of commonality.

Below are the main findings and practical implications for Private Equity managers and their finance and tax teams.

Organizational size

Respondents range from mid sized investment managers (with about EUR 20 bn assets under management - AUM) to very large global institutions (with about EUR 2,000 bn AUM), featuring standalone asset managers and those being a business unit of a bank or insurance company. Crucially, while the level of governance and outsourcing may differ with increasing AUM, size does however not translate into fun-

damentally different TP approaches. Consequently, smaller managers should not assume that best practice or audit expectations vary materially with size; the same principles of policy robustness and documentation quality apply across the spectrum.

TP policies

Around 80% of respondents report to have a formal (in written) TP policy for their intra-group transactions, and common practice is to review/reassess these policies at least once every three years or if any special event (reorganization or shift in business models) takes place.

Skipping an annual review of the TP policies in place is relatively common; however, it is market practice that most Private Equity players have policies in place to demonstrate proper governance.

Documentation expectations

TP documentation can vary: a formal Local File (per OECD Guidelines) covering key intra group transactions, or a transactional report for a single intra group transaction. The survey found 84% prepare TP documentation in some form, hence the market is generally ready to provide it promptly to tax authorities. Contemporaneous documentation is now expected; groups without any documentation are outliers. When it comes to Private Equity players, we may differentiate between the corporate and the fund (deal) segment. Often formal Local Files are prepared for the transactions being performed within the corporate side of groups, while a transactional approach is followed on the deal segment, often documenting intra-group loans on a standalone basis.

Almost 90% of participants confirmed intercompany agreements for all intra group transactions—an increase versus the prior edition—underscoring attention to both the presence of legal documentation and to ensuring terms and conditions reflect market standards.

“ For Private Equity managers, the question is no longer whether a TP policy is needed, but rather if its documentation and governance are robust enough for today's audit environment.”

TP audits

Almost 60% of respondents experienced a TP audit in the last five years in Europe (6% higher than in the first edition of the TP survey). Financing, portfolio management and investor relationship/capital raising are the principal audit targets in Private Equity.

Half of the TP audits relate to financing transactions, with a focus on the arm's length character of the interest rate and but also the debt capacity of the borrowing entity, a trend that only continues to rise.

Tax authorities are increasingly scrutinizing where investment committee members and senior executives are located, how incentive and bonus schemes are designed, and whether key decision makers—particularly those with variable compensation linked to fund performance—are effectively based in a jurisdiction that could be seen as creating significant value. If compensation arrangements or formal decision right allocations show an individual in a given jurisdiction performs critical functions (investment selection, monitoring, or exit decisions), authorities expect more profits in that jurisdiction. Clear documentation of roles, decision making processes are key to support the group's TP position and reduce recharacterization risk.

Around 60% of the TP audits reported in the survey concluded in settlement, in less than 2 years from the first information request. Settlements are frequently commercial choices driven by cost, speed and business constraints such as asset disposals or ongoing transactions.

About 9% of audited cases reported criminal procedures being invoked. Criminal procedures are sometimes deployed as pressure tactics to expedite settlements and can expose individuals as well as entities — particularly where governance and administrator responsibility intersect. The implication for managers and the boards is clear: robust documentation and strong governance mitigate but do not eliminate the risk of escalation to criminal proceedings.

MAPs and bilateral APAs

There has been a notable increase in the use of Mutual Agreement Procedures ("MAPs") by groups to resolve TP disputes arising from audits—especially where residual profit allocation, fee sharing between jurisdictions and TP method used for portfolio management or distribution activities are contested. Luxembourg has emerged as a central hub in these MAP discussions given its role as a fund and management jurisdiction, the concentration of alternative investment fund managers ("AIFMs"), and its extensive treaty network.

Concurrent with MAP activity, bilateral APAs ("BAPAs") are used to obtain prospective certainty on method selection (e.g., validating a profit split or a fee sharing mechanism tied to total asset management fees) and on the attribution of portfolio management functions and related residual profits. Given the technical complexity and cross border sensitivities in Private Equity, paired with a compelling EU directive, the use of MAPs (sometimes followed by BAPAs) is becoming an

increasingly key dispute resolution and certainty tool to align the allocation of value with where key value creating decisions are demonstrably taken.

TP policies and method selection

Cost plus remains a widely used method for back office and routine support functions. However, cost plus is under increasing scrutiny where functions materially drive value — for example, portfolio management, cross border investment advisory services and distribution/capital raison where more than half of participants reported either the use of a profit or fee split. In the alternative investment space, there is a clear trend of AIFMs having moved away from cost plus models,

instead retaining a percentage of the total asset management fee (or applying a profit split/fee split), such that remuneration more closely aligns with fund performance and the value generated.

Looking ahead

KPMG's TP survey shows convergence: firms worldwide face similar transfer pricing pressures and face similar trade-offs. For Private Equity managers, the question is no longer whether a TP policy is needed, but rather if its documentation and governance are robust enough for today's audit environment. A few practical actions for Private Equity managers:

- Ensure the existence of a documented TP policy and maintain a

documented review schedule.

- Strengthen or implement a TP governance framework that embeds commercial decision criteria (cost, timing, asset disposals), formalize processes for collecting, storing, and retrieving TP data and supporting evidence in case of TP audit.
- Prepare contemporaneous, transaction proportionate TP documentation. Conduct a risk assessment to determine whether formal Local Files are advisable in specific jurisdictions (e.g. for penalty protection).
- Reassess method selection for value driving functions and consider profit/fee split approaches where decision making and economic returns are shared across jurisdictions. ●



By **Vanessa Ramos Ferrin**,
President of the Luxembourg
Transfer Pricing Association

Transfer Pricing Takes Centre Stage for Luxembourg's Investment Fund Industry

Transfer pricing is becoming an increasingly strategic issue for investment funds and asset managers operating in Luxembourg. This was one of the key messages from the Luxembourg Transfer Pricing Association (LTPA) forum held on 24 February 2026, which brought together around 200 professionals from the financial sector, tax authorities and international institutions to discuss the evolving role of transfer pricing in the investment management industry.

Opening the forum, Vanessa Ramos Ferrin, partner at TransFair Pricing Solutions and president of the Luxem-

bourg Transfer Pricing Association, highlighted that transfer pricing is gaining visibility both globally and locally as regulatory expectations increase and business models become more complex. "Transfer pricing considerations are becoming more technical, more visible and more strategic," she said, noting that for investment funds and management companies the topic is increasingly linked to governance, substance and risk management.

Luxembourg's evolving investment ecosystem

The first panel explored how Luxem-

bourg's investment fund ecosystem is evolving and how this affects transfer pricing considerations.

Moderated by Gilles Dusemon, partner at Arendt & Medernach, the panel featured Serge Weyland, CEO of the Association of the Luxembourg Fund Industry (ALFI), Stéphane Pesch, CEO of the Luxembourg Private Equity and Venture Capital Association (LPEA), and Alan Dundon, president of the Luxembourg Fund Administration Association (L3A).

Luxembourg has developed into one of the world's leading investment fund centres, hosting approximately €8 tril-



lion of assets, including about €3 trillion in alternative investment funds. According to Mr. Weyland, the diversification of strategies such as Private Equity, private debt and hedge funds, together with the growth of private asset funds, has led to an evolution of operating models and cross-border delegation structures. He noted that Luxembourg has continued to move up the value chain, with more front- and middle-office functions being established locally.

"As asset managers develop different strategies and structures, and as more functions are performed in Luxembourg, the distribution of roles and responsibilities across jurisdictions evolves. This naturally increases the relevance of transfer pricing," he said. Private Equity remains a major driver of Luxembourg's financial centre. Pesch noted that market sentiment for 2026 is improving, with expectations of increased fundraising and renewed deal activity.

At the same time, Luxembourg is gradually moving beyond its traditional back

office role. Increasingly, the jurisdiction hosts governance and decision making functions within investment structures. To capture the perception of participants, the audience was asked whether Luxembourg is mainly becoming a compliance driven substance hub or a genuine operational and value creation centre for funds.

The results suggested that the market sees Luxembourg as evolving between these two models. 47% of respondents considered the jurisdiction to be somewhere in between, while 27% viewed it mainly as compliance driven and 16% believed it is increasingly becoming an operational value creation centre.

The discussion also highlighted the growing interaction between transfer pricing and regulatory oversight. In a second poll, 29% of participants indicated that they had already been asked questions about transfer pricing or requested documentation during inspections by the Luxembourg financial regulator, the CSSF. Another 22% said they had not experienced such requests, while 50% were not aware

whether these topics had been raised within their organisations. These results suggest that transfer pricing is gradually becoming part of the regulatory conversation around investment management activities.

Understanding value creation in asset management

The second panel focused on how value is created within the asset management value chain and how profits should be allocated between related entities. Alexandre Maschiella, Transfer Pricing Counsel at Arendt & Medernach, explained that although the asset management model may appear relatively straightforward at first glance, the allocation of functions across jurisdictions gives rise to complex transfer pricing issues.

Within an investment structure, value may arise from several activities including capital raising, investor relations, portfolio management and operational support functions.

To better understand industry perceptions, the audience was asked which



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function they consider to be the primary value driver within their fund operating model.

The results were clear. Portfolio management and investment decision making were identified as the main source of value by 84% of respondents. Distribution and investor relations accounted for 8%, while risk management and administration functions were each identified by 4% of participants.

These results highlight the central role of investment expertise within the industry and explain why transfer pricing discussions often focus on portfolio management activities.

A second poll examined which transfer pricing methods are currently used for portfolio management activities. Benchmarking approaches based on the comparable uncontrolled price method were the most widely used, selected by 52% of respondents. Cost plus or TNMM methods were used by 31%, while 15% reported applying profit split approaches.

The panel also explored the level of transfer pricing documentation across organisations. When asked whether their organisations maintain formal transfer pricing documentation covering intercompany transactions, 54% of respondents indicated that their structures are fully documented. Another 25% reported having partial documentation, while 9% said documentation is currently being developed and 14% indicated that they do not yet have formal documentation.

For industry practitioners, these results show that while many organisations have implemented transfer pricing frameworks, a significant portion of the market is still strengthening its documentation and governance practices.

Philippe Nowak, Luxembourg tax director at Triton Partners, noted that transfer pricing expectations have increased significantly in recent years. "In the past the focus was often on Luxembourg itself. Today the analysis spans multiple jurisdictions and tax authorities expect a much deeper understanding of global value chains," he said.

Transfer pricing is no longer simply a compliance exercise but an integral component of how investment structures are designed and managed.

Vanessa Ramos Ferrín

International perspectives on transfer pricing enforcement

The final panel examined international perspectives on transfer pricing enforcement, featuring representatives from HM Revenue & Customs in the United Kingdom and the Australian Taxation Office.

Umberto D'Andrea, transfer pricing tactical lead at HMRC, highlighted the growing importance of cooperation between tax administrations and the need for businesses to ensure that their transfer pricing policies reflect the economic substance of their operations.

Edmond Burrows, senior international tax specialist at HMRC, explained that transfer pricing analysis requires businesses to assess how value is generated in the group as a whole in order to ensure that profits align with functions performed, assets used and risks assumed across jurisdictions.

The audience was also asked where they perceive the highest transfer pricing risk for Luxembourg funds and management companies.

The results identified two main areas of concern. Related party financing and thin capitalisation structures were cited by 49% of respondents as the primary risk, followed by asset management and sub advisory pricing at 43%. Other areas such as distribution activities and ManCo fees were viewed as less significant.

The panel also explored how important tax certainty has become in structuring decisions. According to the poll results, 73% of respondents indicated that tax certainty is either very important or critical when structuring transactions, while 26% described it as moderately important.

From the Australian perspective, Vy

Tran, assistant commissioner at the Australian Taxation Office, described recent legislative reforms affecting multinational groups.

Australia has aligned its transfer pricing and thin capitalisation framework more closely with OECD standards, including rules limiting debt deductions to 30% of EBITDA and introducing additional tests for financing arrangements.

Finally, the panel discussed the role of advance pricing agreements as a mechanism for achieving tax certainty. When asked whether their organisations had entered into a bilateral or multilateral APA in the past five years, 28% of respondents indicated that they had done so, while 72% said they had not.

Although APAs can provide significant certainty, the results suggest that they remain relatively underused within the asset management sector.

A strategic issue for Luxembourg's financial centre

The discussions throughout the forum highlighted the growing strategic importance of transfer pricing for Luxembourg's investment management ecosystem.

As the industry continues to mature and more value creating activities take place within Luxembourg, transfer pricing policies play a critical role in ensuring that profit allocation reflects economic substance and operational reality.

For Luxembourg's financial centre, the message emerging from the forum was clear. Transfer pricing is no longer simply a compliance exercise but an integral component of how investment structures are designed and managed. ●



By **Vincent Martin**,
Tax Managing Director
at Deloitte

Paris Blockchain Week 2026: An institutional Turning Point for Alternative Asset Managers

The seventh edition of Paris Blockchain Week (PBW) closed on 16 April 2026, drawing more than 10,000 attendees from over 100 countries to the Carrousel du Louvre. For regular attendees, the most striking feature this year was not on the stage but in the room. The suit-to-hoodie ratio had plainly tipped; corridor conversations bypassed basic protocol launches to focus squarely on allocation mandates, custody set-ups and fund structures. PBW has become, in substance as well as branding, an institutional event. Two core verticals dominated the week for Luxembourg Private Equity & Venture Capital Association (LPEA) members: the tokenization of financial assets using stablecoins as settlement infrastructure, and the maturation of crypto as a distinct asset class. Institutional allocators are now accessing digital assets through regulated fund vehicles and on-chain asset managers. Luxembourg sits at the center of both trends.

The Institutional Days: Recognition, not repositioning

The most telling structural change was the debut of the dedicated Institutional Days program. Organizers launched it as a dedicated track to help traditional finance navigate tokenized

markets, real-world assets (RWAs), and next-generation market infrastructure. The conference distributed this content across the Master Stage, the Mona Lisa Stage, and the Institutional Lounge, covering themes like bitcoin treasuries, stablecoin payments, and institutional scaling. This dedicated track is no marketing gimmick. It signals that banks, asset managers and policymakers now view the digital-asset category as a priority that commands its own space. Compared to 2025, institutional players no longer just have a seat at the table—they now anchor the agenda and make up the majority of the room. Notably, LPEA itself stood out among the institutional partners referenced in pre-event coverage.

Vertical 1: Tokenization and stablecoins, from pilot to product

The tokenization panels brought together the exact voices that alternative fund managers need to hear. Jean-Jacques Barbéris (Amundi) opened day one with a fireside chat, addressing whether tokenization can realistically reshape asset management beyond mere proofs of concept. Kara Kennedy (Kinexys by J.P. Morgan) followed with an analysis of tokenization's utility in mainstream finance. Finally, a heavyweight panel featuring BlackRock,

BNY, Invesco, Franklin Templeton and BitGo explored how traditional investment vehicles are integrating with digital-asset liquidity—a line-up that would have seemed implausible at a digital-asset event just a few years ago. The stablecoin discussions delivered equal substance. Kash Razzaghi (Circle) and Ronit Ghose (Citi) mapped out the accelerating convergence between commercial banking and digital-asset infrastructure, while Jan-Oliver Sell (Qivalis) contextualized Europe's strategic positioning. The overarching consensus was clear: tokenized funds and share classes are moving to live commercial deployment, while stablecoins are cementing their role as institutional settlement rails rather than speculative instruments.

This trend plays directly to Luxembourg's strengths. Undertakings for collective investment in transferable securities (UCITS), alternative investment fund manager (AIFM) and reserved alternative investment fund (RAIF) frameworks already provide the exact regulated wrappers needed to structure, distribute and hold tokenized fund units today. Capitalizing on this requires no new regulatory regimes. Instead, the priority is securing a formal tax and regulatory clarification on fund-unit tokens—an effort LPEA is ideally positioned to advance.

Vertical 2: Crypto as an asset class and the rise of on-chain asset managers

The second major thread focused on crypto's consolidation as a permanent institutional asset class. On day two, a panel addressing corporate bitcoin treasury models featured Thomas Vogel (Latham & Watkins), Alexandre Laizet (Capital B), Bradley Duke (Bitwise) and Éric Larchevêque. Vogel stressed that European issuance constraints make a direct copy of US corporate playbooks impractical. Crucially for local managers, Laizet identified French public markets and Luxembourg-based structures as the primary European vehicles currently being used to scale bitcoin exposure.

Equally significant was the prominent role of on-chain asset managers on institutional panels. Discussions in the Institutional Lounge featured Tuongvy Le (Veda) and Jessi Brooks (Ribbit) separating operational rails from market hype. A subsequent panel on limited partner (LP) expectations paired Harald Eltvéd (SC Ventures) and Nataniel Elkaim (Ellen Capital) with active allocators from Ascii Ventures and Flight3.

Sophisticated LPs are no longer debating whether to allocate to digital assets; they are determining how to execute—evaluating fund vehicles, custody regimes, and reporting standards. Simultaneously, regulated decentralized finance (DeFi) is gaining institutional credibility. Capital providers repeatedly cited the Canton Network and comparable infrastructure as a viable solution to the privacy and composability bottleneck that previously sidelined banks. Active side-event programming on DeFi yield and vault strategies confirmed that alternative managers are already deploying capital rather than watching from the sidelines.

Luxembourg's RAIF and specialized investment fund (SIF) structures match this vertical perfectly. They offer allocators the robust report-

“Two core verticals dominated the week: the tokenization of financial assets using stablecoins as settlement infrastructure, and the maturation of crypto as a distinct asset class.”

Vincent Martin

ing, anti-money laundering (AML) and tax-transparency profiles they require, while easily accommodating liquid token portfolios or structured DeFi vault strategies. When navigating emerging asset classes, institutional buyers still default to wrappers that counterparties, depositaries and administrators already understand.

Regulation: MiCA 2 is emerging, and the consultation window is short

During a fireside chat, Peter Kerstens, adviser at the European Commission's financial services department, noted it would be unusual if a second version of the Markets in Crypto-Assets (MiCA 2) framework did not eventually emerge, adding that the upcoming public consultation will proceed with “no taboos”. Natasha Cazenave, Executive Director at the European Securities and Markets Authority - ESMA, followed by outlining the balance between strict regulation and digital-asset innovation.

For alternative fund managers, the takeaway is immediate. The regulatory frictions directly affecting fund structuring—such as yield-bearing stablecoins, DeFi perimeters, and tokenized fund units—are precisely what this next consultation is likely to address. Delivering a coordinated response through LPEA and peer associations during this window will be far more effective than trying to alter a draft text later.

Versailles: The dinner that justifies the trip

If the Carrousel sets the agenda, the VIP dinner at the Palace of Versailles

gives PBW its particular character. The event gathered approximately 500 senior figures across finance, government and digital assets in the royal halls, opened by an address from Jean-Didier Berger, Minister-Delegate to the Minister of the Interior. Beyond the spectacular setting, the real value lies in the room's unforced accessibility. Digital asset heads from tier-one banks, global law partners, European portfolio managers, and policymakers from Brussels and Paris connected naturally over dinner or drinks, bypassing the rigid constraints of a typical conference schedule. This density of senior decision-makers in a relaxed setting is rare: a single evening at Versailles effectively compresses months of conventional business development into a few hours.

Signal Week 2027: Why LPEA members should be in the room

The conference concluded with the announcement that PBW will evolve into “Signal Week: The Institutional Summit for Digital Assets” for its next edition, running 6–7 July 2027 at the Palais des Congrès alongside the RAISE AI summit.

This rebrand codifies what the 2026 edition already demonstrated: this is no longer a niche crypto gathering, but a frontline institutional forum for digital finance. For LPEA members structuring tokenized assets, managing digital-fund wrappers, or deploying on-chain strategies, attending in 2027 is essential. The players building Europe's future financial infrastructure were in Paris this month—Luxembourg's voice needs to remain clear and present among them. ●

Fund Tokenization: Innovating Private Assets Management in Luxembourg

Post webinar summary & strategic insights

Tokenization is accelerating the digital transformation of private markets, and Luxembourg is positioning itself as Europe's leading hub for this evolution. As Private Equity (PE) and Venture Capital (VC) managers face growing demands for operational efficiency, transparency, and broader investor reach, tokenized fund structures are moving from pilot stage to practical implementation—supported by Luxembourg's advanced regulatory framework and globally recognised fund ecosystem.

Understanding tokenization in Private Markets

By representing fund units as digital tokens, tokenization enhances the entire fund lifecycle and provides sponsors and administrators with a scalable, future-ready model for operations and distribution.

Key capabilities include:

- Real-time ownership records and automated transfer processes.
- Embedded compliance through smart-contract-driven rules.
- Streamlined investor onboarding and digital identity verification.
- Greater transparency and auditability for all stakeholders.

Key benefits for Private Assets within Luxembourg's ecosystem

Tokenization is particularly well suited to the structural characteristics of PE/VC funds, where specificity, illiquidity, and manual processes remain prevalent.

Operational efficiency

Automation reduces reconciliation and accelerates settlement.

Improved liquidity

Fractional ownership and digital distribution broaden investor access.

Enhanced data management

Immutable records strengthen reporting and oversight.

Accessibility

Digital onboarding and lower minimums expand the investor base.

Cost optimisation

Streamlined processes reduce administrative and compliance costs.

Luxembourg's strategic positioning

Luxembourg offers a uniquely strong foundation for tokenized private asset funds, pairing full legal certainty for DLT-based issuance with clear CSSF guidance. The jurisdiction has already seen landmark developments, including regulatory approval of tokenized fund structures within existing frameworks. Combined with a mature service-provider ecosystem and unmatched global distribution reach, Luxembourg stands out as the most reliable and scalable hub for next-generation tokenized private asset structures.

Looking ahead

Tokenization is moving from early adoption to broader industry integration across Private Markets. For PE and VC firms, it represents an opportunity to notably modernize fund infrastructure, enhance investor experience, and develop new distribution models. Luxembourg's regulatory certainty, ecosystem readiness, and global distribution capabilities make it the strongest platform for scaling tokenized private asset funds. Continued collaboration between managers, service providers, and regulators will be essential to unlocking the full potential of digital fund structures. ●





By **Francesco Ferrero**,
Leader of the Flagship Initiative on Artificial
Intelligence and Head of the Human-Centred AI,
Data and Software Research Unit, at LIST

Trustworthy, Responsible, and Frugal AI: The Race Luxembourg can Win

The AI race in financial services has a new front: not computing power, but trust. The institutions that will define the next decade aren't chasing scale, they're building accountability. The dominant narrative that bigger models, trained on more data with more computing power, are inherently better is not well suited to the demands of financial services. A system that cannot explain its decisions, that behaves inconsistently across languages or demographic groups, or that fails under adversarial conditions, is not a productive tool in a regulated industry. It is a liability. Europe, and Luxembourg in particular, has a different race to run: trustworthy, responsible, frugal AI, built around the accountability requirements that financial services actually demand. This is not a consolation prize for falling behind on scale. It is a head start on the race that matters.

Europe's race to AI: trustworthiness, sovereignty, and accountability

The global AI race is most often measured in parameters: model size, training data volume, infrastructure investment. By that measure, Europe is not, and will not be a leader. But this framing misidentifies what matters most for financial services. Institutions that manage assets, extend credit, serve clients, and operate under

fiduciary obligations do not need the largest AI system. They need AI that is consistent, transparent, and governable, tested before deployment, monitored during operation, explained after the fact, and trusted by compliance officers, regulators, and clients alike. This is the race Europe is positioned to win, not on scale, but on rigour; not on raw capability, but on accountability. Trustworthiness and sovereignty are not separate concerns. They are the same concern. You cannot audit, govern, or remediate an AI system whose infrastructure sits beyond your reach. Europe's emerging ecosystem of open-weight models, sovereign cloud capacity, and EuroHPC infrastructure gives regulated institutions the ability to deploy AI without ceding control to providers operating under foreign legal frameworks

The cost of getting it wrong

Enthusiasm for AI adoption has occasionally outrun the discipline required to deploy it responsibly. More than 80% of AI projects across industries never reach production, roughly twice the failure rate of standard IT projects. In finance, the consequences extend well beyond the operational: regulatory exposure, reputational damage, and direct harm to clients who receive biased advice or incorrect information. Bias is one of the most significant and least visible risks. AI systems trained on historical data absorb the patterns

of the past, including discriminatory ones. A credit assessment model that systematically disadvantages certain demographic groups, or a client-facing assistant that performs inconsistently across languages, does not just create ethical problems — it creates legal ones, particularly as the EU AI Act imposes binding obligations on high-risk AI applications in financial services.

Hallucinations, generative AI's tendency to produce confident but factually incorrect outputs, present a further challenge. In a context where clients act on information and advisors operate under strict duty-of-care requirements, an AI assistant that fabricates data or misrepresents products is not just unreliable. It is dangerous. Another risk, less discussed but increasingly material, is strategic dependency. Routing credit decisions, client interactions, and portfolio analytics through a handful of non-European providers creates exactly the kind of concentration risk the EU has spent decades trying to avoid elsewhere. Extraterritorial regimes such as the U.S. CLOUD Act, abrupt revisions to commercial terms, and sudden model deprecations are operational exposures that compliance functions are only beginning to price. For institutions handling the most sensitive data in any economy, AI sovereignty is not a political slogan — it is an outsourcing-risk requirement.

From principles to practice: AI evaluation in the financial sector

Abstract commitments to responsible AI mean little without methodologies tested under real operating conditions. The LIST-BIL collaboration offers a concrete illustration of what rigorous evaluation looks like in practice. The project applied a science-based framework to assess BIL's AI-powered client assistant, Berry, with a focus on fairness, robustness, and service quality. The conditions were deliberately stringent: all testing was performed within BIL's secure IT infrastructure, with no access to customer data by LIST researchers.

The findings were substantive. No significant discriminatory behaviour was identified. Adversarial testing confirmed strong safeguards across multiple scenarios and languages. Where minor variations were observed, they pointed to refinement opportunities, not systemic failures.

The value lies as much in the process as in the results. The methodologies developed support a continuous cycle from assessment to reporting to improvement — exactly the governance infrastructure that regulators operating under the EU AI Act will increasingly expect.

The next frontier: multi-agent ai and systemic risk

Individual AI assistants are becoming the baseline; the frontier is multi-agent systems — networks of components that interact autonomously, delegate tasks, and sometimes override one another. In financial services, these architectures are appearing in automated research workflows, portfolio monitoring, and client servicing pipelines.

“Trustworthy AI and sovereign AI are converging, and Luxembourg has the compute, the regulators, and the institutional clients to sit at that intersection.”

Francesco Ferrero

The governance challenge is qualitatively different from that of a single model. A network of agents that each passes individual safety evaluations may still produce dangerous outputs through coordination failures, conflicting objectives, or cascading errors that no single checkpoint would catch. LIST and ADIA Lab, the independent Abu Dhabi-based research institute, are building the first sandbox designed to stress-test multi-agent AI systems, supporting research into emergent behaviours, coordination strategies, and risk mitigation, with results shared openly. As AI-driven automation extends deeper into financial workflows, evaluating systemic AI risk before deployment is a governance requirement, not a research curiosity.

Luxembourg's strategic advantage

Luxembourg's strengths are structural. As a major centre for European investment funds, cross-border banking, and institutional finance, the country hosts institutions large enough to deploy AI at meaningful scale and sophisticated enough to demand it be deployed responsibly. The EU AI Act turns accountability into a differentiator, and organisations that build evaluation infrastructure now will be better positioned than those treating compliance as a retrospective exercise. Luxembourg also occupies an unusual position on the sovereignty map. Hosting MeluXina, one of the EuroHPC supercomputers, alongside a dense

network of sovereign cloud capacity, it allows financial institutions to keep AI operations entirely within European jurisdiction, fast becoming a procurement criterion rather than a preference. Trustworthy AI and sovereign AI are converging, and Luxembourg has the compute, the regulators, and the institutional clients to sit at that intersection.

Luxembourg moves fast. The proximity between research institutions, regulators, and industry creates conditions for collaboration that are difficult to replicate elsewhere. The BIL and ADIA Lab projects are examples: structured, rigorous, and grounded in real operational requirements.

The harder questions

The technical challenges of AI are solvable. The harder questions are about purpose: Can AI make financial services more accessible, extending quality advice to clients historically underserved? Can it strengthen trust rather than create new forms of opacity? They require deliberate choices about how AI is built, tested, and governed, and Luxembourg, with its combination of financial depth, regulatory sophistication, and research capability, is well placed to make them.

The AI race worth winning is not the one measured in model size. It is the one measured in trust. For a country whose economy is built on the management of other people's assets, that is not an abstract ambition. It is the whole point. ●



By **Vroni Fischbach**,
President of Rainforest

Rainforest ASBL: Restoring Biodiversity in Costa Rica

After the founding of rainforest.lu in 2013, we began our work as a supporting organisation for reforestation in Costa Rica. The project has been successfully led for over 30 years by the Tropical Station (www.lagamba.at), an external branch of the University of Vienna.

Our ASBL in Luxembourg serves as a fundraiser for reforestation and biodiversity preservation and enhancement on the one hand, and for organic agriculture, an endemic/local seed bank, scientific research, teaching, and further education on the other.

This complex biodiversity project is called COBIGA (Corredor Biológico La Gamba) and is located in the southwest of Costa Rica on the Pacific coast.

Here in Luxembourg, we are also active, albeit exclusively through hands-on work, namely together with Natur & Umwelt, helping to preserve and multiply old fruit-tree varieties.

What is a corridor and why in Costa Rica?

Costa Rica's natural history has been shaped by deforestation, just like that of many Central and South American countries. Part of the deforested and eventually depleted land has been converted into cattle pasture, while the heavy use of pesticides has contributed to soil compaction. All of this is highly detrimental to the rainforest and biodiversity.

What sets Costa Rica apart is the early awareness among political decision-makers of the country's unique biological richness. Another advantage is its stable democracy; the military was abolished



in 1949. More than 25% of the country is already protected as nature reserves. Costa Rica also relies on eco-tourism, supports farmers who wish to reforest their land and establish “food forests,” and has set the goal of becoming completely climate-neutral within the next 25 years. Already, 98% of its electricity is generated from renewable resources. One might therefore ask: why is nature conservation still needed there? Because there is another side to Costa Rica. Monocultures such as pineapple, palm oil, and rice consume forest areas and require enormous amounts of pesticides and artificial fertilisers. Although nature reserves are numerous, they are often isolated from one another, preventing genetic exchange between populations. This is exactly where the COBIGA project comes in. Biological corridors are near-natural ecosystems that connect isolated habitats, enabling the migration of organisms and

facilitating genetic exchange. By planting endemic and local tree species on former cattle pastures, these connections are restored in cooperation with local communities. The official Costa Rican authorities actively support this work. The small La Gamba corridor is integrated into the larger AMISTOSA corridor. Both belong to the international Mesoamerican Biological Corridor, which connects North and South America. Rainforest.lu seeks to motivate private individuals, companies, and municipalities to sponsor trees, helping to offset part of their CO₂ emissions while, more importantly, ensuring the long-term future of this complex and valuable project. A very important note: the certificates issued by the association are not tradable on the stock exchange. Gold Standard certification was deliberately not pursued, as the associated costs would place an unsustainable burden on a project of this size.



“Rainforest.lu seeks to motivate private individuals, companies, and municipalities to sponsor trees, helping to offset part of their CO₂ emissions while, more importantly, ensuring the future of this complex and inspiring project.”

Vroni Fischbach

Reforestation and tree cultivation

Finca Amable, a former cattle pasture in the lowlands, serves as a showcase example. After the land was acquired, soil samples were taken to analyse pH levels, structure, and mineral content. The site suffered from excessive water retention and swamp-like conditions that severely limited tree growth, so drainage ditches were first established.

Unfortunately, the natural seed bank in the soil, which can persist for years and support natural regeneration, had been virtually destroyed. As a result, a carefully selected mixture of around 100 different tree species was planted.

The results have been remarkable. Areas once dominated by ferns and swamp vegetation now resemble a diverse parkland. Wildlife has returned. Birds specialised in dense forest habitats bring new seed material through their droppings. Deadwood provides a foundation for a wealth of insects and invertebrates. This demonstrates the true principle behind reforestation: science provides the initial spark, but after a few years nature takes over. Reforestation is therefore not the same as afforestation. Our areas follow no economic objectives; they are ecological res-

toration projects aimed at renaturation. Fincas within the corridor are gradually purchased with donated funds, transferred to the ownership of the Tropical Station, and planted exclusively with endemic tree species. Seeds are collected directly from the primary rainforest and cultivated either in the station's own Finca Modelo or by local farmers. The often-degraded soils must first be cleared of invasive ferns and prepared for planting. The seedlings are then cared for over a further three years, protected from excessive competing vegetation, fertilised with self-produced worm compost, and replanted when necessary. Such an “intelligent tree” costs €30 and, over an estimated lifespan of 60 years, stores at least 500 kg of CO₂ in its trunk, leaves, and roots.

Science and further education

Expanding our knowledge of tree growth and ecosystem development is of extraordinary importance. We therefore also finance scientific research. How do tree communities develop most effectively? Is active reforestation always necessary? — not always. Which rare mammals and specialist bird species

return to restored habitats? How does global warming affect these ecosystems? State-of-the-art technology is employed in this work. More than 100 square kilometres of lowland forest have been surveyed using hybrid imaging systems, LiDAR sensors, and soil mapping techniques. A digital twin of the forest records, with an accuracy of three centimetres, details such as the health condition of tree crowns. The local farming population also benefits from regular training courses on alternative soil cultivation methods, vegetable production, composting, wild bee conservation, and honey production. These initiatives provide alternatives to oil palm cultivation while strengthening self-sufficiency.

Organic agriculture – Finca Modelo

A significant portion of the financial support also contributes to the expansion of the model finca near the station, as well as the agricultural facility Finca Alexis, located at 450 metres above sea level.

There, “Ticos” — as Costa Ricans call themselves — work full-time as gardeners. Over the years, they have become highly skilled specialists, caring for vegetable crops, fruit trees, and tree nurseries alike.

They cultivate seeds from up to 200 different tree species, each with its own requirements. Some need light at the beginning of their development, others later. Some require moist soil, others dry conditions. Certain species depend on pioneer trees for shade, specific neighbouring plants, or even symbiotic relationships with ants. Understanding and managing this complexity is essential to successful restoration.

Seed fair and local networking

The annual seed fair also originated from Finca Modelo. This year it attracted 225 visitors, exhibitors, and interested participants. It has become a highlight in this relatively poor rural region of southwestern Costa Rica.

Exhibitors present their products, attend lectures, and exchange knowledge and experience. Culinary specialities are prepared on site, while arts, crafts, and music add to the festive atmosphere. ●



By Chris Hermans,
(Cerberus), Co-chair of the Market
Practice & Operations - AIFM Ops



and Sannidhya Agrawal,
(ICG), Co-chair of the Market
Practice & Operations - AIFM Ops

AIFM Operations in Practice

Why Operational Excellence Matters

Operating an Alternative Investment Fund Manager (AIFM) today goes well beyond technical compliance. AIFM operations sit at the crossroads of governance, delegation, data flows, investor expectations and an evolving regulatory environment. Many challenges arise not from a lack of rules, but from the practical reality of applying them consistently across complex operating models.

Against this backdrop, the AIFM Operations Cluster of the LPEA Market Practice and Operations Technical Committee was created as a practitioner forum in Luxembourg, where day-to-day operational questions can be discussed openly by those dealing with them in real time!

How the Cluster Works

The Cluster brings together professionals across AIFM operations, portfolio management oversight, compliance, risk, governance and fund administration, representing a wide range of firm sizes and organisational set-ups. Discussions are deliberately grounded in operational reality, focusing on topics that surface in day-to-day work, board interactions, audits and supervisory engagements.

A defining feature of the Cluster is its open and collegial atmosphere. Monthly meetings are designed as a safe space to share experiences, questions and concerns without pressure or hierarchy. Contributions are encouraged regardless of seniority, and different viewpoints are actively welcomed. One of the members, Laurianne,

emphasizes “Being part of the LPEA AIFM working group is truly enriching. The discussions consistently challenge assumptions, encourage fresh thinking, and help stay closely aligned with the evolving market environment. The strong engagement of the co chairs creates a real dynamic within the group, drinks and lunches included.”

From Discussion to Practice

While experience sharing remains at the heart of the Cluster’s work, there is also a clear ambition to translate discussions into tangible and usable outputs. Smaller working groups are formed around selected topics to develop practical tools such as checklists, templates and short guidance notes.

These materials are not intended to prescribe a single operating model or define “best practice” in absolute terms. Instead, they aim to reflect observed market practices, highlight recurring pain points and help AIFMs strengthen their operational frameworks in a proportionate and well-documented way.

Networking Beyond the Cluster

Beyond internal discussions, the AIFM Operations Cluster also engages with the broader Luxembourg funds ecosystem. It regularly interacts with other LPEA working groups where topics overlap, ensuring operational perspectives are shared across disciplines rather than addressed in isolation. Where appropriate, exchanges also take place with external stakeholders, including the regulator, to foster a mutual understanding of the operational realities faced by AIFMs.

Members also contribute to wider

“The Cluster brings together professionals across AIFM operations, portfolio management oversight, compliance, risk, governance and fund administration, representing a wide range of firm sizes and organisational set-ups.”

industry discussions through events and panel sessions, helping bring operational considerations into broader market conversations. Taken together, these interactions reinforce the Cluster’s role as a connection point between practitioners, topics and institutions, supporting a more informed and coordinated dialogue across the industry.

Joining the Discussion

The operational landscape for AIFMs continues to evolve, driven by regulatory change, product innovation and rising expectations around governance and transparency. The continued relevance of the Cluster relies on active engagement from practitioners who are willing to share experience, listen to peers and contribute constructively to collective reflection.

Participation is open to professionals involved in AIFM operations who want to exchange views, benchmark approaches or gain insight into how peers address similar challenges. New participants are welcome to join and contribute at their own pace.

For further information or to get involved, please contact the LPEA or the Cluster Co-Chairs: Chris Hermans & Sannidhya Agrawal. ●



Topics on the Table

Discussions are experience-driven and focus on practical questions, including:

- Oversight of delegates and day-to-day interaction with depositaries
- Data availability, quality and consistency for regulatory reporting (e.g., Annex IV, SFDR)
- Valuation oversight and related documentation expectations
- Fund onboarding and new product approval processes
- Operational considerations linked to recallable distributions
- Emerging operational considerations for semi-liquid structures
- Selected implementation challenges arising from new or evolving regulatory frameworks

EVENT COVERAGE

... Seminar in Copenhagen



↑ Michael Thorø Larsen (Deloitte), Justine Cammal (Embassy of Luxembourg in Copenhagen), Arnaud Bon (Deloitte), Luis Galveias (LPEA)

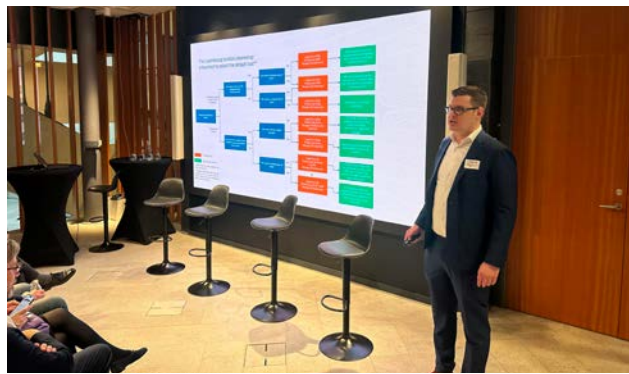


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... Seminar in Stockholm



↑ Panel - Raising capital, considerations for GPs and LPs



↑ Sebastiaan Hooghiemstra (Loyens & Loeff)

... Seminar in Tokyo



↑ Stephane (LPEA) and H.E. Mr. Michel Leesch, Ambassador of the Grand Duchy of Luxembourg to Japan



PE Tech Day 2026



... Seminar in Hamburg



↑ Christian Moersch (HANSAINVEST LUX)



↑ Panel - Private Debt Platforms in Practice

... Seminar in Paris



↑ Monica Ramos da Fonseca (Value & Risk), Jean-Daniel Zandona (Arendt Investor Services), Jerome Mullmaier (Loyens & Loeff) and Aurelien Hollard (CMS)



Luxembourg Private Equity...

China-Europe Investment Exchange Seminar



↑ Panel - PE Trends and Fundraising Opportunities Between China and Europe



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↑ Zhujun XIE, President of the Chinese-European Chamber of Commerce

M&A Conference 2026 – The Dealmakers



↑ Mathieu Maurice Roger Cottin (Tokeny), Renaud Oury (Apex), Jean-François Findling (Baker McKenzie)





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CEO Luxembourg
Fund Services
Apex Group



Maria von Oldenskiöld
Global Head of
Investor Services
and Co-Head of
Luxembourg
Aztec Group



Sabrina El Abbadi
Managing Director for
Governance, Legal
and Compliance in
Luxembourg
Trustmoore



Frédéric Ullens
Managing Director
for Luxembourg
IQ-EQ

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People on the Way Up



Gilles Dusemon
Co-chair
Arendt



Joachim Heukmes
CEO & Managing
Partner
Deloitte



Marc Mehlen
Managing Partner
Luxembourg Office



Sandra Bento
Executive General
Counsel
Baloise

This section aims to share recent promotions and the career moves of Private Equity and Venture Capital professionals in Luxembourg. To those joining a new team, we wish you great successes ahead and we extend our congratulations to newly promoted individuals.

About LPEA













The Luxembourg Private Equity and Venture Capital Association (LPEA) is the most trusted and relevant representative body of Private Equity and Venture Capital practitioners with a presence in Luxembourg.

Created in 2010 by a leading group of Private Equity and Venture Capital players in Luxembourg, with 702 members today, LPEA plays a leading role locally, actively promoting PE and VC in Luxembourg. LPEA provides a dynamic and interactive platform which helps



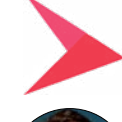



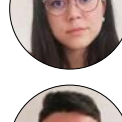
investors and advisors to navigate through the latest trends in the industry. International by nature, the association allows members to network, exchange experience, expand their knowledge and grow professionally, attending workshops and trainings held on a regular basis. If Luxembourg is your location of choice for Private Equity, LPEA is your choice to achieve outstanding results. LPEA's mission towards its members is to represent and promote the interest of Private Equity and Venture

Capital ("PE") players based in Luxembourg and abroad. LPEA's mission towards Luxembourg is to support government and private initiatives to enhance the attractiveness of Luxembourg as an international hub for carrying out PE business and/or servicing the PE/VC industry in all its dimensions. In summary, LPEA is the go-to platform where PE practitioners can share knowledge, network and get updated on the latest trends in the industry across the value chain.

Executive Committee

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LPEA / ICG | 
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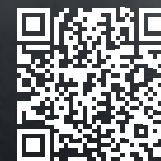
LPEA Team

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Kheira Mahmoudi
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Johann Herz
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