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Antin Infrastructure Partners:

Investing in What the World Runs On

Focus on Real Assets and Other
Investment Strategies

AI Economics in Luxembourg
Fund Services

Issue 39, October 2026



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Dear members, friends and partners,

Just a few more days to go before the 9th edition of our annual flagship event the **Insights conference**. We hope that you have reserved your booth, your tickets, used the dedicated App *LPEA Insights* to pre-network and have already scheduled many meaningful exchanges with some prospects or experts who will join the expected 1,500 attendees. 3 Fully-fledged stages, an “industry at the cross-roads”, foreign delegations, the hottest topics of the moment and great speakers from almost all around the world, that is what we want to share and experience together with you very soon in a new, bigger format which is, year after year, evolving and moving into one of the largest regional events of the European Private Capital industry.

Early September after a tonic IPEM Paris conference and a memorable networking cocktail with many new Managers, we pursued our representation mission abroad (promote and educate) with a combined roadshow in Vienna and Prague and a return to Warsaw. Here again profound discussions have been conducted, bridges have been built and ambitious projects are in the making, which is surely a positive signal.

With the help of our dedicated team and Co-Chairs we have revamped and relaunched some of our working groups in order to create, produce and deliver even more “thought leadership” in the near future especially when we need to cope with a huge activity on the geopolitical and regulatory fronts.

The LPEA is also conducting an internal analysis of its own processes, tools (database) and AI usage in order to enhance further its productivity. In this context, and as a result of our strategy review of 2025, we have also made some changes to our team which include new titles and responsibilities.

Exciting times are ahead of us and Luxembourg is continuously enhancing its competitiveness with new measures like the stock option plans for innovative young companies (after the carried interest and impatriate regimes early 2026) and the possibility to establish sub-funds for unregulated Limited Partnerships AIFs which underlines once again the ambition to propose a complete, flexible and efficient ecosystem.

We wish you in the meantime a great Insights and hope to see you soon again.

The magazine of the Luxembourg Private Equity & Venture Capital Association

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Herbert Smith Freehills Kramer is proud to celebrate the first anniversary of its Luxembourg office.

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Thank you to our clients and colleagues for being part of this journey.

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LPEA Academy Launches New Digital & Tech Training Path

This autumn, the LPEA Academy will introduce a three-session programme focused on key developments shaping the digital asset and investment fund landscape in Luxembourg. The first session, on 27 October, will explore the structure

and definition of crypto funds in Europe, including Luxembourg's legal and regulatory advantages. On 24 November, the programme will examine fund tokenization and its potential for distribution and fundraising. The final session, on

15 December, will focus on supporting non-EU digital asset managers, addressing compliance and reporting challenges while highlighting the solutions and expertise available within Luxembourg's growing digital-asset ecosystem.

LPEA Team Promotions Reflect Continued Growth

The LPEA has announced a series of internal promotions as the association continues to grow, with membership now reaching **721 members**. The appointments reflect the evolving responsibilities of several team members and strengthen the association's capabilities across public affairs and regulatory matters, international outreach, business development, events, communications and project management. **Luís Galveias** takes on the role of **Chief Marketing & Innovation Officer**, reflecting his strategic contribution to the LPEA's positioning and visibility. **Emilie Moray** becomes **Public Affairs & Regulatory Coordinator**, focusing on regulatory developments and supporting members in navigating an evolving environment. **Johann Herz** is appointed **Director of International Events & Content**, with responsibility for developing international initiatives, seminars and thought-leadership content. **Sonja Becker** becomes **Head of Business Development & Growth**, with a focus on membership growth and stronger member engagement. **Natália Vieira** is promoted to **Head of Events & Communications**, leading national events, communications and member engagement. **Francesco Simonetta** becomes **Project Manager**, advancing the LPEA's digitisation and governance initiatives, including the optimisation of its CRM system. Together, these promotions support the LPEA's continued development and reinforce its ability to serve a growing membership and an increasingly dynamic private capital ecosystem in Luxembourg.



Luís Galveias
Chief Marketing
& Innovation Officer



Johann Herz
Director of International
Events & Content



Sonja Becker
Head of Business
Development & Growth



Emilie Moray
Public Affairs & Regulatory
Coordinator



Natália Vieira
Head of Events
and Communications



Francesco Simonetta
Project Manager

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Argos closes its ninth Mid-Market fund, 64% above previous vintage

Argos has closed its ninth Mid-Market fund at €736 million, 64% larger than its €450 million predecessor and 23% above its €600 million target.

The fund attracted a predominantly institutional and geographically diversified investor base, with 73% of commitments from Europe, 19% from North America and 8% from Asia-Pacific. Around 90% of institutional investors in the previous vintage re-upped, while 44% of capital came from new LPs. More than €80 million was committed by investors who first joined Argos through its Climate Action strategy.

Fund IX made its first investment in July 2026 with the acquisition of STAR7. It will continue Argos' strategy of acquiring predominantly majority positions in European companies with EBITDA of €10 million to €30 million and enterprise values of €50 million to €250 million.

Luxembourg Launches €270 Million Future Fund 3

Luxembourg has launched the third edition of the Luxembourg Future Fund (LFF 3), with €270 million to support innovative companies and strengthen economic diversification. The initiative brings together SNCI, contributing €180 million, and the European Investment Fund, providing €90 million. Operating as a fund of funds, LFF 3 will invest in venture capital, growth capital and private debt strategies that finance companies from seed stage through maturity. Priority areas include cybersecurity, fintech, healthtech, spacetechnology and green technologies. In this edition, SNCI will take a more direct role in investment and monitoring, while continuing its strategic partnership with the EIF framework.

Amundi completes €620m investment in ICG

Amundi has completed the acquisition of a 9.9% economic stake in ICG for approximately €620 million, formalising the strategic partnership announced in November 2025. The stake represents 4.9% of ICG's voting rights. From the third quarter of 2026, Amundi will include the contribution from the investment in its assets under management, net inflows and financial results. The agreement also includes a ten-year commercial partnership under which Amundi will exclusively distribute ICG's evergreen funds and certain other products to high-net-worth clients outside the United States, Australia and New Zealand. ICG will exclusively supply these products to Amundi's distribution arm under agreement.

➤ Antin Infrastructure Partners:

Investing in What the World Runs On



Interview by **Stéphane Pesch**,
CEO of LPEA



and **Luís Galveias**,
Chief Marketing & Innovation
Officer at LPEA

In this interview, Johann Dumas, Funds Chief Financial Officer and Head of the Luxembourg office, discusses Antin Infrastructure Partners's investment approach, recent transactions, and Luxembourg's role within Antin's platform.

What is Antin Infrastructure Partners in a nutshell?

Antin Infrastructure Partners was founded in 2007 and became publicly listed in 2021. We are a leading Private Equity firm investing in infrastructure across the energy and environment, transport, digital and social infrastructure sectors in Europe and North America. With assets under management of over €33 billion, we have built one of the largest pure-play infrastructure investment platforms focused on these markets. Europe remains a core region for us, representing 53% of our total invested capital, alongside a significant presence in North America. Today, Antin employs over 250 professionals representing more than 30 nationalities, with offices in Paris, London, New York, Seoul, Melbourne and Luxembourg.

Even if you focus on infrastructure, I know you have different strategies. Tell us more about that.

We currently manage three comple-

mentary strategies: Flagship, MidCap and NextGen. This multi-strategy approach allows us to address a broad range of infrastructure opportunities while remaining disciplined in how we allocate capital. It also enables us to invest across different company profiles, stages of development and transaction sizes, while maintaining a clear focus on infrastructure and infrastructure-related businesses.

Each strategy is designed to address a distinct segment of the market. Flagship targets larger investments, typically in the €600 million to €1 billion range. MidCap focuses on mid-market deals, generally between €50 million and €300 million. NextGen is our growth-oriented strategy, investing in the infrastructure of tomorrow, with transaction sizes ranging from €50 million to €200 million. Together, these three strategies give us breadth, flexibility and strong market coverage across the infrastructure landscape.



➔ How has your Luxembourg office evolved over time?

We established our Luxembourg office in 2011 to serve as the in-house fund administration team. The team has grown steadily over time, with a clear acceleration in the last five years alongside the expansion of our operations. Today, with more than 40 professionals, the Luxembourg office covers funds and SPV administration, compliance, legal, tax and investor relations services. The dedicated investor relations services team was established more recently and delivered beyond expectations. With expertise in data and reporting automation, it helped us to innovate in many areas to respond efficiently to the growing global demand for faster and deeper analytics. Over time, the Luxembourg office has evolved into an institutional-grade fund servicing platform that is seamlessly integrated within Antin's wider organisation. It provides the flexibility, responsiveness and operational excellence required to support deal execution and investor relations at a high institutional standard. Luxembourg is therefore not only an important local presence for Antin, but also a meaningful part of our broader platform and an important contributor to our ability to scale with consistency, control and service quality.

In short, Luxembourg represents a long-term strategic hub in which we plan to continue to invest and innovate to enhance its contribution to the global value creation of Antin, its portfolio and its investors.

Could you provide examples of your most recent investments?

We have been very active over the last 12 months, with eight investments completed across Europe and the United States. To highlight a few examples: NorthC, a European data centre platform; Vigor Marine, a US provider of maintenance, repair and overhaul services for the maritime sector; Emsere, a global provider of clinical trial equipment solutions; and Matawan, a French smart mobility platform. These trans-



actions illustrate well the diversity of our approach across sectors, business models and geographies.

Why is infrastructure attracting so much attention today?

Infrastructure provides essential services that underpin daily life and economic activity, including energy, transport, digital networks and environmental services. Demand for these services continues to grow globally, driven by long-term structural trends such as urbanisation, digitalisation, electrification, decarbonisation and the broader need to modernise ageing assets. As a result, infrastructure has become increasingly central to both economic resilience and long-term development.

In recent years, infrastructure needs have expanded further with the rise

of AI, which is driving unprecedented demand for compute capacity, energy generation and grid infrastructure. More broadly, the scope of infrastructure continues to evolve alongside the economy itself. In our view, this reinforces the strategic relevance of the asset class and the importance of taking a forward-looking view of where long-term demand is emerging.

What makes infrastructure attractive from an investor perspective?

From an investor perspective, infrastructure offers a particularly attractive combination of characteristics. It is associated with more predictable cash flows and strong downside protection, which can support compelling risk-adjusted returns in volatile markets. At the same time, infrastructure

investing contributes to assets and services that are essential to the functioning and development of modern economies, providing it a societal purpose beyond financial returns.

How is the geopolitical environment reshaping infrastructure investment opportunities?

Geopolitical fragmentation, energy security concerns, reindustrialisation, supply chain resilience and digital sovereignty have all increased the strategic importance of infrastructure. These dynamics are creating new investment needs across multiple sectors, particularly where countries and regions are seeking to strengthen autonomy, security and long-term resilience. This environment creates complexity, but also significant opportunities. Structural trends may be global, but they

do not emerge uniformly; they materialise differently depending on geography, regulation, market maturity and political context. In that respect, our footprint across Europe and North America is a key advantage, as it allows us to identify and assess opportunities across regions and at different stages of development.

Why is diversification so important in infrastructure investing?

Infrastructure should not be viewed as a single homogeneous asset class. It spans a wide range of sectors, business models, regulatory frameworks and risk-return profiles. Diversification is therefore essential and can be built across sectors, geographies, revenue models and stages of asset maturity. In today's environment, this is par-

“Value creation comes from a combination of creative sourcing, active ownership, innovation and sustainability.”

Johann Dumas

ticularly important because different infrastructure segments may respond differently to inflation, interest rates, regulation and technological change. Diversification helps manage risk and improve resilience across our own portfolios and those of our investors. We continue to see particularly attractive opportunities in both Europe and North America, where structural trends are translating into sustained investment needs. These are large, developed economies with stable institutional frameworks and critical investment requirements across energy, digital, transport and social infrastructure. In Europe, climate and digital objectives are increasingly embedded in law, regulation and corporate strategy, often with time horizons stretching from 2030 to 2050. In North America, the investment backdrop is being shaped by major public policies and large-scale grid, transport and digital modernisation programmes, all of which reinforce long-term demand for private capital. Our recent activity reflects this balance, with five of our last eight acquisitions in Europe and three in the United States.

What are the main drivers of value creation in infrastructure today?

In our view, value creation comes from a combination of creative sourcing, active ownership, innovation and sustainability. It often starts well before ownership itself, at the sourcing stage. If infrastructure is defined too narrowly, investors may overlook attractive businesses that sit at the frontier of how the asset class is evolving. A broader definition of infrastructure

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is therefore an advantage, as it allows investors to identify opportunities earlier, including businesses that may not yet fit traditional labels but are increasingly essential, resilient and supported by long-term structural demand. Infrastructure investing is often associated with stable assets and long-term income, but the asset class has evolved significantly and is far from static. Today, value creation increasingly comes from active ownership, operational improvement, strategic development and the ability to help businesses adapt over time. In practice, this can include operational optimisation, growth capex, efficiency gains, sustainability improvements, better use of data, expansion into adjacent services, stronger management capabilities and M&A. In many cases, infrastructure investing is not just about preserving value, but about building stronger, more resilient and more competitive businesses.

What role does sustainability play in your investment approach?

We see sustainability as a genuine driver of value creation and as a key

“Infrastructure investing is about building stronger, more resilient and competitive businesses.”

Johann Dumas

consideration for the future of the businesses in which we invest. We strongly believe that embedding sustainability principles helps reduce business risk, improve the financial performance of portfolio companies and ultimately support higher valuations. Our focus has always been on investing in infrastructure that is not only resilient in the face of today's challenges, but also capable of fostering sustainable growth and adapting to tomorrow's needs.

What changes have you observed in investors' expectations over the years?

Like for other asset classes, as infrastructure has matured into a mainstream institutional asset class, investors' expectations have evolved beyond performance alone. Inves-

tors increasingly expect high-quality reporting, responsiveness, transparency, consistency and operational robustness. They also expect managers to provide timely information and a high level of service throughout the investment lifecycle.

We made an early commitment to building a fully integrated fund servicing platform, which we see as an important reflection of the institutionalisation of the asset class. An integrated platform improves coordination, maintains quality standards, provides greater control over processes and timing, and ultimately supports a better client experience. In an increasingly demanding regulatory environment, this has become an important dimension of investor trust, execution and long-term relationships. ●



By Jonas Höglund,
Co-founder & CEO
of Arte Collectum

Institutionalisation of Art as an Alternative within Alternative Assets

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The idea behind Arte Collectum comes from an old friend of mine, Niklas Belenius, a gallery owner and third generation art dealer and collector, who asked me if I was interested in setting up an art investment fund together with him. I have been working in finance since 2006 and previously always wondered why internationally well-established art, that has low correlation with other asset classes and good historical returns, had not been offered as an alternative investment fund in Northern Europe. I told Niklas that I would be happy to set up the fund but with the following prerequisites: an approved Prospectus by the Swedish Financial Supervisory Authority and list the fund on an exchange, mainly for transparency reasons given that the art market is not known for being highly transparent.

Arte Collectum manages two impact alternative investment funds with art as the underlying asset. The investment strategy is focused on artworks by women and cultural and ethnic minority artists who have historically been sidelined for reasons unrelated to quality. The fund units are registered with Euroclear and listed for public trading. Both funds have undergone due diligence processes and been distributed by two banks, Nordea and SEB.

One key driver of institutional interest in the art market is portfolio diversi-

fication. Historical data presented by Citi Private Bank indicates that art has low correlation with stocks, commodities, and real estate and even negative correlation with investment grade and high yield fixed income. Furthermore, art has historically served as a reliable inflation hedge, preserving purchasing power and acting as a store of value during market fluctuations. For investors and wealth managers seeking diversification, allocating capital through a regulated fund structure offers distinct operational, compliance, and risk-mitigation advantages over purchasing individual works outright. By pooling resources into a diversified fund, investors benefit from exposure to these dynamics while inherently reducing risk through a portfolio with several holdings.

The following are supporting arguments for the funds' target return of 100 percent net after fees in 6 years. The Investment Committee's access to absolute top works - acquired at significant discounts on the primary market in line with museums. The investment strategy with a focus on women and other historically excluded categories that are now "catching up" and consequently moving faster than other categories in combination with lending works to leading museums and exhibitions worldwide for the benefit of the artists, the public and the investment itself.

Operational Structure and Fiduciary Oversight

The Net Asset Value (NAV) of both funds is calculated semiannually on June 30th and December 31st. The NAV relies primarily on a third-party valuation report issued by Sotheby's. The NAV figures are audited and published in connection with the financial statement in February, and the interim report in August of each year. Due to the unique nature of artworks, valuation is inherently challenging and third-party appraisals are typically conservative. Consequently, market value can significantly exceed the reported asset value, as demonstrated by the first fund's first artwork divestment, which achieved a return of 2.57x the invested capital within 18 months, but was valued at acquisition price a few months prior to the divestment.

To safeguard the underlying assets, the funds use specialized, institutional-grade and museum-level climate-controlled storage facilities in Stockholm, Sweden, and Delaware, USA. This dual-location strategy optimizes logistical efficiency and sustainability by minimizing the distance and carbon footprint of international shipments.

Fiduciary oversight of the funds' assets is maintained through a close partnership with our depositary, CSC Depositary Services. Arte Collectum

continuously updates CSC of the whereabouts of the artworks and has systematically shared all required documentation and complied with reporting since June 2022.

Market Access and Acquisition Procedure

Acquiring highly sought-after primary market artworks requires an established reputation. Arte Collectum's Investment Committee leverages institutional-level purchasing power and has historically invested over 2 billion EUR in art combined. The committee is led by Chair Lars Nittve, Founding Director of Tate Modern in London and M+ Museum in Hong Kong, alongside Deborah Gunn, former Associate Director of Art Finance for the Microsoft co-founder Paul G. Allen Family Collection, and Niklas Belenius. This presence in combination with our lending program to museums and exhibitions allows the funds to acquire absolute top works on the primary market.

Arte Collectum has established a Compliance Committee which follows a regulatory framework, audits authenticity, monitors conflicts of interest, and enforces operational discipline. It is represented by senior audit, legal, and corporate finance professionals. Each acquisition and divestment requires a rigorous procedure. Upon approval from the Compliance Committee, the funds adhere to strict Anti-Money Laundering and Know Your Customer procedures across all acquisitions and divestments in relation to the seller/buyer, following thorough risk assessment and instruction frameworks. The Compliance Committee reviews and authorizes settlement by signing a protocol verifying all checkpoints

“By pooling resources into a diversified fund, investors benefit from exposure to these dynamics while inherently reducing risk through a portfolio with several holdings.”

Jonas Höglund

and documentation before payment is processed.

Active Management

To promote the artists, build provenance for the works and make the art more accessible to the public, Arte Collectum works to lend the artworks to leading museums and exhibitions around the world, and to get them published in journals, catalogs and books. Arte Collectum's works have for example been lent to the Whitney Museum of American Art in New York City, The Phillips Collection in Washington D.C., Fondation Cartier in Paris, the Victoria and Albert Museum in London, Albertina Museum in Vienna, among others. Notably, works from both funds will be included in the retrospective of Monir Shahroudy Farmanfarmaian at Moderna Museet in Stockholm which opens in October 2026.

By Q2 2026, exhibitions featuring the funds' works had attracted 1,391,944 visitors, validating the institutional quality of the underlying assets. The lending program is directed by Magnus af Petersens, Head of Curatorial Affairs, who previously served as Chief Curator at the Whitechapel Gallery in London and Head of Collection at Moderna Museet in Stockholm.

Every institutional loan is governed by a loan agreement and signed by the borrowing institution and the lender. It comprehensively regulates the terms of transport, display, and physical han-

dling, and strictly mandates an issued certificate of insurance and incoming and outgoing condition reports. Both the signed loan agreement and the corresponding insurance certificates are transmitted to the funds' depositary, maintaining transparency and regulatory alignment.

Arte Collectum has been interviewed and featured in Bloomberg, The Economist, Financial Times, The New York Times, Artnet, and The Art Newspaper among others. Arte Collectum's fund structure, the investment committee's access to works, and the investment strategy with a focus on women, ethnic and cultural minority artists in combination with lending works to museums are highlighted as unique features.

The Integration of Fiduciary Structure and Impact Return

Arte Collectum transitions art from a passion asset into a highly structured, low-correlation investment through an institutional fund framework. The funds pair fiduciary oversight – including a Compliance Committee and depositary controls – with an active museum-lending program. By capitalizing on market re-evaluations of historically overlooked women and minority artists, this strategy can seamlessly coexist with measurable social impact, offering modern investors a sophisticated mechanism to strategically and sustainably diversify portfolios. ●

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By Mathias Flattin,
Co-founder of Crayon Partners

The Deposit Gap

London's housing market is sending a rare signal: record unsold supply on one side, a wall of creditworthy households locked out of mortgages on the other. Rent-to-own sits precisely at that intersection.

Buying a home in a European capital now absorbs roughly fourteen years of average income, more than double the figure recorded in 2001. In the United Kingdom, the effect on younger cohorts has been stark: homeownership among the under-35s has fallen from 57% at the start of the century to 39% today.

This is not a story about people who cannot afford a home. It is a story about firefighters, teachers, engineers and nurses who can comfortably service a mortgage but cannot assemble the lump sum required to obtain one.

The deposit as the binding constraint

Mortgage underwriting has tightened structurally since 2008, and loan-to-value discipline now means first-time buyers must save tens of thousands of pounds for a deposit before a lender will even engage. Over the past two decades, house prices have far outpaced incomes: in England, the median home now costs close to eight times average earnings, up from around five in the early 2000s.

In the London region alone, around 1.2 million households rent privately, and roughly 540,000 of them want to buy within the next twelve months but cannot: a target demand pool estimated at some £253 billion of residential real

estate. From a capital-markets perspective, this is a mispriced pocket of demand: solvent counterparties, willing to pay, blocked by a timing problem rather than a solvency problem.

Affordable-housing programmes expand supply and shared-ownership schemes fractionalise title, but neither dissolves the deposit barrier. Even Help to Buy, which helped over 370,000 households in a decade, was pulled in 2022 on budgetary grounds: the ceiling every public scheme eventually hits. Private capital has no such ceiling, and the model itself is simple: rent, then buy. A clear route from tenant to owner, with zero asterisks.

What rent-to-own actually does

The rent-to-own model tackles the constraint head-on. A household signs a tenancy at market rent, with a purchase price for the home fixed from day one. A defined portion of each rental payment is set aside and capitalised, so that over two years the tenant accumulates the deposit they could not save on the open market. At the end of the period, they exercise an option to buy at the pre-agreed price, using the accumulated sum as their down payment.

Three features distinguish this from a conventional lease. The purchase price is locked at the outset, shielding the household from the very house-price inflation that is pricing them out. Rent stops being a pure expense and becomes a savings mechanism, converting an outflow into equity. The abstract goal of getting on the ladder becomes a concrete, dated plan.

A rare window for institutional buyers

What makes the strategy timely is the state of the London new-build market. The city is in the grip of a demand-side freeze rather than a supply shortage. In London alone, industry data put unsold new-build stock at around twenty-nine months of supply in early 2026, a record. Absorption has collapsed: roughly 2,800 homes were sold in the second quarter of 2026, against a structural need closer to 22,000 a quarter. In these conditions, developers increasingly turn to bulk exits. The share of new London homes sold in bloc rose from about 7% to 12% in a year, and those transactions are clearing at discounts of 15% to more than 20% against unit-by-unit value.

Acquiring entire buildings, vacant, lets a buyer capture that discount at the point of maximum developer motivation, when few others are willing or able to transact at scale. For an institutional allocator, it is also a rare countercyclical entry into UK residential, a large and historically resilient asset class, at a moment when the cycle is doing the discounting rather than the underwriting.

Securing tomorrow's buyers, today

The same discipline that has frozen today's buyers is temporary: over five million UK borrowers face higher repayments by the end of 2028, and the two-year fix at 90% loan-to-value sits above 5.3%. As rates normalise and this cohort re-qualifies, the households currently locked out will return to the mortgage market. The supply side, meanwhile, is emptying: housing

“If most cars are now bought through leasing or rent-then-buy schemes, the biggest purchase of our lives surely deserves a financing model of its own, one that digital and AI-driven underwriting finally make workable at scale.”

Mathias Flattin

starts are down around 84% over the decade, with only some 14,000 completions expected across 2027 and 2028.

Rent-to-own lets an owner position ahead of both curves. By signing creditworthy tenants today at a fixed price, the strategy effectively secures “tomorrow's buyers” two to three years before they re-enter the market, and does so while acquiring the underlying stock at a trough discount. Buy into weak demand, contract the end-buyer in advance, and sell into a shortage.

A category, not a product

For private markets, rent-to-own is best understood as a category, not a single product: it sits where residential Real Estate, Private Credit and Impact meet, pairing a tangible, income-producing asset base with a credit-like cash-flow dimension and a clean, countable social outcome. That mix is what makes it interesting to a jurisdiction like Luxembourg, whose competencies in vehicle design, governance and structuring for international investors are exactly what such a strategy demands.

Aligning returns with outcomes

Most real estate impact is really environmental: better EPC ratings, lower energy use, a path to net zero. The “S” is harder to underwrite, and this is one of the few property strategies that targets it head-on. Homeownership is among the most durable engines of

social mobility we have: it builds wealth that compounds across generations, roots families long enough for schooling and community to take hold, and tracks with better health and stronger neighbourhoods. Better still, the impact is countable, which matters to allocators wary of impact-washing: it is measured in households crossing from renting to owning, precisely the creditworthy, middle-income households, many of them key workers, that policy claims to serve but leaves shut out.

This is also where returns and outcomes align: the strategy performs when a tenant becomes an owner. None of this is simple; it demands genuine operating capability and professional financial coaching of tenants toward exercising their option within two years. But it reframes a problem policymakers have wrestled with for a decade as one private capital is equipped to solve: not a shortage of homes or of income, but of the single lump sum, and the credit history, that stands between renting and owning.

If most cars are now bought through leasing or rent-then-buy schemes, the biggest purchase of our lives surely deserves a financing model of its own, one that digital and AI-driven underwriting finally make workable at scale. Expect the model to spread across the rest of Europe, and with it a new asset class to finance, offering investors a fresh route into residential. ●



By **Tanu-Matti Tuominen**,
Partner and Co-Founder,
Head of IR at IPR.VC

Content IP: A Different Engine for Private Market Returns

As private markets become more specialised, investors are looking beyond headline returns towards the underlying sources of value, cash flow and liquidity. Content IP offers an interesting case study of how a specialist asset class can introduce genuinely different economic drivers into an institutional portfolio.

Diversified on paper. But underneath?

Diversification sounds straightforward. Spread investments across equities, fixed income, Real Estate, private equity, infrastructure and alternatives, and the portfolio should be diversified. The past few years have shown that the reality is more complicated. When interest rates rose sharply in 2022, equities and bonds declined simultaneously, with Real Estate subsequently coming under pressure. Different asset classes were responding to many of the same forces: inflation, interest rates, economic growth, financing conditions and investor risk appetite. This raises a simple question: instead of counting asset classes, should investors also count the different economic drivers producing their returns?

Different assets, same economic drivers

A Private equity investment and a Real Estate investment are clearly different assets. Yet both can be affected by higher financing costs, weaker economic growth and changing valuation

multiples. For private-market investors, it is therefore useful to look one level deeper: What creates the value? How is it monetised? And when does the cash reach the investor? Two investments can target similar long-term returns while getting there in very different ways. One may depend heavily on an exit several years from now. Another can start generating cash through the operating performance and monetisation of its underlying assets. True diversification is therefore not only about where you invest. It is also about how returns are generated.

What happens when the audience drives the economics?

Media and Content IP provide an interesting example. Film, television and other intellectual property operate within their own economic ecosystem. Success is shaped by audience demand, cultural relevance, distribution reach, rights ownership, franchise potential and the ability of successful IP to travel across territories, platforms and formats. A successful film can generate revenues from theatrical distribution,

streaming, television and international rights, with further potential from sequels, remakes and long-tail library revenues. None of this makes Content IP risk-free. Individual productions can be volatile, audience preferences change and execution matters enormously. The point is different: these are not necessarily the same risks already sitting elsewhere in an investor's portfolio.

The data tells an interesting story

We recently looked at whether this difference could also be seen in historical data. Between 2000 and 2025, US box-office real revenue growth showed only a limited and slightly negative relationship with S&P 500 real returns, with an estimated beta of approximately -0.049 . Box-office revenue growth was also less volatile in the analysed sample, at approximately 6.6%, compared with around 17% for the S&P 500. We excluded the pandemic years 2020–2022 because cinema closures clearly represented exceptional circumstances. Comparisons with S&P 500 revenue growth and US consumer sentiment also showed limited historical relationships. Looking at the digital content economy, YouTube advertising revenue growth similarly demonstrated weak historical co-movement with S&P 500 real returns. These are proxies, not realised fund returns, and they do not prove that Content IP is non-correlated. But they support a broader observation: content-linked revenues can be driven

by sufficiently different factors to make them relevant to the diversification discussion.

Diversification is also about when the money comes back

Correlation is only part of the story. Many private-market strategies ultimately depend on an exit. Content IP can work differently. A film can generate revenues through several distribution windows. An IP portfolio can contain projects at different stages of their economic lives. A modern media business can combine advertising, subscriptions, sponsorship, licensing, commerce and live experiences around the same audience and intellectual property. When these assets are aggregated into portfolios, the result can be a different cash-flow profile from a traditional exit-driven investment. For LPs, diversification is therefore not only about *where returns come from, but how and when they arrive*.

From financing productions to investing in audiences

An even bigger transformation is taking place inside the media industry itself. Historically, studios, broadcasters and distributors controlled access to audiences. Today, creators can spend years building audiences on YouTube and other digital platforms before a traditional studio or distributor becomes involved. That changes the sequence. Creators can continuously test ideas, characters and formats and see what audiences respond to. By the time a project reaches traditional film or television, it may already have millions of followers. Part of the market testing has effectively happened in public. And once an audience exists, the opportunity does not stop with advertising. A podcast can become a live event. A YouTube format can become television. Creators can launch consumer products. Digital concepts can move

“The proposition starts to look less like financing a succession of individual productions and more like investing in media businesses capable of repeatedly creating, owning and monetising intellectual property.”

Tanu-Matti Tuominen

into feature films and other long-form entertainment. This is creating a new investment universe around businesses combining IP, distribution and direct audience relationships. The proposition starts to look less like financing a succession of individual productions and more like investing in media businesses capable of repeatedly creating, owning and monetising intellectual property.

Content is abundant. Attention is not.

There has never been more content available. Professional productions compete with YouTube creators, podcasts, games, social media and enormous volumes of user-generated entertainment. Generative AI will make producing content easier still. Production is becoming less scarce. Audience attention is moving in the opposite direction. Companies and creators capable of repeatedly earning attention, retaining audiences and moving those audiences between formats have something increasingly valuable. If they also own the underlying IP, they have more ways to turn that attention into revenues. The asset is therefore not necessarily one film, television programme or YouTube channel. Increasingly, it can be the combination of *audience, IP and the ability to monetise both repeatedly*.

From specialist investing to an institutional asset class

Historically, content investing was often organised around individual productions and bespoke transactions, making institutional access difficult.

That is changing. Portfolio structures can spread exposure across projects, formats and revenue streams. IP-led companies can own and develop multiple assets, while fund structures can provide the governance, reporting and risk management institutional investors expect. Luxembourg has a natural role here. Its established cross-border fund ecosystem provides specialised strategies with structures and governance standards already familiar to international investors. Specialisation does not remove the need for institutional quality. It makes it more important.

Count economic drivers, not boxes

Content IP is one example of a broader development in private markets. An investor can own many different asset-class boxes, yet still discover that several depend on the same factors: interest rates, financing markets, economic growth and the eventual exit environment. Or a portfolio can contain an unfamiliar asset whose revenues depend on something quite different: whether audiences around the world choose to watch a film, follow a creator or spend time with a piece of intellectual property. On 22 September 2026, IPR.VC will bring together investors, family offices, producers and industry experts in Luxembourg to explore these questions further. Content IP provides the case study. The larger portfolio question is universal: If two investments have different labels but ultimately depend on the same economic forces, how diversified are they really? ●



By **Quentin Werlé**,
Head of Portfolio
Management at 6 Monks



and **Gustavo Ljungberg**,
Head of Investor Relations
at NextBlock VC

Web3 Funds: Building an Institutional Bridge Between Private Equity and Digital Assets

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For many traditional Private Equity investors, Web3 and blockchain remains a complex area to assess. It is often associated with crypto market volatility, technological complexity and regulatory uncertainty. Yet Web3 is broader than liquid digital assets. It also refers to the development of new technological and financial infrastructures built around blockchain networks, tokenisation and digital ownership. A Web3 investment strategy can therefore be approached through a Private Equity lens: investing in companies, protocols, infrastructure providers and platforms that are building this ecosystem. The challenge is to make such exposure understandable, properly structured and investable for institutional investors.

What is a Web3 Fund?

A Web3 fund is an investment vehicle providing exposure to blockchain-related companies, protocols and digital asset ecosystems. Depending on its strategy, it may invest in private companies, infrastructure projects, tokenised business models or selected liquid digital assets. Combining Private Equity and venture capital exposure with a limited allocation to liquid crypto assets can make sense because value in Web3 is

often created both at company level and network level. A business may build applications or services on top of a blockchain infrastructure, while the underlying token may also represent part of the ecosystem's economic design. The purpose is not to turn a Private Equity strategy into a trading strategy. Rather, a carefully defined liquid exposure can allow investors to gain exposure to protocols they would not be able to access via traditional Private Equity, help reflect the reality of the Web3 market, support portfolio construction and provide a more complete view of the value chain.

Bridging Private Equity and Web3

Traditional Private Equity and Venture Capital investors should not see Web3 as a completely separate asset class. In many ways, it can be viewed as an evolution of existing investment themes: AI, software, financial infrastructure, payments, data, cybersecurity, marketplaces and digital ownership. What changes is the technology and, sometimes, the economic model. Web3 projects may involve tokens, decentralised governance, open-source development and community-driven network effects. This requires investors to go beyond standard company analysis and consider token econom-

ics, smart contract architecture, governance, regulation and ecosystem dependency. What makes a Web3 fund innovative and beneficial is the liquid exposure that you may have via tokens as they can be traded in exchanges, offering real-time pricing. This also means that, as opposed to traditional PE and VC, liquidity events may happen much faster via Web3 funds. However, the core investment discipline remains familiar. Investors still need to assess the quality of the team, the product, the market, the business model and the path to value creation.

The Role of the Advisor in Identifying Web3 Opportunities

In a Web3 strategy, the role of the investment advisor is particularly important. The sector is still fragmented, fast-moving and often difficult to access for traditional investors. Identifying the right opportunities requires not only financial analysis, but also a deep understanding of the ecosystem, its participants, its technological layers and its market dynamics. This is where a specialised advisor such as NextBlock VC plays a central role. The advisor brings sector expertise, sourcing capacity and the ability to assess opportunities that may not yet be visible through traditional Private Equity and Venture Capital channels. In Web3,

access to quality projects is often linked to network, credibility and the ability to understand both the technological and economic logic behind a project. The advisor's role is therefore not limited to proposing and executing investments. It also involves filtering opportunities, assessing teams, understanding token or business models, monitoring market developments and helping translate a complex ecosystem into an investable strategy. For institutional investors, this specialised expertise is essential, provided it is combined with an appropriate governance and risk management framework.

Structuring a Hybrid Strategy

From an AIFM perspective, the main challenge is to translate a fast-moving and technical investment universe into an institutional framework. First, liquidity terms must be aligned with the underlying assets. Private investments are naturally illiquid, while certain digital assets may trade daily. A hybrid strategy therefore requires careful calibration of subscriptions, redemptions, gates, valuation frequency and cash management. Second, the operational framework is essential. Digital assets raise specific questions around custody, wallets, exchange access, transaction controls, anti-money laundering and cybersecurity. These are not secondary topics; they are central to institutional investability.

Key Risks for Investors

Investors should understand several key risks. Market risk is the most visible, as liq-

uid digital assets can be highly volatile. Even if the main strategy is private markets-oriented, crypto market movements may affect perception and portfolio behaviour. Valuation risk is also important. Private Web3 companies can be difficult to value, especially at an early stage or when their business model is linked to token ecosystems. At the same time, liquid tokens trade continuously, creating a contrast between observable market prices and periodic private valuations. Liquidity risk must be carefully managed. A fund investing in private assets cannot offer liquidity as if all assets were immediately realisable. Redemption terms should reflect the liquidity profile of the portfolio. Custody and counterparty risk are particularly relevant. Investors need clarity on where assets are held, who controls them, which service providers are involved and how transactions are approved. Finally, regulatory risk remains a key consideration. The regulatory treatment of digital assets continues to evolve, and fund managers must ensure that the strategy remains consistent with applicable rules and fund documentation.

The Role of the AIFM

The role of the AIFM is not to remove investment risk, but to ensure that risks are identified, monitored and governed within a robust framework. This includes oversight of the invest-

ment process, liquidity management, valuation procedures, service providers, counterparties and compliance with investment restrictions. In a Web3 context, the AIFM also helps translate technical concepts into institutional standards: policies, limits, procedures, reporting and governance. This bridge is important for traditional LPs. Many investors may be interested in Web3 exposure but require a familiar framework around risk management, custody, valuation and oversight before allocating capital. For traditional Private Equity and Venture Capital investors, the key message is that Web3 should not be associated with short-term crypto volatility but with investing in blockchain technology. It is a broader infrastructure and technology theme that will become increasingly relevant across financial services and other sectors. At the same time, investing in Web3 requires discipline. The sector needs expertise, robust structuring and strong operational controls. Institutional investors do not need to abandon their standards to explore Web3. On the contrary, those standards are what can help make the asset class more mature and investable. The future of Web3 investing may therefore not be about choosing between traditional finance and decentralised technology. Today, you are able to bridge these two areas via Web3 investment funds. ●

“What makes a Web3 fund innovative and beneficial is the liquid exposure that you may have via tokens as they can be traded in exchanges, offering real-time pricing.”

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By **Bogdan Gogulan**,
CEO of NewSpace Capital

Space Is Growing Up: Why Specialist Capital Wins in the New Space Economy

Space is no longer a niche domain. It's the operating system that quietly underpins almost everything else. Like all good infrastructure, it tends to be noticed least when it is working best: the communications networks, weather forecasting, disaster response, geo-location and defence capabilities we rely on every day all run, in some way, through orbit. Commercial space is worth nearly \$700 billion and, by McKinsey's estimate, is set to hit \$1.8 trillion by 2035. Our own estimate puts the figure closer to \$3.2 trillion by that time. There are more than 14,000 active satellites in orbit; rockets launch somewhere almost every day. The world economy depends on space, and with trade, finance, energy and defence relying more and more on its systems, demand is soaring.

Just a couple of years ago, much of the conversation around the sector was still about potential: infrastructure to be deployed, services to be built, customers to emerge, capital to follow as the market matured. That future is no longer theoretical. Space has moved from promise to plumbing, and it is doing so at exactly the moment the sector is having its "internet moment": the point at which a technology stops being a bet on the future and starts being priced as a critical network for the present.

That shift changes what it takes to

invest well. It is also precisely why NewSpace Capital exists, and why we built it where we did. We are based in Luxembourg, a country that foresaw this shift earlier than most: a 1980s gamble on satellite communications through SES grew into what was likely the world's first commercial ecosystem around space. This momentum was institutionalised through ESA membership in 2005 and as part of a diversification focus after the 2008–09 financial crisis, a deliberate NewSpace strategy built around the Space Resources Initiative and the Luxembourg Space Agency. At every stage, the focus has stayed consistent: not the hype space can generate, but what it can practically do for people here on Earth.

We have taken full advantage of that environment, and of the wider European ecosystem it connects to, to build a specialised investment platform and an unusually experienced investment team: the first established growth-stage fund dedicated to the sector. The market is international by nature, and the most compelling opportunities are increasingly found where commercial growth, national capability and critical infrastructure meet.

The industry itself is being remade. Growth, capital intensity and strategic importance have accelerated together, and the sector is entering

a phase defined by faster innovation cycles, larger pools of capital and rising government demand. Manufacturing logic that once looked closer to bespoke engineering than industrial production is giving way to something closer to an assembly line: designing to a perfect requirement and slowly building a single, perfect instrument is no longer the model. Advanced materials, AI-enabled manufacturing, and the convergence of space and non-space supply chains are changing what is possible, and at what cost. Resilience, once a nice-to-have, is fast becoming a baseline requirement rather than an optional feature.

Just as importantly, the value in the industry is on the move. Where satellite and communications businesses once captured most of the return, the harder and more valuable problem now sits downstream: fusing, processing and interpreting data quickly enough to be useful. Onboard compute and AI increasingly let a satellite decide what matters before it ever reaches the ground. Value is migrating from hardware towards software, analytics and the recommendations that customers actually act on. Spotting that shift, and backing the companies positioned to capture it, is a specialist's job, not a generalist's.

Space attracts romance and alarmism in roughly equal measure, and debate

about the sector swings easily between the best of all worlds and worst-case scenarios. Generalist investors, and much of the broader venture capital market, tend to follow that swing: chasing headline technologies and headline valuations rather than the underlying engineering, customer economics and supply-chain realities that actually determine whether a company survives the journey from promising growth-stage business to industrial company with a defensible moat. Space companies are not ordinary software businesses. They have long development cycles, demanding customers, complex supply chains, and close connections to public policy and government. Believing in the sector is not enough. You need to understand where value is genuinely created, which technologies will scale, which customers will actually pay, and which businesses have the discipline to get there without becoming a cheerleader for the industry along the way.

That is the specialist advantage, and it is the gap NewSpace Capital was built to close. Growth-stage funding remains the market's principal weakness. Early-stage innovation in space has improved markedly over the past decade, helped by government programmes and growing investor enthusiasm. However, the growth stage remains structurally underfunded, particularly in Europe. Many promising companies can secure seed financing but struggle to access the specialist capital needed to scale manufacturing, deploy infrastructure and expand internationally. This is especially true of the "picks and shovels" companies: the businesses building the enabling technologies, components, software, data infrastructure and industrial strength that underpin the wider space economy, and on which the rest of the market depends.

"We approach the market top-down and focus on the companies delivering technologies and products which are critical to enabling the industrialisation of space underway, and then help those companies to supercharge their growth trajectory."

Bogdan Gogulan

NewSpace Capital brings three things to that gap: specialist judgement, growth-stage capital, and international reach. We back the enabling layer of the new space economy: components, data systems, software, connectivity and industrial capacity. We work as an industry partner rather than a passive investor, helping portfolio companies hyperscale their commercial development and navigate the challenges that come with the territory, drawing on an investment and advisory network with deep operating experience across the sector.

That capability rests on the team behind it. The NewSpace Capital team has extensive experience across the space value chain — operators, engineers, financiers and policy specialists — and collectively brings over 150 years of combined experience across the sector. That depth is what lets us sit alongside portfolio company management as a genuine partner, not just a source of capital: helping teams take a proven product and navigate the commercial challenges in the market that a purely financial investor would struggle to even diagnose. From our base of operations in Luxembourg, the team reinvests that experience globally, through mentoring, advisory relationships and close ties to the global space and financial community. With a strategy of investing across the Europe and US, we help our portfolio companies expand their footprint across both markets and beyond, through intro-

ductions to potential partners and customers.

Our top-performing first fund showed that the approach works. We have been able to find, back and help grow high-potential space and enabling-technology companies around the world, proof both that the opportunity in the modern space economy is real and global, and that specialist, technically grounded capital can outperform where generalist money struggles to tell genuine value from noise. We approach the market top-down and focus on the companies delivering technologies and products which are critical to enabling the industrialisation of space underway, and then help those companies to supercharge their growth trajectory.

The opportunity keeps evolving. From its early foundations in large commercial satellite services, the sector now underpins productivity and growth right across the modern economy. The growth areas today are data, secure communications, defence, earth observation, cybersecurity, mobility, climate intelligence and industrial infrastructure, among others. Bigger players are moving in, capital is following, and the sector is edging toward a moment — not unlike the dawn of the commercial internet — that could pull it decisively into the mainstream. As it does, the winners will be the investors who can tell the difference between what is merely exciting and what actually creates value. ●



By **Andrea Pavesi**,
Partner at Argos Fund

Where Does the Real Value of AI Lie for European SMEs?

AI is not about technology

When Artificial Intelligence is discussed, the conversation often starts with the technology itself: larger models, better tools, faster deployment. This perspective is incomplete. A century ago, electricity did not transform industries simply because factories were connected to the grid. It transformed them because businesses redesigned processes, products and operating models around what electricity made possible. Artificial Intelligence is following the same path. The technology is becoming increasingly accessible, but value will come from companies that know how to apply it. For investors, this changes the challenge. The key question is no longer whether a company will use AI, but how AI will reshape its economics. Will it improve productivity? Transform the value proposition? Or disrupt the business model? Capturing that opportunity requires more

than investing in technology. It means identifying where AI can create competitive advantage, redesigning workflows, adapting organisations and supporting execution over time. European small- and mid-sized companies are particularly well positioned. They combine established operations, proprietary data and deep sector expertise with greater agility than many large corporates. Yet they often lack the capabilities and resources needed to turn AI into measurable outcomes. This is where investors can create value: helping management teams translate accessible AI technologies into differentiated products, stronger operations and more resilient business models.

From augmentation to transformation: looking beyond productivity gains

AI can affect a company at three levels.

The first is augmentation: improving existing tasks, from analysing information to automating repetitive work. The second is transformation: changing how the company operates or what it delivers to customers. The third is disruption: reshaping market structures, lowering barriers to entry and commoditising activities that once required substantial human effort.

The response cannot be the same in every case. Augmentation may require targeted implementation. Transformation requires changes to processes, roles and the business model. Disruption may demand fundamental repositioning.

Applied AI: create value in a traditional surveillance business

Take the example of an SME providing integrated physical and digital security services. Its customers, from industrial sites to logistics platforms and corporate

campuses, rely on it to protect critical assets and ensure business continuity. Every day, its Security Operations Centre receives tens of thousands of events generated by cameras, intrusion systems, access controls and cybersecurity platforms. Behind every alert lies the same question: does this situation require human intervention?

Traditionally, the value proposition of a security provider was built around monitoring infrastructure and dispatching the right response when an incident occurred. As customers deploy thousands of connected devices, simply processing more alerts or adding operators does not create more value.

Over recent years, AI has progressively been embedded into the company's Security Operations Centre to correlate physical and cyber events, qualify alerts before they reach operators and learn from previous incidents. Instead of reviewing every signal, operators can focus on the few situations where human judgement is required.

This changes the service delivered to customers. Rather than paying mainly for surveillance, they increasingly receive a risk-management service capable of identifying weak signals, anticipating incidents and improving operational resilience. The value no longer comes from watching more cameras. It comes from making better decisions, faster.

Building this capability required more than deploying models. Procedures were redesigned, new workflows introduced, operators trained to use AI recommendations, and performance indicators redefined around service quality. Technology was only the starting point. Turning it into a differentiated proposition required genuine operational transformation.

Applied AI: navigate the SaaSocalypse

Not every industry experiences AI as an obvious value-creation opportunity. In some sectors, it first emerges as a threat to the core business, carrying a real risk of value erosion. The recent "SaaSocalypse" illustrates this dynamic. As generative AI makes software cheaper and easier

AI can affect a company at three levels: augmentation, transformation and disruption."

Andrea Pavesi

to build, standalone features that once differentiated vendors risk rapid commoditisation. For many SaaS providers, the question is no longer whether AI will reshape the market, but whether they will lead that transformation or be disrupted by it.

Document and workflow management is one such industry. Customers rely on these platforms to manage business-critical processes such as invoice processing, contract approvals, electronic signatures and regulatory archiving. Traditionally, these solutions operated linearly: capturing documents, extracting predefined information and routing them to the next step. AI has now been embedded across product suites to handle the edge cases conventional automation could not process reliably, including unstructured documents, inconsistent formats and poor-quality scans.

Yet the real AI breakthrough goes beyond document recognition. Customers are no longer buying software merely to store and circulate files. They increasingly rely on broader ecosystems to execute critical processes faster, more reliably and with full regulatory traceability.

This changes the strategic positioning of document and workflow management providers. Rather than competing on easily replicable standalone features, they must become deeply embedded in customers' daily operations. Durable differentiation is built not only through AI, but through three capabilities:

- Deep business expertise, to identify and solve friction points in enterprise operations.
 - Regulatory knowledge, to ensure that speed never compromises legal or compliance requirements.
 - Seamless workflow integration, to power daily, cross-functional processes.
- This transformation does not happen by bolting an AI wrapper onto an existing

product. It requires a deliberate redesign of the platforms' architecture, robust AI capabilities and continuous adaptation to customer workflows. Technology is only the starting point. The real value comes from rethinking how the business serves, integrates with and protects its customers.

Financing AI application to build European champions

These examples point to a broader conclusion. The main challenge in AI value creation is not access to technology. It is application through orchestration and execution. Implementing a model or an agent is often the easier part. The difficult questions are strategic and operational: which customer outcomes should improve, which workflows should be redesigned, which roles will change, and how adoption and impact will be measured.

For European SMEs and mid-sized companies, the opportunity is significant. Their industrial know-how, proprietary data and sector expertise provide strong foundations for differentiated AI applications, while their agility allows them to redesign workflows faster than larger organisations. Their constraints remain real, particularly in talent, investment capacity and change management. This is where investors have an important role to play and a clear opportunity to create value.

For Europe, this is also a question of competitiveness and sovereignty. European companies may not control every layer of the global AI technology stack, but they hold strong positions in specialised markets and deep knowledge of their industries. Applying AI to these assets can strengthen customer propositions and create more resilient European champions. As with electricity, value will come from application. The role of investors is to help companies make that application concrete, operational and scalable. ●

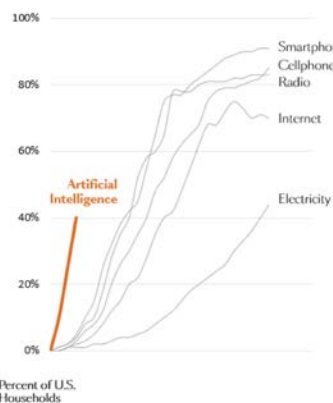
Figure 1: AI value creation is more than just technology

Most of the value is driven by expertise and active transformation...



Figure 2: AI adoption

AI has the fastest adoption in human history...



Source: From Potential to Profit: Closing the AI Impact Gap (BCG AI radar, January 2025)

1. AI Diffusion Report: Where AI is most used, developed and built. Microsoft AI Economy Institute (November 2025)



By **Rene Kassiss**,
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and **Laurence Monnier**,
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Debt at CAERUS Debt
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Infrastructure Debt: An Outsized Contribution in a Dislocated World

Often overlooked for its modest headline return, Infrastructure Debt may be the most capital-efficient tool available to institutional investors - provided the portfolio is viewed as a whole.

The allocation challenge

Investors are navigating a fast-evolving environment in which traditional strategic asset allocation (SAA) is increasingly being challenged: Equities remain the mainstay of most portfolios and have delivered strong returns over the past decade. But the asset class carries growing concentration risk, by region (US) and by sector (technology), leaving it increasingly exposed to sharp corrections. Bonds, traditionally the second-largest allocation, have seen their diversification benefit erode. Real assets offer a natural response, and investors typically look to the largest segments: Real Estate, Infrastructure, Private Equity and Private Debt. Within that universe, Infrastructure Debt is often treated as a niche — or passed over because of its lower headline return. That is a missed opportunity. Yet the asset class offers distinctive diversification benefits and can make an outsized contribution to a portfolio's risk-adjusted returns.

Built for stress

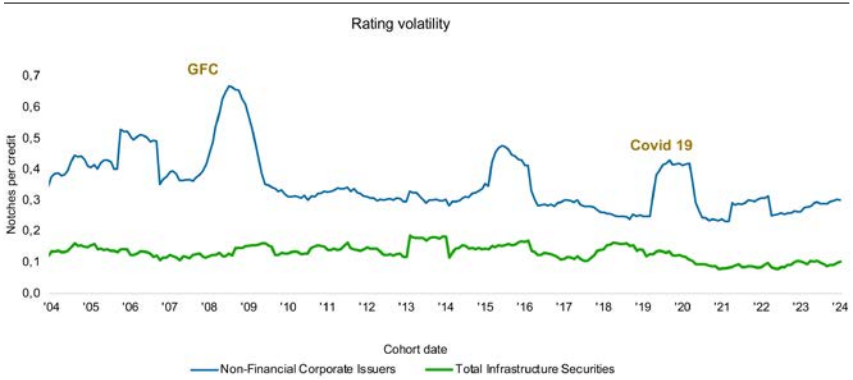
Infrastructure Debt rides the same tailwinds as Infrastructure at large - above all, Europe's push toward a cleaner, more energy-independent economy.

With roughly 70-80% of Infrastructure investment needs funded by debt, and banks' capacity to lend increasingly constrained, the opportunity set is substantial across the capital stack — from senior through subordinated, mezzanine and HoldCo structures — allowing investors to dial in precisely the risk-adjusted return profile they want. The asset class has also proven itself through the cycle. Rating volatility is materially lower than for corporate debt of comparable seniority, particularly in periods of economic crisis.¹ Recoveries after default are higher too: around 80% on average, according to Moody's project finance default study.² That resilience feeds straight into performance. A recent SIPAmetrics study finds that its Infrastructure Debt indi-

ces have delivered risk-adjusted returns exceeding Bloomberg's corporate equivalents by 13% for investment grade — and by 41% for non-investment grade.³ Insurers noticed these benefits early. EIOPA's own data show that insurers' Private Credit exposure - a category that explicitly includes Infrastructure Debt alongside non-listed corporate bonds and Real Estate and mortgage-related loans — reached €514 billion, or 5.1% of total assets, at the end of 2024. This scale of commitment has been reinforced by the lower capital charges applied to qualifying Infrastructure Debt and equity under Solvency II. Pension funds and other institutional investors, however, have been slower to follow. Without a dedicated allocation bucket, many simply overlook the asset class, often citing returns that look “below target” on a standalone basis.

A different approach to portfolio construction

Traditional SAA frameworks allocate capital into discrete buckets, with



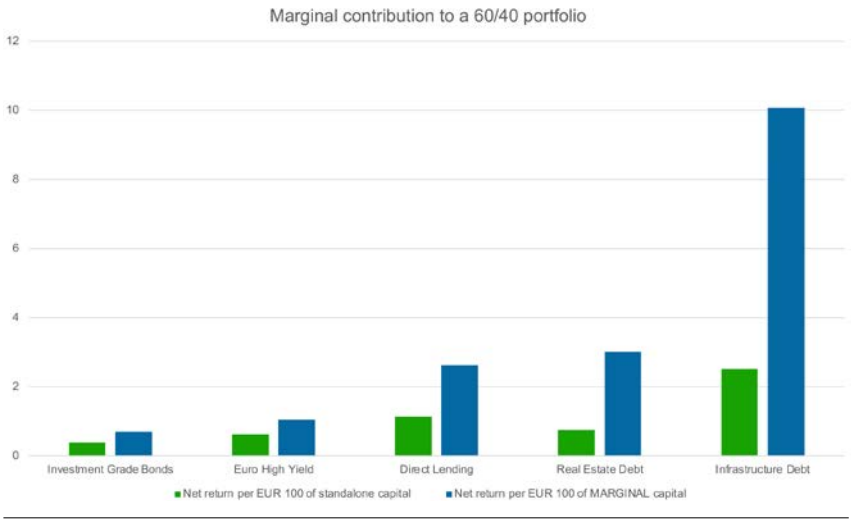
Infrastructure Debt offers by far the most attractive return per unit of risk."

funds competing for room against peers within each one. Under this approach, Infrastructure Debt typically fights for space inside a broader “Infrastructure” or “Private Debt” allocation - a structure that captures neither the full diversification and return benefit of the asset class, nor the distinct characteristics of the funds within it.

A growing number of investors have recognized this limitation and adopted a total portfolio approach (TPA), evaluating each investment on its marginal contribution to the existing portfolio rather than its fit within a predefined bucket. TPA can replace or supplement SAA — and it appears to pay in optimizing portfolio construction. A survey of 26 large funds using TPA found that they outperformed peers using traditional SAA⁴. By shifting the burden of proof onto each asset's marginal contribution to the whole portfolio, this approach makes the case for Infrastructure Debt considerably clearer.

Lower headline return, highest contribution

Infrastructure Debt exhibits negative correlation with both bonds and equities, generating incremental income at minimal capital cost. That income profile becomes even more attractive as the asset class extends beyond core senior financing into subordinated debt and the financing of “growth Infrastructure” — corporate borrowers with solid Infrastructure characteristics that are earlier in their development. Infrastructure floating rate loans, with their shorter duration, also exhibit lower volatility than bonds.



Taking a TPA lens, we compared the marginal contribution of different debt strategies to a standard 60/40 equity/bond portfolio. We modelled a BB/B-rated Infrastructure loan portfolio (70% floating rate) consistent with a growth-Infrastructure strategy, benchmarked against two public-market comparators (investment-grade corporate debt and high-yield debt) and two other high-yielding Private Debt strategies: direct lending, and Real Estate Debt at approximately 70% LTV.

We deliberately kept the analysis conservative. Rather than taking full credit for Infrastructure Debt's negative correlation, we floored each asset class's correlation to equity at 25%. The analysis also incorporated Infrastructure Debt's lower volatility and expected loss using Moody's default studies.

The result is striking: Infrastructure Debt offers by far the most attractive return per unit of risk. Notably, the gross return we modelled for Infrastructure Debt is the lowest among the Private Debt strategies compared — yet its marginal contribution to the portfolio is the highest. In our analysis⁵, the return per marginal capital of Infrastructure Debt was three times higher than the next best asset.⁶ At a time when rising volatility is pushing up portfolio risk,

the asset class so often overlooked for its modest headline return has the potential to deliver the greatest marginal contribution to portfolio income per euro of capital deployed.

The bottom line

The Infrastructure Debt market is broadening, offering an ever-wider range of risk and return profiles just as Europe's financing needs - driven by its push for sovereignty and energy independence — continue to grow. For pension funds and other long-horizon institutional investors managing portfolios in an increasingly volatile environment, the conclusion is hard to ignore: judged not by its headline return but by what it adds to the whole, Infrastructure Debt offers a compelling tool for optimizing the total portfolio. ●

1. Moody's Ratings, Infrastructure Default and Recovery Rates 1983-2024, September 2025.
2. Moody's, Default and Recovery Rates for Project Finance Bank Loans, 2022
3. SIPAmetrics, The Performance of Infrastructure Debt, June 2026. Comparison of SIPA infrastructure debt indices against Bloomberg corporate bond equivalents.
4. FF TAI - AO Peer Study
5. Sources: MSCI EUR investment grade and high yield indices, Morningstar European Leveraged loan index, iShare EUR high yield corporate bond, Gilberto-Levy commercial Real Estate debt index, SIPA Infra300 debt Index, Cliffwater Corporate Lending Fund, Nuveen “The enduring case for high yield bonds”, 2018, Invesco “Navigating volatility through Allocation to real estate equity and debt”, Sep 25, EDHECInfra “Strategic asset allocation with unlisted infrastructure”, 2021, and authors estimates.
6. Assumptions as follows for IG bonds, high yield bonds, direct lending, sub-IG real estate debt, sub IG infrastructure debt: Gross return: 3%, 5.5%, 8.5%, 8.5%, 7%, correlation with bonds 0.85, 0.56, 0.09, -0.43, -0.10, correlation to equity 0.51, 0.60, 0.5, -0.1, -0.3, volatility 4%, 3.5%, 3%, 5%, 1.4%



By **Julien Marencic**,
Partner/Founder at Jera Capital

Why Smaller Secondary PE Managers Generate Superior Returns

In the Private Equity Secondary market, size is widely assumed to confer advantage — deeper relationships, greater deal flow, and stronger negotiating power. The data tells a more nuanced story. Smaller secondary managers, those operating below USD 500 million in AUM, consistently outperform their larger peers on every measurable return metric. The reasons are structural, not circumstantial, and they operate across the full investment cycle.

Access to a Different Deal Universe

Large secondary managers are, by necessity, buyers of large transactions. A USD 5bn platform needs to deploy in meaningful size to move portfolio metrics — meaning it gravitates toward auctions of major LP portfolios and large-cap GP-led processes where competition is fiercest and pricing most efficient. The mid-market and lower mid-market, where the most attractive risk-adjusted opportunities concentrate, is structurally inaccessible to them at scale.

Bilateral Transactions

Smaller managers can source and execute bilateral transactions — direct negotiations with a single seller, without a formal auction process. These deals typically price at a discount to broadly marketed equivalents, as sellers prioritise certainty and speed over maximum price. Access to bilateral flow is a relationship game that rewards depth of network over breadth of brand.

Mid-market GP-Led Transactions

The fastest-growing segment of the secondary market is GP-led transactions — continuation vehicles, single-asset deals, and tender offers. In the mid-market, GPs running these processes often prefer a smaller, operationally agile secondary buyer who can engage substantively on structure and close without the drag of institutional approval chains.

Pricing Advantage in Less Competitive Markets

Secondary pricing is fundamentally a function of competition. The well-capitalised buyers compete for the same asset because of their need to deploy large amounts of capital, this leads discounts to compress and returns to normalise. In addition, given that large secondary platforms concentrate in the same segment of the market, they end up bidding against each other and against other sophisticated investors (sovereign wealth funds, pension funds), so informational and structural advantages are not an edge but a commodity in that segment.

Structural Discount Capture

Smaller managers operating in less trafficked segments of the secondary market capture structurally wider discounts to NAV. A bilateral mid-market transaction may price at a 15–20% discount where a comparable large-cap portfolio auction clears at 5–10%. This entry price differential has a direct and material impact on net returns.

Complexity Premium

Many attractive secondary opportunities are structurally complex — cross-border jurisdictions, illiquid underlying assets, bespoke LP agreement terms, or mixed-asset portfolios. Large platforms often pass on complexity that their operational infrastructure cannot absorb efficiently. Smaller, specialist managers with deep structuring expertise can underwrite this complexity and capture the associated return premium.

Portfolio Construction and Concentration

A USD 5bn secondary fund deploying across 60–80 positions is, in effect, building a diversified index of Private Equity. Each position is too small to drive material outperformance, and the portfolio's aggregate return converges toward the market average — less fees. A USD 200–400m manager running 10–20 high-conviction positions can generate genuinely differentiated returns by backing specific GPs, vintages, and sectors where they have proprietary insight.

High-Conviction Underwriting

When a smaller manager allocates 5–8% of its fund to a single secondary position, the investment committee applies rigorous, granular underwriting. Every assumption is stress-tested; every GP relationship is leveraged for information. At large platforms, the same position size represents a rounding error — underwriting intensity follows capital weight.

Vintage and Sector Timing

Smaller managers can express precise vintage and sector views without being forced to deploy at scale into markets they find unattractive. Large platforms must put capital to work continuously to justify management fee income on committed capital — a structural bias toward activity that is not always aligned with optimal timing.

Operational Speed and Decision-Making

In the secondary market, speed of execution is a source of return, not merely a convenience. Sellers value certainty. GPs running continuation vehicles have timelines driven by underlying business needs. The buyer who can provide a credible, final offer in days rather than weeks commands a structural advantage — often expressed in better pricing, exclusivity, or preferred access to future deal flow.

Lean Investment Committees

Smaller managers operate with compact decision-making structures. A founding team with full investment authority can move from initial screening to binding offer in a compressed timeframe. Large institutions route every transaction through layered approval processes — legal, compliance, investment committee, risk — each adding days and introducing the risk of re-trades.

Relationship Compounding

Counterparties remember who closed cleanly and on time. Smaller secondary managers who execute with discipline build reputations that generate proprietary deal flow in subsequent cycles — a compounding advantage that does not appear on any league table but is a durable source of alpha over time.

The Evidence: Preqin Data Across 484 Funds

The performance advantage of smaller secondary managers is not merely theoretical — it is consistently documented in fund-level data. Analysis of 484 secondary funds in the Preqin benchmark database, covering vintages through 2023, produces a clear and consistent picture across every return metric.

Metric	Fund commitment sizes	
	<USD 500m	16.4%
Mean Net IRR (%)	19.4%	1.487x
Median Net Multiple (x)	1.610x	18%
% of Funds in 1st Quartile	26%	20%
% of Funds in 4th Quartile	12%	20%

Source: Preqin
The quartile data is particularly striking. Sub-USD 500m managers achieve top-quartile status 26% of the time while landing in the bottom quartile only 12% of the time. Above USD 500m, the pattern inverts: Q1 representation falls to 18% while Q4 exposure rises to 20%. This distribution directly refutes the notion that larger managers offer more reliable outcomes.

Smaller secondary managers who execute with discipline build reputations that generate proprietary deal flow in subsequent cycles."

Julien Marencic

Alignment of Interests and Fee Dynamics

At large secondary platforms, management fee income on multi-billion AUM bases is substantial — often sufficient to sustain the business regardless of investment performance. This creates a structural incentive to grow AUM, even when deployment opportunities are limited or pricing is unattractive. The business interest and the LP interest diverge.

Carry-Driven Economics

Smaller managers derive the overwhelming majority of their economic upside from carried interest on realised returns. Management fees cover costs; carry builds wealth. This alignment is direct and unambiguous — the GP profits only when LPs profit. At scale, this relationship is diluted by the sheer volume of fee income that accrues irrespective of performance.

GP Commitment

Founding partners at smaller managers typically commit meaningful personal capital alongside LPs — often 2–5% of

fund size from personal balance sheets. This is not symbolic; it is a genuine alignment of downside risk. At large institutions, individual GP commitments are a negligible fraction of total AUM and rarely reflect genuine economic exposure.

Conclusion: The Case for Focused Scale

The secondary market's growth has created a paradox: as the asset class has matured and attracted ever-larger pools of capital, the structural advantages have shifted toward managers who deliberately remain smaller. They access different — and better-priced — deal flow. They underwrite with greater conviction. They execute with speed that commands premium treatment from counterparties. And they align their economic interests unambiguously with those of their LPs. The Preqin data confirms what the structural logic predicts: across IRR, TVPI, DPI, and quartile distribution, smaller secondary managers consistently outperform. Size in secondary Private Equity is not a proxy for quality — it is increasingly a constraint on it. ●



By **David Schäfer**,
Founding member and
Managing Director of MPEP

Why the Lower Mid-Market Is Emerging as One of Private Equity's Most Resilient Segments

Faced with liquidity constraints and a more demanding macroeconomic backdrop, investors are reassessing their Private Equity allocations seeking to increase their exposure to more resilient segments where they see more durable value creation and a more flexible exit environment.

For many years, Private Equity investors could rely on a familiar pattern: capital was called gradually, portfolio companies were exited within reasonable holding periods and distributions provided the liquidity needed to fund new commitments. That model has come under pressure. Since 2022, geopolitical uncertainty, higher inflation, rising financing costs and weaker exit markets have reduced distributions across the industry. Investors are discovering that their Private Equity investments might need more time to overcome the macro-related challenges in addition to more muted exit markets. This shift has triggered a reassessment of the asset class. The question is no longer where the highest returns can be achieved. Investors are asking which parts of the Private Equity market are best positioned to create value and generate liquidity in a world where leverage is more expensive, exits take longer and operational execution matters more than financial engineering.

When Scale Becomes a Constraint

One lesson from the current environment is that, despite common features such as proven business models, majority ownership and longer-term investment horizons, Private Equity cannot be viewed as a fully homogeneous asset class. Different market segments respond differently when financing conditions tighten and economic momentum slows. Large and mega-cap buyouts were among the clearest beneficiaries of the low-rate era, where cheap debt and rising valuation multiples often amplified returns even when fundamental value creation was more modest. It was often difficult to distinguish skill from market tailwinds. As long as valuations rose and liquidity remained abundant, those differences were masked. The current environment has exposed a different reality. For larger transactions, the pool of buyers capable of executing multi-billion acquisitions is typically small. When activity among strategic acquirers slows, IPO markets remain closed or financing becomes more expen-

sive, the number of realistic exit options narrows quickly. The implications are visible across many large-cap portfolios today: longer holding periods, delayed realizations and increasing amounts of unrealized value.

At the other end of the size spectrum, the lower mid-market is not immune to today's challenges. However, its return profile tends to be less dependent on financing conditions, valuation expansion and narrow exit channels. Compared with large-cap buyouts, performance is driven more by company-specific value creation than by favorable capital market conditions.

Where Structural Value Creation Begins

One distinguishing factor of the lower mid-market is the nature of the companies themselves. Many have established strong positions within their respective niches, often with growth drivers that are less directly linked to overall GDP growth, while generating healthy cash flows and retaining significant potential for further expansion. At the same time, they often remain owner-managed businesses that have not yet fully institutionalized their operations. The transition from entrepreneurial leadership to professionalized organizational structures frequently creates a key value-creation opportunity. This is where experienced Private Equity managers can make a tangible difference. Rather than relying on leverage

or multiple expansion, successful lower mid-market investors focus on strengthening businesses from within. They help professionalize organizations, strengthen management teams and support businesses scale through organic and acquisitive growth. The result is a form of value creation that is fundamentally operational. This distinction has become much clearer over the past three years. Prior to that, in a market dominated by cheap debt and rising valuations, operational value creation often played a secondary role. Today, it increasingly determines whether managers can continue to generate attractive returns.

For institutional investors, this distinction has become more important: returns driven by business transformation tend to be more robust than returns that depend heavily on financing conditions. This is why the familiar warning that past performance is no guarantee of future results is more relevant than ever. The key question is not whether a manager generated strong historical returns, but where those returns came from. Were they created through genuine operational improvements and better companies or were they largely a product of a favorable market environment?

A Larger Universe Creates More Opportunities to Be Selective

In the lower mid-market, ten thousand private businesses fit the profile of potential investment candidates, while the amount of Private Equity capital targeting the segment remains relatively limited compared with larger buyout markets. This more favorable balance, combined with less compelling fee economics for large investment banks in smaller transactions, results in a less intermediated market and creates a fundamentally different sourcing environment.

Many attractive transactions never become broadly marketed auctions. Instead, they emerge through long-standing relationships with founders, entrepreneurs and family owners. Success often depends on relationships and succession planning as much as on valuation. For managers with deep local networks, this creates opportunities to acquire com-

“In a market previously dominated by cheap debt and rising valuations, operational value creation often played a secondary role. Today, it increasingly determines whether managers can continue to generate attractive returns.”

David Schäfer

panies under circumstances that are difficult to replicate in more heavily intermediated market segments. In addition, selectivity should not be underestimated. Experienced managers can remain selective, investing only when business quality, valuation and growth potential align.

Why Exits Often Look Different

Liquidity has become a defining topic in private markets. While no area of Private Equity is immune to cyclical slowdowns, the lower mid-market benefits from access to a broad and diversified buyer universe. A successful portfolio company can attract interest from strategic buyers, larger financial sponsors, buy-and-build platforms or secondary Private Equity investors. Transaction sizes remain manageable for a wide range of potential acquirers. A broader universe reduces dependence on any single exit channel and gives fund managers greater flexibility when bringing a company to market. Data from global asset manager PGIM suggests that these structural differences translate into tangible outcomes for investors. Across buyout fund vintages from 2003 to 2021, lower mid-market funds generated higher DPI levels than both mid-market and large-cap peers, not only among top-performing managers but also at the median.

For investors increasingly focused on cash-flow generation and liquidity planning, that combination of exit flexibility translating into stronger distributions has become an important consideration.

The Real Challenge: Identifying the Right Managers

None of these previously described char-

acteristics automatically translate into superior returns. The lower mid-market remains highly fragmented, and performance dispersion between managers is substantial. The best managers combine a differentiated sourcing angle with proven, repeatable value-creation playbooks, helping entrepreneurial businesses professionalize, grow and prepare for their next ownership phase.

Sophisticated allocators increasingly look beyond headline performance figures and spend more time dissecting the underlying drivers of value creation. Strong historical returns are only the starting point. Investors want to understand whether a manager created value through a repeatable process that is still effective or simply benefited from favorable market conditions that may not return anytime soon. At the same time, access remains a persistent challenge. The best-performing lower mid-market firms remain highly oversubscribed and difficult to access, even in today's more challenging fundraising market, as many deliberately limit the amount of capital they raise.

Looking Beyond the Liquidity Cycle

Much of today's discussion around Private Equity revolves around delayed exits, weaker distributions and the resulting liquidity constraints for investors. Yet focusing solely on liquidity misses another important development: Ultimately, the current cycle is separating real value creation from market beta. The lower mid-market offers investors a segment in which operational improvement, rather than financial tailwinds, remains the primary driver of returns. ●



By **Dr. Willi Müller**,
Head of Portfolio Management
at Union Investment Luxembourg

Six Private Equity Vintages: Two Decades of Partnership Between Union Investment and Sagard

For more than two decades, Union Investment has partnered with Sagard to provide institutional investors with access to Private Equity through a globally diversified investment platform. Since launching its first programme in 2005, the Frankfurt-based asset manager has established six vintages through Union Investment Luxembourg S.A. across two complementary product lines. The platform has expanded steadily over time, with growth accelerating in recent years. Around 500 Institutional Clients did commit to the different vintages of Private Equity and have increased their strategic allocations to private markets in response to different market environment challenges and the search for differentiated sources of return.

Our Private Equity platform has evolved continuously over the past two decades, reflecting both changing market conditions and the growing sophistication of institutional investors. Each successive vintage has built on the experience of its predecessor, enabling us to refine our investment approach while maintaining a consistent long-term philosophy.

A defining element of this development has been the long-standing partnership with Sagard. Throughout multiple economic cycles—including the Global Financial Crisis, the COVID-19 pandemic, and the subsequent period of elevated inflation, rising interest rates and increased market

volatility—the collaboration has demonstrated both resilience and adaptability. Equally, it has navigated an evolving regulatory landscape characterised by expanding governance, transparency and reporting requirements. Over time, the relationship has developed into a strategic partnership founded on complementary capabilities, mutual trust and a shared commitment to serving institutional investors. This stable and well-established framework continues to support the development of differentiated Private Equity solutions while providing clients with continuity across successive investment cycles. For many institutional investors, portfolios remain dominated by listed equities and fixed income. Within this context, Union Investment considers Private Equity to be an increasingly important strategic allocation, offering enhanced diversification, access to structural growth opportunities and the potential to improve long-term risk-adjusted returns. Periods of market dislocation have further underlined these characteristics. Union Investment's Private Equity platform is deliberately structured around closed-end investment vehicles. Rather than encouraging tactical market timing, the firm's approach is designed to provide investors with consistent exposure across successive market cycles through regularly launched vintage programmes. "We believe that long-term value creation in Private Equity is achieved through disciplined and continuous capital

deployment rather than attempts to anticipate market turning points," explains Bastian Konle, Head of Product Management for Alternative Investments and Real Estate for Institutional Clients at Union Investment. "Launching new vintages every two to three years enables our clients to build diversified portfolios across different economic environments while maintaining strategic exposure to the asset class over time." A central element of Union Investment's Private Equity strategy is providing institutional investors with access to investment opportunities that are largely unavailable in public markets. As an increasing proportion of corporate value creation takes place before companies reach the public markets—or without a public listing altogether—Private Equity has become an essential component of a well-diversified institutional portfolio. Equally important is manager selection. Union Investment attributes significant value to Sagard's long-standing expertise in the global small- and mid-market segment, its extensive international network and its ability to identify proprietary investment opportunities across different geographies and market environments. "Our institutional client base is diverse, with varying regulatory frameworks, investment objectives and reporting requirements," says Bastian Konle. "This makes a flexible and collaborative partnership with an experienced private markets specialist particularly valuable."

Two Product Lines for Different Investor Objectives

Today, Union Investment's Private Equity offering comprises two complementary strategies designed to address different portfolio objectives. The flagship programme serves as the core allocation for institutional investors seeking diversified global Private Equity exposure. Having launched five successive vintages, the programme invests across primary fund commitments, secondary transactions and co-investments, providing broad diversification by geography, sector, vintage year and investment strategy. Recognising growing investor interest in regional investment opportunities, Union Investment introduced its second Private Equity strategy, PE-Unternehmer Deutschland, at the end of 2021. Rather than replicating the globally diversified approach, the strategy focuses on the entrepreneurial strength of the DACH region, targeting leading medium-sized companies with strong competitive positions and attractive long-term growth prospects. According to David Schoch, Principal and Portfolio Manager at Sagard Private Equity Solutions, the strategy is built around the exceptional depth of the German-speaking mid-market. Germany alone is home to approximately 1,600 so-called hidden champions—companies that combine global market leadership within specialized niches with strong innovation capabilities and resilient business models. Reflecting this focused investment universe, the portfolio is more concentrated than the flagship programme, comprising approximately 100 underlying companies. At the same time, a significant allocation to secondary transactions and co-investments supports early portfolio diversification, accelerated capital deployment and an attractive risk-return profile. For institutional investors, the strategy offers targeted exposure to one of Europe's most resilient economic regions while maintaining the diversification benefits inherent in a professionally managed Private Equity programme.

Creating Value Through Entrepreneurial Partnerships

The investment in Tecvia illustrates the type of opportunity targeted by the

Especially in an environment characterized by heightened geopolitical uncertainty, the DACH region continues to benefit from stable legal institutions, strong governance structures and a resilient entrepreneurial ecosystem."

Dr. Willi Müller

PE-Unternehmer Deutschland strategy: established mid-market companies with strong competitive positions, attractive growth prospects and the potential to benefit from long-term strategic development. Headquartered in Munich, Germany, Tecvia is one of the leading pan-European providers of digital content and software solutions for driver education and professional driver training. Through its integrated technology platform, the company supports the digital transformation of driving schools and training institutions across the entire value chain.

PE-Unternehmer Deutschland 1 invested in Tecvia in 2023, attracted by the company's strong market position, differentiated business model and positive societal impact. During the investment period, Tecvia successfully accelerated its operational development, achieving significant growth in both revenue and EBITDA.

The subsequent realisation of the investment generated a gross multiple of 4.5x on the original investment made by PE-Unternehmer Deutschland 1, corresponding to an internal rate of return (IRR) of approximately 80%.

For Union Investment and Sagard, Tecvia represents a broader investment philosophy: partnering with high-quality entrepreneurial companies, supporting sustainable value creation and providing institutional investors with access to segments of the economy that remain largely outside public markets.

The German Mittelstand: A Structural Source of Opportunity

The outlook for further investment opportunities within the German Mittelstand remains compelling. A combination of

demographic trends, entrepreneurial succession challenges and fragmented ownership structures is expected to create a significant pipeline of potential transactions over the coming years.

According to estimates by Kreditanstalt für Wiederaufbau (KfW), approximately 560,000 small and medium-sized enterprises in Germany are expected to face ownership succession issues by 2027. Research by the Institut für Mittelstandsforschung (IfM) Bonn indicates that around 30% of these companies lack an internal succession solution.

For Private Equity investors with a long-term investment horizon and operational expertise, these developments create attractive opportunities to support established businesses through the next phase of their corporate development.

"Especially in an environment characterized by heightened geopolitical uncertainty, the DACH region continues to benefit from stable legal institutions, strong governance structures and a resilient entrepreneurial ecosystem," says David Schoch. "For our investors, these characteristics provide an additional layer of security and reinforce the attractiveness of the region as a source of long-term investment opportunities."

Union Investment is currently preparing the second vintage of the PE-Unternehmer Deutschland strategy, with fundraising scheduled to run from mid-August to mid-November 2026. The continued development of the platform reflects the firm's long-term commitment to Private Equity as a strategic allocation and its ambition to provide institutional investors with consistent access to attractive private market opportunities. ●



By **Pieter Leguit**
Partner – Investment Funds,
Simmons & Simmons Luxembourg

Pre-marketing for Asian Investment Fund Managers: How to Access European Capital

Introduction

Asian investment fund managers are looking beyond their home markets when raising capital, and Europe is high on the list: it offers deep institutional pools and a broad investor base. At the same time, European investors have a growing appetite for Asia-related strategies. They are looking to Asia for growth, diversification and sector exposure that may be harder to access domestically. The opportunity is clear. The practical question is how to approach Europe sensibly.

For many investment managers that operate internationally, Luxembourg is the natural gateway. It has one of the world's most established investment fund industries, with vehicles and service providers for private equity, venture capital, real estate, credit, infrastructure, secondaries and liquid alternatives. In practical terms, Luxembourg offers a flexible toolbox: different structures for different strategies, investor types and distribution channels. Before setting up a fund in Europe or launching a full-on marketing campaign, managers will ask: is there enough investor appetite to justify the time and cost? This is where pre-marketing will help.

Two main routes into Europe

A non-European fund manager generally

has two broad options when approaching European investors: using national private placement regimes, or using the European marketing passport. The first route – using the national private placement regimes – means checking and complying with the rules country by country. This may work well for a focused fundraise in one or two investor-friendly countries. It is not, however, a single European solution: some markets will be difficult or unavailable.

The second option – the marketing passport – means establishing a European fund, often in Luxembourg, managed by an authorised European fund management service provider. This structure can benefit from the European marketing passport, which allows marketing of the fund to professional investors across the European Economic Area through a harmonised notification process rather than separate local regimes. This route can suit a broader European capital raise, within a regulated framework that is familiar to European investors. It also involves more preparation.

Pre-marketing helps managers decide which route makes sense.

What is pre-marketing?

Pre-marketing is a regulated way to gauge investor interest in a proposed

fund, strategy or investment idea before the fund is formally offered for subscription.

It is helpful to think of fundraising in three stages, pre-marketing being one of them. The first stage is a general introduction to the manager and its team, track record, investment philosophy, experience and capabilities. Here, the focus is on the manager itself, not on a specific fund or investment product. This stage is therefore generally not in scope of any regulation. The second stage is pre-marketing – this is when the conversation turns more concretely towards a (potential) investment product. The manager may discuss a proposed strategy, future fund concept, target sectors, indicative economics or a draft term sheet. Draft materials may be shared if they are not final and do not allow the investor to make an investment decision or to subscribe. The final stage – marketing – begins when the investor receives materials on which it can make an investment decision, or documents that it can sign. Subscription documents, final offering materials and final constitutional documents usually belong to the marketing phase.

How pre-marketing works

Where a Luxembourg service pro-

vider is used, the process is relatively straightforward. The service provider files a pre-marketing notification with the Luxembourg financial regulator. This notification identifies the period of pre-marketing, the proposed activity, the fund strategy and the European countries where the pre-marketing may take place.

Without a service provider acting as the European authorised manager, pre-marketing is not so straightforward. The non-European manager would need to make a pre-marketing filing on a country-by-country basis, and moreover, not all countries allow non-European managers to pre-market in their territory. This is one reason why international sponsors work with Luxembourg service providers. Under this model, the service provider takes the regulated role, handles the notification and helps keep investor-facing activity compliant.

What can be shared during pre-marketing?

The pre-marketing phase allows sponsors to interact with potential investors before fixing the structure and the terms. Documents provided during this phase typically include a draft pitch deck, high-level strategy paper, indicative term sheet or non-final

“Pre-marketing is a strategic first step: sound out the market, understand investor expectations and then build the right structure around real demand.”

Pieter Leguit

draft fund documents, provided these are clearly marked as draft and do not include subscription documents. Final fund documents and subscription packs should only be shared once the appropriate marketing route is in place.

Careful with reverse solicitation

Managers may ask whether they can avoid European marketing rules by relying on reverse solicitation, meaning that an investor approaches the manager entirely at its investor's own initiative. In practice, this is a narrow route, and highly dependent on the facts. Also, once a manager has pre-marketed in a country, investor subscriptions from that country within the 18 months period thereafter are deemed to result from marketing activities. This means that those investors can only be onboarded in compliance with the marketing rules. Reverse solicitation should be treated as an exception, not as a fundraising strategy.

Why this matters for Asian managers

Pre-marketing is valuable because it turns a large strategic question – “Should we raise capital in Europe?” – into a practical exercise. In which countries are you seeing real interest? Which types of investors are responding? Are they comfortable with the strategy? Do the proposed terms work? Which type of fund is the right solution? Is a European marketing passport needed, or would a more targeted approach be enough?

The answers will help shape the next stage. If feedback is positive, a manager can move into fund structuring with greater confidence. If the response is mixed, it can refine the strategy and adjust terms. For Asian fund managers, Europe does not need to be approached all at once. Pre-marketing is a strategic first step: sound out the market, understand investor expectations and then build the right structure around real demand. ●

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By **Maryam Longrus**,
Head of Private Markets at
FE fundinfo

The ELTIF Market is Entering a New Phase. Will Luxembourg Maintain its Front-Row Seat?

According to FE fundinfo's latest asset management research, 68% of wealth managers plan to expand their ELTIF offering over the next 12 to 24 months, making it their most popular planned product structure. Almost half of asset managers (49%) are preparing to do the same. The question therefore is no longer whether ELTIFs will grow. It is who will capture that growth.

Luxembourg was ready when the market changed

Luxembourg currently holds a commanding position. Based on the ESMA register as of June 2026, the country accounted for around 54% of European ELTIFs by both number and assets under management. This comes as no surprise, given the country has spent decades building the regulatory expertise, distribution networks and fund-servicing infrastructure to support cross-border products. But the next phase of the ELTIF market will be more competitive and far more operationally demanding.

France and Ireland may still be smaller centres, but they have grown faster from their respective starting points since ELTIF 2.0 came into force. Luxembourg remains ahead, but the gap is becoming narrower. The revised ELTIF regime, applied since January 2024, removed several of the features that had limited the original structure:

- It expanded the range of eligible investments,

- Gave managers greater portfolio flexibility and
- Abolished the previous minimum investment threshold for retail investors

As a result, it strengthened the ELTIF's role as a genuinely cross-border European product. Luxembourg was well positioned to benefit because much of the required infrastructure was already in place: established structures such as the UCI Part II structured as a SICAV, experienced AIFMs, depositaries, administrators, law firms and distributors. The CSSF had deep experience of complex, cross-border products, while private banks and wealth managers across Europe were already comfortable working with Luxembourg funds. That familiarity matters. A European passport is most powerful when the product carrying it comes from a jurisdiction that distributors and investors already trust, which Luxembourg built largely through UCITS. It is now applying the same regulatory and distribution expertise to private markets.

From FE fundinfo's perspective, this shift is visible across the market. Infrastructure originally designed to support public funds is being adapted to handle private assets at scale, however, the transition is only partly complete.

Retail access creates a servicing problem

ELTIFs may make private markets more accessible, but placing an illiquid strategy inside a retail-compatible structure does not automatically make it retail-ready. Asked about the biggest challenges associated with private markets and alternative assets, 32% of respondents of FE fundinfo's survey identified data standardisation across managers, administrators and service providers. The same proportion pointed to liquidity management and investor education. Regulatory reporting and disclosure requirements were cited by 30%, while 26% selected private-markets retailisation and the integration of public- and private-market data.

Retail investors and their advisers expect regular valuations, accessible reporting, comparable information and clear communications and private-market assets were not built around those expectations. NAVs may be calculated less frequently. Valuation methods differ. Portfolio data is harder to standardise. Capital calls, distributions and other lifecycle events do not fit easily into systems designed for daily-dealing funds.

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→ Liquidity is an equally sensitive issue. ELTIFs often offer some degree of liquidity subject to various terms and conditions, but these must be carefully aligned with portfolios containing assets intended to be held for years. Additionally, managers must communicate clearly what liquidity is available, when it may be restricted and how the underlying assets are valued. Retail access cannot come at the expense of a realistic understanding of risk. The cost of this infrastructure also matters. Private-markets democratisation will remain limited if operational complexity makes products too expensive to run or pushes fees beyond an acceptable level.

Regulation is becoming an operating challenge

AIFMD II raises the bar further as its implementation introduces new requirements around areas including delegation, loan origination, liquidity management, reporting and depositary arrangements. Luxembourg's decision not to add extensive national requirements helps preserve flexibility but still the practical burden on managers is increasing.

At the same time, an ELTIF does not operate under a single, self-contained rulebook. The label interacts with the fund's legal structure, its AIFM, its domicile, its distribution markets and its target investor base, which creates complexity not only for investors, but also for practitioners. The intention may be to make cross-border distribution easier; however, in practice, managers still need to navigate overlapping frameworks, templates, notifications and local workflows.

As a result, regulatory documentation and fund registration can no longer be treated as administrative tasks completed at the end of the launch process but should rather become part of a manager's competitive infrastructure. The ability to maintain accurate data,

produce the right documentation and distribute consistent information across markets increasingly affects both speed to market and scalability. This is reflected in FE fundinfo's survey: when choosing a data, regulatory reporting or fund-operations partner, 38% of Luxembourg respondents prioritised knowledge of the ecosystem and cross-border distribution requirements, the most frequently selected consideration.

Where Luxembourg needs to move faster

Luxembourg has the expertise to address these challenges, but three areas require particular attention:

1. Data standardisation. Retail investors and advisers need clear, comparable information across ELTIFs. Today, private-market data still varies widely between managers and service providers. FE fundinfo is working with organisations including openfunds to help close this gap, but we need wider participation from private-market firms.

2. Secondary-market infrastructure. ELTIF 2.0 gives managers more flexibility to build liquidity mechanisms into products, but regulation cannot create liquidity by itself. Effective transfer and secondary-market arrangements will require reliable pricing, transparent fund information and efficient operational processes. This creates an opportunity for Luxembourg to become a centre for the infrastructure surrounding the product throughout its lifecycle.

3. Cost and speed. While other European jurisdictions are investing in their own private-market capabilities, managers will continue to choose Luxembourg provided its expertise translates into practical advantages: predictable regulation, efficient launches, scalable servicing and effective access to distributors.

The next lead must be earned

ELTIFs offer Luxembourg the chance to extend its cross-border fund leadership into one of the defining trends of the coming decade: wider access to private markets. Few jurisdictions can match its combination of regulatory experience, specialist service providers, international distribution expertise and investor recognition, but this might not be enough for the next phase.

To stay in the front row, it will require public-markets-grade data, documentation and distribution infrastructure, combined with a genuine understanding of private assets, their valuations, liquidity constraints and long investment cycles. Luxembourg won the first phase of the ELTIF market by being ready when the regulatory opportunity arrived. To win the next one, it must prove that it can make a larger, more retail-facing and more complex market work efficiently, and at a competitive price. ●

“ELTIFs offer Luxembourg the chance to extend its cross-border fund leadership into one of the defining trends of the coming decade: wider access to private markets.”

Maryam Longrus

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By **Christophe François**,
CEO of Governance.com



and **Meriem Ouenniche**,
Head of Product
at Governance.com

Keystone.lu: Realizing Luxembourg's Shared Market Utility, Together

Every fund administrator, management company, depositary, asset manager, transfer agent, distribution partner, custodian, bank or other financial player in Luxembourg knows the ritual. A new counterparty arrives. A questionnaire goes out; the same battery of questions it always asks. UBO declarations, Articles of Association, Register of Directors, AML, conflict-of-interest and sanctions screening policies, and various other materials and information requested again, formatted differently, chased over email, phone or otherwise for weeks. Multiply that by every relationship, every entity, every year, and you get one of the best-kept inefficiencies in our industry: due diligence documents and data gathering that is repeated inefficiently, not reused effectively.

That observation was the starting point for a three-year LHoFT Catapult programme resulting in the Keystone initiative.

From pilot to proof

Keystone aims to be a shared Luxembourg market utility for institutional counterparty due diligence data and document exchange: a single, central registry where data providers upload their DD documents and data once, and data consumers access those records directly in their own DDQ format without re-keying, because

records are extracted and could be verified at source against the LBR/RCS Luxembourg public register. The model is symmetrical: any participant can be a provider, a consumer, or both. What has changed since the concept was first floated is traction and commitment to make Keystone real. Most LHoFT Catapult pilot participants have already responded to the Founding Member interest process, and a first wave of Institution and Association Founding Members spanning various Luxembourg ecosystem players has confirmed. This group will define the final design and first functionality of Keystone.

How it works, in practice

LPEA's own DDQ is one of the use cases to test the Keystone mutualisation model end to end, and it illustrates the mechanics well. A data-providing entity's documents are extracted once into a structured record and signed off by the entity itself before anything is shared. From that point on, any counterparty running the LPEA DDQ, or its own due diligence questionnaire template, draws its answers directly from that verified record instead of sending a fresh questionnaire. The document chase happens once, at source; every subsequent request is a lookup, not a new round of excels and emails.

Early diagnostic work with leading Luxembourg institutions shows why that matters: 20 to 50% of first-sub-

mission document packages are incomplete today, triggering two to six clarification rounds each time. Every institution consulted wants 20 to 40% faster onboarding, and most are ready to adopt AI-assisted extraction under human control; the clearest signal that "submit once, reuse everywhere" is not a pitch, it is already market demand.

What Keystone is

What makes the Keystone exchange work is the underlying data model. Each counterparty record is built from structured fields: legal name, LEI, UBO identity, signatories, governance bodies, not a folder of PDFs. Underlying documents remain attached as supporting evidence, but the record itself is the primary object, matched to each institution's own template on the way out. That structure is what allows one golden-source record to be reused across every relationship, instead of a rebuild for each one.

Keystone uses AI responsibly, not speculatively: every field an extraction engine pre-fills starts as a "Draft" until the data-providing entity signs off, so the onboarding party never consumes "AI output"; it consumes entity-verified data, with liability for accuracy staying where it belongs, with the party providing it.

What Keystone is not

Keystone is neither a KYC tool nor AML software. It performs no risk

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“The gain is hours of people’s lives given back, every day, to people who currently chase paperwork instead of serving clients or assessing risk.”

assessment and shifts no regulatory responsibility away from the onboarding entity; every institution remains fully accountable for its own AML/KYC decisions. Keystone simply gives it better data to decide on. It is market infrastructure, governed with the industry it serves, the equivalent of Swift payments, applied to institutional trust data rather than money.

Why it matters for Luxembourg

Luxembourg’s position as Europe’s leading domicile for funds was built on regulatory sophistication and operational excellence, but that excellence has a ceiling if every institution keeps solving the same problem alone. What sets Luxembourg apart is not a smarter algorithm; it is an ecosystem willing to build shared infrastructure together, with founding members, regulators, and technology partners co-designing the rulebook from day one. A sovereign, AI-ready market utility, built and governed here, shows how a small, dense, interconnected center can out-cooperate much larger hubs. Often innovation is talked about, here we materialise it, together as an industry.

The hidden mathematics of bilateral due diligence

The reason bilateral due diligence has felt so intractable is mathematical, not operational. If n institutions each perform due diligence bilaterally with every other, the relationships to maintain grow combinatorially, not linearly. Every new fund, bank, or SPV added multiplies document requests, DDQ formats, and reconciliation work across the ecosystem. That is why, for years, an entire industry has been consumed by the mechanics of document collection (“chasing, gathering so to speak”) rather than by the substance of the due diligence itself.

The real gain, and why it’s a game changer

Keystone collapses that mesh into a single hub: every institution connects once, as provider, consumer, or both, instead of maintaining a bilateral pipeline with each counterparty, complexity and inefficiency multiplied by the number of participating counterparties. The gain is not abstract; it is hours of people’s lives given back, every day, to people who

currently chase paperwork instead of serving clients or assessing risk, and it applies both ways: onboarding entities gain fewer clarification cycles, onboarded entities answer the same questions once, not for every counterparty, every time.

As Christophe François, CEO of Governance.com, puts it: “If I had to define what success looks like for Keystone in Luxembourg by 2036, it is this: that for ten years running, every year, the players of this market came together and successfully implemented one shared use case that made the Luxembourg market as a whole more efficient. If we manage that, Keystone will have proven itself not as a product, but as a joint catalyst for the financial industry, in and for Luxembourg, as a top global financial hub keeping it competitive and on top of innovation.”

Institutions interested in joining the Founding Member Programme or simply in seeing Keystone in action are welcome to reach out to Governance.com or book a demo at <https://keystone.lu/>. ●



By **Baptiste Cuffaro**,
Head of Marketing and Communication
at Value Partners

The Signature Test: What AI Can and Cannot Do in a Fund Administration Back Office

Introduction: the panel and the desk

Run a review tool over a batch of transaction documents and the useful findings are rarely typographical. What comes back is that the capital recited in the drafts is consistent from document to document and does not tie to the last deed published in RESA. A dull result, and roughly what artificial intelligence delivers in fund administration today.

Conference panels promise a good deal more. What they rarely describe is a Tuesday morning inside a regulated service provider, with a deadline at noon and an inspection always possible. What follows is a market-level view of where artificial intelligence is and is not earning its place across Luxembourg fund administration, and of the test that decides which side a use case falls on, drawn from what practitioners report rather than from any one firm's arrangements. The failures are the instructive part.

One qualification: that view flattens a real dispersion. A few providers have a dedicated team and tools already in production; others have a licence for a general-purpose assistant and no usage policy, and the gap between them is organisational rather than technical.

Why fund administration is a hard test case

On paper the sector is an obvious can-

didate for automation: volumes are high, work repeats, data is structured. In practice it is one of the harder places to put a model to work.

Client data cannot be sent to a public model; professional secrecy and data protection settle that early. Past that, the answer depends on the deployment. A model called through a cloud API is a third-party arrangement, and if it supports a critical or important function the CSSF's outsourcing framework engages; the same tool run in-house does not. DORA bites where the entity is in scope, so a ManCo and an unregulated domiciliation agent are not in the same position. The AI Act will usually place back-office assistance in the limited-risk band, making the work documentary rather than substantive. Then the material itself: models handle French and German well enough, local legal concepts and drafting conventions badly. Most of the work is organisational and happens before anything is switched on.

Where the market is getting results

Three areas look promising, each on conditions.

Accounting production comes first, though not for the reason usually given. A Luxembourg SPV generates few entries in a month; the volume is entity-level rather than transactional. Three hundred vehicles to close, each

with a modest ledger and its own variations, is a shape that defeats rule-based automation, which needs cases to repeat identically, and suits a model, which can carry a treatment across entities that resemble each other without matching. It helps on the residue: the fee note to split across three compartments, the bank narrative naming nobody recognisable. Qualified time moves towards the exceptions, which is where clients were paying for judgment anyway.

Second, the source data rather than the documents. Any serious provider already generates resolutions, transfer agreements and registers from one entity database, which removes transcription errors and moves the risk upstream. Documents built on a stale record are internally flawless, so nothing in them looks wrong. What a template engine cannot do is read unstructured material back against the structured record. Does the capital in the database tie to the last notarial deed and to what was published? Do the drafts from counsel, which came out of nobody's database, agree with the register?

Third, KYC, where the tooling already exists for the wrong part of the problem. Name, PEP and sanctions screening has been a mature software category for fifteen years. What has no incumbent is the unstructured resi-

due: tracing a beneficial ownership chain through a forty-page trust deed or noticing that a source-of-wealth narrative disagrees with the documents attached to it. Feasible, provided the data stays in a controlled environment, the mandate accommodates it, and the compliance officer still decides.

The deployments that hold up share an unglamorous architecture. A written usage policy first, with the AI Act classification and an entry in the ICT third-party register where DORA applies. The model then produces a draft or a flag, a named professional validates it, the trail records both. No client data leaves the controlled environment and no machine signs anything.

What does not work

Regulatory questions specific to Luxembourg remain a problem. A model might misstate a filing deadline or invent a CSSF requirement that sounds plausible, in the same confident register it uses when right. That is worse than silence: such output is a hypothesis to check against primary sources.

Other work resists automation for less technical reasons. Valuing illiquid assets, assessing substance, ending a client relationship on AML grounds: these weigh context, incentives and reputational exposure, and the regulator will hold a person responsible for the outcome.

The accountability line

This suggests one test for any proposed use case. Not "can the model do this", since the answer is increasingly yes, but: can a named professional stand behind the output, in front of the client and the regulator? Call it the signature

A few providers have a dedicated team and AI tools already in production; others have a licence for a general-purpose assistant and no usage policy, and the gap between them is organisational rather than technical."

Baptiste Cuffaro

test. It is cheaper than a governance workshop and disposes of most proposals in about a minute.

Payments show where the line falls. Duplicate detection and whitelisted beneficiaries already sit in the banking tools, so the question is not whether the instruction was keyed correctly but whether it is owed at all: does the invoice match the fee letter, the approved budget, the provision in the LPA? Reading that back across documents is model work. Releasing the money is another matter. Fraud exposure, the four-eyes principle and invoice redirection attempts make fluent output a liability at that step. Preparation and pre-checks can be delegated, under documented controls. Authorisation cannot.

Where a human can verify rather than rubber-stamp, the tool belongs in the workflow. Where the volume of output makes verification a fiction, the use case waits. The test does not depend on what models manage this year, and it matches how the CSSF already reasons about responsibility.

The fund professional of 2030

Juniors ask a version of the same question: if the reconciliations and the first review are handled, what is left for them?

Probably a different job rather than no job. The repetitive work that filled a

junior accountant's first two years was also how the profession taught judgment. If part of it goes, the learning path has to be rebuilt deliberately, and the investment is supervision time. It shows up a decade later, in who is able to sign. Treated only as a way to cut cost, these tools thin the pipeline; treated as a training opportunity, they leave the jurisdiction with better people.

A modest playbook

Four things are worth knowing before starting. Begin where output is verifiable and mistakes are visible: reconciliation against a source of record, not open-ended analysis. Keep client data inside controlled environments, check what the mandate allows, bring compliance in at the design stage. Pilot on real documents rather than clean samples. And measure the result in cycle time and errors caught.

None of this is transformation in the sense the panels mean. It moves qualified attention off work that never needed it, onto the work clients were buying all along.

The competitive line falls where a firm can show a client or an inspector the policy, the classification and the validation trail before they show the tool. A slower way to adopt technology, and the only version that survives a question. ●



By Anna Albu,
Head of Private Equity Finance and AI
at Aztec Group

The Build Decides The Bill: AI Economics In Luxembourg Fund Services

AI pricing has shifted from flat-rate subscriptions to metered consumption, and prices now move faster than any input fund services has ever bought. What a firm pays is decided less by the market than by how its systems are designed, governed and directed by experienced professionals.

For twenty years the unit cost of production in fund services was set by slow variables: payroll, location, lease terms.

On 24 July, Anthropic released Claude Opus 5 at \$5 per million input tokens and \$25 per million output, half the rate of Claude Fable 5, the top of its price list since June and close to it in capability by the vendor's own account. The price of near-frontier intelligence halved in five weeks. Fund administration has never bought an input that reprices at that speed. Under consumption pricing, every movement lands on the invoice. Boards are asking a sharper question than whether to adopt. If the market sets the rate card, what decides the bill?

Worth stating plainly before the numbers. None of what follows is an argument for machines over people. Oversight, investor protection and regulatory judgement are human work and stay that way. What the technology changes is the repetitive load underneath, and the economics of carrying it.

Established operating models still matter

Administrators have long relied on scale, standardisation and global operating models, and the caution about disturbing them is not naive.

A Gartner survey of 782 infrastructure and operations leaders, published in April, found only 28% of AI use cases in that domain fully meeting ROI expectations.

And an established operating model is a known quantity, wrapped in fifteen years of CSSF outsourcing practice and a DORA register entry, in an industry that treats capability centres as strategic and permanent.

The same sources point the other way

Read further, though, and the picture inverts. Stanford's AI Index reports that querying a model at GPT-3.5 level fell from \$20.00 to \$0.07 per million tokens in 18 months. July's launch is that curve running in real time. The top of the range is replaced faster than

budgets are written, and most production work does not need it anyway. Unit prices fall while workloads grow more complex. Which of the two dominates inside a given firm is settled by design, not by the market.

That design choice is easy to mislabel. A single-model pipeline can be engineered until it never misbehaves, and it will still pay the frontier rate for work a smaller model handles equally well. A routed system, sending each document to the cheapest model that can handle it, is harder to build and will sometimes route to the wrong tier. It is the messier artefact and usually the better investment, because what matters is what the complexity returns, not the polish. Which model, at which price, handles which task is a control decision, and it belongs in the operating model next to the four-eyes principle.

One workflow, a 37-fold spread

For Luxembourg none of this is abstract. ALFI puts the industry at more than 8 trillion euros at end-2025, with alternatives, the operationally heaviest segment, up 20% in a year to 3.1 trillion. The weight sits in capital calls, investor-level statements, hybrid valuations and look-through reporting.

I modelled a routine every administrator runs: 4,000 capital statements a quarter, extracted, validated and prepared for booking, at end-July list rates. Implemented naively, a frontier model

re-reading a 60,000-token context five times per document with no caching, it costs roughly \$56,000 a year. Switch on prompt caching, not always on by default, and repeated context bills at a tenth of the input rate, and the same careless build drops to about \$24,000. A single disciplined frontier pass costs about \$3,200 a year, or half that at the new rate. Routed, a small model extracting, a mid-tier model validating, the 10% of exceptions escalated upward, it runs about \$1,500.

The spread between the best and worst build of the same workflow is a factor of 16 with caching on, 37 without. No other operating-model lever moves unit cost by that multiple. One configuration setting on one workflow is worth \$32,000 a year. Commentary that AI costs more than it saves accurately describes the careless build. Examined closely, the debate is largely one of system design and governance. And token price is only the first term. A cheap model that needs three attempts, each awaiting the human review the AI Act requires, can cost more per completed task than a dearer one that gets it right once.

Clients punish errors, not fees

Service quality settles the other half. Clients do not buy efficiency. They buy being right, month after month, with numbers they can trace and someone accountable when they call. In Preqin's 2024 GP focus group, of the roughly 36% of GPs who had switched administrator, 61% cited service quality and only 28% cost. The error risk is structural. Volume work split across hand-offs and time zones dilutes ownership, and a mis-keyed capital call

“The technology carries the volume, and experienced professionals direct it.”

Anna Albu

can run through months of reporting before anyone traces it. A well-governed model applies the same logic to the thousandth document as to the first. Deployed with discipline, AI improves consistency as well as cost, and removes the quality penalty that fragmentation priced in.

The lever is governance

System design is also the variable most under a firm's control. In Gartner's April survey, leaders who succeeded credited above all the integration of AI into existing workflows and executive support. The lever, on this evidence, is governance.

The firms I see doing this well share four disciplines. Model selection, routing and caching have a named owner, so the factor-of-37 decision is taken deliberately, not inherited from the pilot. Token spend is metered by workflow, FinOps-style, and judged on what it buys. A 10% cost rise for a 50% accuracy gain is a win. The same rise for 1% is not. Operations teams are trained, because the gap between a practised and an unpractised user now appears directly on the invoice. And exceptions get the firm's most experienced judgement, because that is where auditability and client trust are created. The pattern is the same across all four. The technology carries the volume, and experienced professionals direct it. Firms that treat one as a substitute for the other end up in Gartner's disappointed three quarters.

None of this waits on a cheaper frontier. Nor does the market supply intelligence on equal terms. Access is a policy variable, and one export decision in Washington can switch off a continent overnight. Nor is the price equal across the Atlantic, where EU data-zone deployments typically carry a premium and Microsoft has announced higher EU and regional rates from 1 September. Data terms differ by model too. Some frontier models are unavailable under zero-data-retention agreements, a selection criterion in its own right for an administrator. And European data protection, from which this industry benefits, also means narrower context than American systems enjoy.

Read one way, that is a list of handicaps. Read as I do, it is the case for treating this as a leadership matter now. For the first time in twenty years, the unit cost of production in fund services is something a firm can steer by decision rather than by geography alone. The levers are the ones a European firm still holds: which model, which task, which data, governed with the discipline this industry applies to everything else it considers material.

The intelligence can be bought by anyone with an invoice address. The judgement to direct it, the expertise it serves, and the resilience to keep it running when the terms change overnight, have to be built at home. The firms best positioned to succeed will be those that combine technology, governance and human expertise in pursuit of better client outcomes. ●

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A conversation with **Pieter Siebens**,
Conducting Officer – Head of Compliance/
RC at MUFG Lux Management Company S.A.,
and Guest Lecturer at Vlerick Business School



by **Olga Meaurault**,
Head of Marketing
at Cascade

From Box-ticking to Real Risk Work: Why AML Needs Technology to Free Humans for Judgment

The ideal is when the cake is being prepared by the technology, and the icing or the cherry on top is being put by the humans. We will not fight money laundering by ticking boxes but by allocating time to investigate the outliers, the cases, and the interpretation of what is discovered.

In our discussion, Pieter Siebens describes how Luxembourg's evolving expectations have shifted priorities, where uncertainty still makes risk-based execution difficult, and how AML software used as a structured system of record helps move work away from scattered documents and toward a more visible, auditable, and consistent operating model. The goal is not automation for its own sake, but to create capacity for what Pieter considers the real value: *human interpretation where it matters*.

The shifting focus: assets screening, UBO identification, and third parties

Over the past years, there have been three major developments in reshaping AML/CFT and KYC priorities for companies like MUFG Lux Management Company S.A.:

- Luxembourg CSSF requirements regarding assets screening
- A stronger focus on UBO identification

Greater emphasis on AML/KYC for non-core service providers
The common thread is operational: these topics translate directly into “what must be done, by whom, and how it must be evidenced.” And that “how it must be evidenced” is where a lot of time can disappear if information and controls live across folders, emails, and Excel files instead of in a single, structured environment. This is also where technology becomes the “cake preparation” Pieter describes: it can consolidate the moving parts, bring structure, and preserve the trail, so humans can focus on exceptions and deeper analysis.

The biggest friction point: ongoing monitoring where expectations are still unclear

“The risk-based approach is hardest to apply consistently day to day when it comes to ongoing monitoring, especially on the assets side,” says Pieter Siebens. The challenge is “persistent uncertainty”:

- How far to go?
- What exactly to document?
- How to demonstrate sufficiency and consistency?

This becomes even harder because Luxembourg's approach can differ from what counterparts are used to. Many countries, inside and outside the EU, do not share the same expectation to screen on the assets side, which makes it difficult to align with counterparties such as portfolio managers.

Proliferation financing monitoring is another area where it remains unclear what is exactly expected.

In short: the operational challenge is not only doing the work but doing it in a way that can be confidently defended when interpretations differ. Pieter's hope is that AMLA, the EU's new AML Supervisory Authority, will bring more clarity, ideally “in a constructive way.”

When new requirements land, the hard part is proving you did it “the right way”

Change is constant in compliance. But the hardest work is not simply implementing new requirements, it's two things that often go together:

- Interpretation
 - Evidencing consistency
- Both are driven by the same core question: “what is exactly expected by the competent Supervisory Authorities?” Sometimes answers come via authori-



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ties directly, through industry bodies, or through external advisors. But Pieter observes that different interpretations are common, and that makes implementation uncomfortable: teams must choose an approach, embed it into day-to-day controls, and then demonstrate that the approach is applied consistently over time. This is another moment where technology can reduce “busywork”: not by deciding what the requirement means, but by making the chosen interpretation operational via structured workflows, clear documentation, and traceability, so that the team spends less time recreating proof after the fact.

Where AML Software fits in: the system that makes work visible, consistent, and auditable

When Pieter describes what improved after adopting an end-to-end AML software, he’s clear: it’s not one isolated gain, it’s a set of improvements that reinforce each other. At MUFG Lux Management Company S.A., Pieter has adopted Cascade AML software and he sees the following improvements after adoption:

- **Speed:** no more searching across folders and Excel files
- **Consistency:** one database and one source of truth instead of documentation spread across locations
- **Visibility:** clear structure makes activities and controls easy to see
- **Audit trail:** documentation is maintained with history tracks for most items
- **Data quality:** consolidated information in one system

And he adds a factor that determines adoption in real organizations: **a user-friendly interface**. Pieter notes that

training for non-Compliance staff how to use Cascade AML Software typically takes **about one hour**, and that this is usually sufficient for people to start using the platform effectively. In Pieter’s “cake and cherry” framing, this is the value of technology: it prepares the operational base (structure, evidence, and traceability), so human effort can move upward into judgement and investigation.

A before/after that matters: internal audit without the scramble

A concrete example makes the difference tangible: **the annual internal audit on AML activities**.

Before implementing AML software

- Evidence and documentation were spread across folders and servers
 - Compliance had to copy materials into a location accessible by Internal Audit
 - Internal Audit often asked follow-up questions because answers weren’t immediately visible
 - Some controls weren’t fully visible unless Compliance walked auditors through each process and document
- It consumed time on both sides and still didn’t always provide full transparency.

With AML Software

- Internal Audit received training and **view access** to the platform
- For the last **two years**, they have performed their AML audit largely by consulting Cascade AML Software directly

● Compliance now receives only a few minor clarification questions. The result is not just efficiency; it’s quality of attention. Internal Audit can spend more time evaluating what matters, rather than gathering and reconciling information across locations. Compliance, in turn, has more capacity for outliers and risk analysis. This is the “cherry on top.”

The bigger vision: standardization + human judgement where it counts

If Pieter could change one thing across the industry, it would be the **lack of standardization in core AML/KYC data and risk concepts** across jurisdictions and sometimes even between Supervisory Authorities (for example, differences in approach between **CSSF and AED**).

He notes that some standardization efforts exist, but they remain relatively niche.

In the meantime, Pieter sees a pragmatic split of responsibilities:

Technology can realistically solve

- Data aggregation
- Screening efficiency
- Workflow effectiveness
- Audit trails

Human judgement remains essential

- Risk appetite setting
- Contextual risk assessment
- Interpreting grey areas

And that brings the story back to the opening idea: technology should bake the cake, so people can spend time where it truly changes outcomes. ●

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Thomas Lanigra,
Co-chair of LPEA's
AML/CFT Technical
Committee



and José Maria Campos Donderis,
Head of R&Co IM
Compliance at
Rothschild & Co

LPEA and ALCO Join Forces on a Dedicated AIFM Compliance Certification

From Q1 2027, compliance professionals working in Luxembourg's alternative investment fund industry will have access to a certification designed specifically for their sector. Delivered through the House of Training, it is the first joint initiative of the LPEA and Luxembourg's Compliance Officers association ("ALCO").

The ALCO certification pathway delivered through the House of Training (M1, M2, and M3) has for many years been the reference qualification for Compliance Officers across the Luxembourg financial centre. What has not been offered, until now, is a dedicated treatment of challenges faced by the compliance professionals working in alternative investment fund managers. This is the gap this new certification is intended to close when it launches in Q1 2027.

From generalist to specialist

The existing pathway does its job well: it builds a common base of knowledge that any Compliance Officer in Luxembourg needs, regardless of the type of entity they serve. The difficulty is that managers active in Private Equity, Real Estate, Private Credit, Venture Capital or fund of funds face a body of rules and a set of judgement calls that a cross-sector programme can only touch on in passing. The examples are familiar to anyone working in an AIFM. AIFMD II has just reshaped delegation, liquidity manage-

ment tools and loan origination, and a generalist module can describe the directive without walking through what an AIFM's control framework must actually change. AML/CFT supervision is also unique to AIFMs, as it sits with the CSSF or the AED depending on the vehicle, so one Compliance Officer often runs two supervisory relationships at once. And finally, the business model itself can generate potential conflicts of interest in deal-making, (from co-investments to fee arrangements with portfolio companies) hardly seen in a UCITS context. In each case the sector-specific application has so far been learned on the job.

A first collaboration between LPEA and ALCO

The new certification is the first project undertaken jointly by the LPEA, the voice of the Luxembourg alternative investment fund industry, and ALCO, the association representing Compliance Officers in Luxembourg and the reference body for compliance certification. The two bring complementary

perspectives: one knows the business models and operating realities of the AIFMs concerned, the other has built and maintained the profession's qualification standard for the market for many years.

The collaboration was built on a common objective. Both associations see structured, sector-relevant learning as a way of raising market standards, and both have an interest in ensuring that the professionals responsible for regulatory compliance in the alternative sector have access to material that reflects the environment they work in. The House of Training, which delivers the existing ALCO pathway, delivers the new certification on the same basis. Soraya Guerin, Board Member of ALCO, and Hervé Ballone, Co-Chairman of ALCO stated "This new certification has been designed as a natural extension of the existing ALCO pathway. The M1 and M2 provide participants with the knowledge and common concepts applicable across the industry. These modules are therefore a prerequisite for the new certification, allowing us to move beyond general principles and focus specifically and exclusively on the Private Equity sector."

"The objective of this partnership is to offer a truly profession-led, profession-oriented programme. This certification is specifically tailored to Private Equity and aims to equip participants with the practical knowledge and expertise required to operate effectively in this industry."



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“For ALCO, this certification represents an opportunity to bring its 20 years of industry experience directly into the educational pathway.”
“Ultimately, we expect this certification to contribute to the profession by developing professionals who are not only technically strong, but also better equipped to understand the specific dynamics, challenges and expectations of the Private Equity environment. It is about creating a training programme by professionals, for professionals, continuously aligned with the evolving needs of the market,” added the ALCO representatives.

Origin and design

The initiative originated with two Heads of Compliance at different AIFMs, Thomas Lanigra (also Co-chair of the LPEA AML Technical Committee), and José Maria Campos.

“We’ve been teaching the M1 and M2 for many years now, and we noticed an increased demand for sector-specific training, specifically for AIFMs”, the two Compliance Officers explain. “The alternative investment fund sector is growing, and the industry will need qualified talents familiar with the way our industry works. Currently this familiarity and experience is only built after years of work in an AIFM.”

“It was unrealistic to tackle this project with just the two of us, so we put together a team of LPEA and ALCO experts, all active in the Alternative Industry, experienced in the field and who are dealing with the same issues the certification will cover, as part of their day-to-day function.”

“The alternative investment fund sector is growing, and the industry will need qualified talents familiar with the way our industry works. Currently this familiarity and experience is only built after years of work in an AIFM.”

Commenting on the initiative, Stéphane Pesch, LPEA CEO said “This new certification is a perfect fit with the LPEA’s “Educate” mission, our pillar dedicated to supporting operational excellence and raising professional standards across our industry. With this initiative, the LPEA is pleased to collaborate with the leading compliance specialists of ALCO in order to offer a dedicated, high-quality and practice-oriented training path, offering participants the opportunity to learn directly from recognised experts in the field”

With the aim of building something practical, rather than purely theoretical, the authors built the programme around the fund lifecycle, from incorporation to liquidation.

The certification follows six phases: fund incorporation, capital raising, capital deployment, operational governance, divestment and fund liquidation, so that each obligation is treated at the point in the lifecycle where it arises. Subjects are thus examined through several lenses, exactly as they present themselves in the day-to-day work of an AIFM Compliance Officer. This 12-hour programme will cover topics such as fund structuring, investor’s management, complaints handling, market abuse, regulatory reporting, cooperation with author-

ities, own funds, AML/CFT/CPF, DORA, oversight of delegates, sustainability, marketing and distribution, internal governance and the management of audits.

Who it is for

The certification is designed as a complement to the first two modules of the ALCO pathway, “Compliance – Fundamentals” and “Compliance – Implementation of the Regulatory Framework”, which are prerequisites. The primary audience is Compliance Officers working within Luxembourg AIFMs, but the material is equally relevant to the other professionals who operate or service private-markets structures (Lawyers, Risk Manager, Transfer Agent, KYC Officer, etc.). For them, the certification offers a structured view of how the compliance function sees the fund lifecycle, and of where their own responsibilities intersect with it.

Outlook

The first session is scheduled for the first quarter of 2027. Beyond that, this first collaboration is building a bridge between the two associations: one representing an industry and the other a profession, pooling their expertise to produce a qualification that neither could have built alone. ●



By **Valérien de Jamblinne**,
Senior Manager – ESG &
Sustainability at Arendt
Regulatory & Consulting



Adam Zerrouk,
Senior Advisor – ESG &
Sustainability at Arendt
Regulatory & Consulting



and **Axel Bonaldo**,
CEO at AlphaYoda¹

Closing the gap: the new standard for sustainability risk monitoring in private equity

Wildfires, floods and heatwaves are no longer distant threats, but real, recurring shocks that hit the economic networks that investors depend on and ripple through supply chains, asset values and credit quality. In private equity, sustainability risks² directly impact financial outcomes. A stranded industrial asset facing a carbon transition it cannot absorb or a supply chain controversy that surfaces during exit negotiations can compress cash flows, alter financing conditions or reduce the exit multiple. The illiquid, concentrated nature of PE positions makes timing decisive, as a risk caught during the holding period leaves time for intervention, whereas a risk only discovered by an acquirer at exit does not.

Just compliance or a competitive edge?

Since the introduction of the Sustainable Finance Disclosure Regulation (SFDR), financial market participants have been required to integrate sustainability risks into their investment decision-making process and disclose how they do so. In principle, this obligation is straightforward. In practice, what counts as “integration” varies enormously across the market. Regulators are increasingly looking past the mere existence of a pol-

icy to the substance of what is actually being monitored and how often: scrutiny that SFDR 2.0 is unlikely to relax. The forecast is clear: managers are expected to be able to demonstrate, at any point in a product’s life, that sustainability risks are identified, monitored and factored into decisions. The question is not whether to comply, but whether to treat compliance as a tick-box exercise or the starting point for a genuinely useful process. Managers who invest in genuine sustainability risk monitoring gain more than regulatory comfort: it raises risks earlier, informs better investment decisions and provides a credible narrative for investor or regulator questions.

The budget gap and what is changing

The largest private fund managers have dedicated ESG teams, invest in proprietary data infrastructure and contract specialist providers to monitor sustainability risk across their portfolios. Smaller and mid-sized managers operate with lean compliance functions already stretched across AML, investor reporting, regulatory filings and fund administration. Adding credible sustainability risk monitoring requires data, tools and analytical capacity that have historically been priced for larger institutions, affording them a better

position to build dedicated systems and absorb the overhead. The compliance burden has thus fallen disproportionately on smaller managers. Therefore, differences in compliance are often due to scale and budget, not lack of ambition. However, two developments are now closing that gap.

The first is technological. Artificial intelligence (AI) can now screen millions of sources in dozens of languages continuously, detect genuine sustainability risk signals and structure results in a way no manual team could match. Paired with expert human oversight, AI turns detailed, scalable monitoring from a privilege for the largest players into a capability available to institutions of every size, including in private markets, where target companies are unlisted, disclosure is limited and comprehensive coverage was long considered impractical.

The second is that the volume of publicly available sustainability data has grown, and a meaningful share of it is now free. This trend should continue as government and international initiatives aimed at centralising and opening up corporate disclosure are expected to gradually expand what is freely accessible both in Europe and elsewhere. Alone, more data at lower cost is a mixed blessing because without a way to process it, greater volume simply

means more noise. AI adds value here by making it possible to read, structure and act on volumes of information that would overwhelm a manual process.

Beyond the regulatory minimum: the case of controversies

This combination of more capable tools and more available data does more than help a manager satisfy a regulatory obligation: it changes what a manager can do when a problem emerges. This is clearest with controversies, where the difference between early and late detection is decisive for options, not just information.

Consider a fund with 30 portfolio companies across multiple jurisdictions, monitoring its holdings continuously. In week three of a new investment, the monitoring system detects a labour dispute involving a supplier in local press written in a language none of the investment team reads. The general partner has time to engage with management, assess the exposure and decide whether remediation or provisioning is appropriate. Without continuous monitoring, the same event surfaces six weeks later, after international press coverage and a question from a limited partner at the quarterly review, by which point engagement, remediation or provisioning are far harder to carry out on the manager’s terms.

From qualitative to quantitative: a process, not a switch

The monitoring described above is largely qualitative. Risks are identified, assessed and categorised, but not yet systematically expressed in financial terms. Quantification is best under-

“Quantification is a goal for sustainability risk as a whole. Where data and methodology allow, the process to quantification should be pursued. Where they do not, a rigorous, consistently applied qualitative framework is a more solid defence than a figure built on assumptions.”

stood as a process rather than a single leap. It begins with a rigorous qualitative framework that is applied consistently, regardless of the asset or its location. From there, precision improves step by step as data and methodology allow, with each indicator moving closer to financial quantification. Monitoring thus evolves from a reporting exercise into a dashboard that actively helps shape a manager’s decisions.

Some areas have gone further. Controversy screening has moved beyond periodic review to function as a real-time risk monitoring tool that continuously scores each controversy on severity, credibility, management response and recurrence, and calibrates the scores against comparable past events worldwide, including resulting regulatory fines, revenue loss, and exit multiple compression. Climate risk has benefited from established scenario frameworks, carbon pricing mechanisms and energy cost models, and a decade of methodological refinement producing estimates defensible enough for regulatory reporting across jurisdictions. Other categories are earlier in the process, such as nature and biodiversity risk. Unlike carbon, there is no market price for ecosystem services, and the causal chain from a company’s operations to a measurable financial outcome runs through multiple uncertain steps. A

number produced under these conditions risks giving an exact figure the underlying data does not yet support. The qualitative foundation is key as it keeps monitoring rigorous until full quantification is available.

Although not universally available for every category, quantification is a goal for sustainability risk as a whole. Where data and methodology allow, the process to quantification should be pursued. Where they do not, a rigorous, consistently applied qualitative framework is a more solid defence than a figure built on assumptions.

Conclusion

Times have changed since sustainability risk monitoring first became a regulatory requirement. A narrow, improvised approach may once have sufficed, but now, the availability on the market of tools capable of comprehensive, systematic coverage at a reasonable cost has raised expectations. For private equity managers, the gap between what is formally reported and what is genuinely understood is no longer a matter of resources. It is a matter of deciding how to act and managers who close the gap first will be best placed to defend their numbers when it counts. ●

¹. AlphaYoda is a French AI fintech company specialising in controversy and reputational risk detection and financial quantification.
². Article 2(22) SFDR



**Interview of
Claude Crauser,**
Managing Director – Funds,
Luxembourg at Hawksford



and Simon Page,
Head of Fund Services
at Hawksford



by Johann Herz,
Director of International
Events and Content
at LPEA

Expanding in Luxembourg Through Strategic Acquisitions

Following the acquisition of three established Luxembourg businesses, Hawksford has established a presence in one of Europe's most important financial centres. In this Q&A, Simon Page, Head of Fund Services, and Claude Crauser, Managing Director – Luxembourg, discuss the thinking behind the firm's expansion, the opportunities they see in Luxembourg, and how they see the business contributing to Luxembourg's financial services ecosystem in the future.

Why did Hawksford choose Luxembourg as the next step in its growth strategy?

Simon Page: Luxembourg formed part of Hawksford's broader international expansion strategy. When we looked at how the global investment and corporate services landscape is evolving, Luxembourg clearly plays a pivotal role in connecting international capital, businesses and investors. As Europe's largest investment fund centre and one of the world's most internationally focused jurisdictions, it represented a logical addition to Hawksford's international network.

Over the past few years, Hawksford has expanded its international operations across Europe, the Middle East, Asia and the Americas. We already had established operations in jurisdictions such as Jersey, Ireland, the Netherlands, Cayman, Singapore, China and the UAE, among others. Outside of the US, Luxembourg was one of the few major

international financial centres where we did not yet have a meaningful presence, so it represented an important strategic addition to our network.

What particularly attracted us was Luxembourg's unique position at the intersection of investment management, international business and cross-border structuring.

Most of our clients operate across multiple jurisdictions and require support that combines deep local expertise with international connectivity. A presence in Luxembourg enables Hawksford to support clients with activities spanning the jurisdiction and other international markets. In short, we need to be wherever our clients need us – and Luxembourg is one of those places.

What made the United, Equiom and YT Group businesses such a good fit for Hawksford's plans?

SP: The three businesses provided Hawksford with an established opera-

tional presence in Luxembourg, complementary fund and corporate services capabilities, established regulatory infrastructure and access to a client base that closely mirrors Hawksford's existing private markets and corporate services focus.

Importantly, the acquisition was not only about licences, services and market presence; it was about people. All three businesses are driven by local management and teams with experience across fund administration, governance, accounting and corporate services. Retaining and integrating this talent was vital to ensuring service continuity, supporting future growth and preserving the existing approach to client relationships.

The acquisitions support Hawksford's strategy to strengthen its cross-border fund and corporate services offering across key global fund jurisdictions.

Claude Crauser: Equally important was the cultural fit. Across all three businesses there was a similar approach to client service and long-term relationships. These values align closely with Hawksford's own approach and helped support the integration process.

It's also worth emphasising that while the Hawksford name may be relatively new in Luxembourg, the businesses behind it are not. The combined platform brings together many years of local market experience, established client relationships and teams with local market expertise. This continuity is important both for clients and

employees. Rather than disrupting what already worked well, the objective is to build on the businesses' existing operations while integrating them into Hawksford's wider international operations and infrastructure.

For firms operating in Luxembourg's private capital sector, both local market knowledge and international connectivity can be important. Service providers are increasingly expected to combine local market knowledge with cross-border capabilities.

How do you anticipate the business evolving in the coming months?

CC: Our immediate focus is on integration, bringing together the strengths of the three businesses while maintaining continuity of service for clients. We already have an established platform in Luxembourg, and we want to ensure that this platform continues to evolve in a way that benefits both clients and our people.

We expect Luxembourg to become an increasingly important part of Hawksford's European operations, particularly for fund and corporate services. The market continues to attract international investment managers, multinational businesses and entrepreneurs, all of whom require cross-border support across multiple areas.

SP: The evolution will not simply be about scale. It's also about capability. Clients today demand broader expertise, greater connectivity between jurisdictions and more efficient access to information. We will continue investing in technology, governance and operational infrastructure, but with a focus on service delivery and operational efficiency.

We also see increasing opportunities to

support structures that span multiple financial centres. A growing number of our clients now operate across Luxembourg, Jersey, Cayman, the Netherlands, Singapore and the Middle East simultaneously. Having teams that can collaborate seamlessly across those jurisdictions is becoming increasingly relevant to clients operating across multiple jurisdictions.

In many respects, this is still the beginning of our Luxembourg journey. We view the jurisdiction as a long-term investment and expect it to play an important role in Hawksford's European operations.

What major trends do you see developing across the Luxembourg industry over the next 12 months?

CC: The most significant trend continues to be the ongoing growth and institutionalisation of private capital. We are seeing sustained interest across Private Equity, Private Credit, Infrastructure, Energy Transition and other alternative asset classes. Luxembourg remains well positioned to benefit from that trend because it combines regulatory credibility, political stability, proven fund structures and international distribution capabilities.

Another area that will continue to develop is the increasing sophistication of investor expectations. There is greater demand for transparency, reporting and governance than ever before. Regulatory frameworks continue to evolve and managers are expected to deliver more

information, more quickly and with greater accuracy. While regulation creates complexity, it also supports Luxembourg's position as an international financial centre.

Technology too will play an increasingly important role. The industry is investing heavily in automation, data management and artificial intelligence to improve efficiency and reduce operational friction. However, we believe the future will be defined by the balance between technology and human expertise. For complex decisions, strategic guidance and governance matters, trusted and personal relationships remain essential.

SP: We are also seeing growing interest from family offices, private wealth investors geared towards semi-liquid fund structures, which is expanding the range of participants in private markets. Combined with continued cross-border fundraising activity and retailisation, these developments are likely to create new opportunities for Luxembourg's ecosystem over the coming years.

Ultimately, Luxembourg has demonstrated an ability to adapt to changes in international markets. The jurisdiction has repeatedly demonstrated its capacity to evolve alongside global markets while maintaining high standards of governance and investor confidence. These characteristics are likely to support Luxembourg's continued role in international investment. These factors also contributed to Hawksford's decision to establish a presence in the jurisdiction. ●

“What particularly attracted us was Luxembourg's unique position at the intersection of investment management, international business and cross-border structuring.”

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By **Stéphanie Delperdange**,
Member of the LPEA iNED Club
Steering Committee



and **Simon Henin**,
Member of the LPEA iNED Club
Steering Committee

LPEA Directors & Governance Day 2026: Regulation, Secondaries, Continuation Funds & AI

The role of independent directors is evolving rapidly. Regulatory expectations continue to increase, private markets are becoming more sophisticated, and artificial intelligence is beginning to reshape board practices. These were precisely the themes explored on 5th June 2026 at the LPEA Directors & Governance Day, which brought together regulators, directors, industry experts and over 200 members and guests, to discuss the challenges shaping governance across Luxembourg's private assets ecosystem. The day was organised by the Independent & Non-Executive Directors (iNED) Club and its co-chairpersons Allen Foley and Jane Wilkinson, and hosted by PwC.

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Fireside chat with Pascal Berchem, Head of Department – Commission de Surveillance du Secteur Financier (CSSF)

Jane Wilkinson (iNED and LPEA iNED Club co-chair) and Pascal Berchem (Head of Department – CSSF), entered into a conversation on the regulator's perspective regarding the Luxembourg's Private Assets Landscape, starting from an international context and drilling down to local considerations and CSSF priorities. The discussion focused on the evolving European regulatory environment for asset management and Luxembourg's ability to remain competitive within it. The Market Integration Package aims to strengthen harmonization across Europe. While greater supervisory convergence is expected, attention remains on avoiding unnecessary duplication and additional layers of supervision. Certain developments, including a potential depositary passport and considerations

around intragroup delegation for EU managers, could have implications for Luxembourg's existing fund model. Luxembourg's competitive position continues to benefit from its broader financial ecosystem (like for example the recent carried interest package) and close cooperation between the regulator and market participants. Recent CSSF initiatives seek to improve time-to-market and simplify regulatory processes, notably through moving from ex ante to greater reliance on ex-post supervision, streamlined authorization and prospectus processes, and additional regulatory guidance or publications. At the same time, supervisory priorities continue to include governance and operational risks, ICT, liquidity, credit risk and asset valuation, with liquidity and valuation receiving particular attention. These priorities are especially relevant for semi-liquid funds, where appropriate liquidity arrangements, robust valuation processes and adequate staffing are key

around intragroup delegation for EU managers, could have implications for Luxembourg's existing fund model. Luxembourg's competitive position continues to benefit from its broader financial ecosystem (like for example the recent carried interest package) and close cooperation between the regulator and market participants. Recent CSSF initiatives seek to improve time-to-market and simplify regulatory processes, notably through moving from ex ante to greater reliance on ex-post supervision, streamlined authorization and prospectus processes, and additional regulatory guidance or publications. At the same time, supervisory priorities continue to include governance and operational risks, ICT, liquidity, credit risk and asset valuation, with liquidity and valuation receiving particular attention. These priorities are especially relevant for semi-liquid funds, where appropriate liquidity arrangements, robust valuation processes and adequate staffing are key

Governance Considerations in the Current Rise of Secondaries and Continuation Funds

The first panel examined the rapid development of the private-markets secondary market and the resulting governance considerations. The panel consisted of Nicholas Curwen (iNED) as moderator, Hélène Noublanche (Collier Capital), Joachim Cour (Elvinger Hoss Prussen) and Tridev Budia (PwC). The panel highlighted the continued expansion of the secondary market, with

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transaction volumes reaching approximately \$230 billion in 2025, around 48% above 2024, itself a record year. Secondaries are increasingly viewed as a strategic portfolio-management tool rather than a solution primarily for distressed sellers. Hélène Noublanche explained that institutional investors may sell private-market positions for strategic reasons as part of normal portfolio construction and liquidity management. Investors may seek to reallocate capital, change manager or strategy exposure, rebalance vintage years or generate liquidity for new investments.



Similarly, GPs may establish continuation vehicles to retain assets they believe still have significant growth potential. Valuation remains a key consideration, with different approaches required for LP-led and GP-led transactions. LP-led transactions may involve portfolios of fund interests for which reported NAVs and capital-account statements provide a starting point. GP-led transactions generally require more asset-specific analysis, potentially involving commercial due diligence, external experts and third-party valuation support. Conflicts of interest are inherent in GP-led transactions, as the GP may simultaneously manage the selling fund and continuation vehicle, invest in the new structure and roll carried interest. Alignment, transaction terms, transparency and the fair treatment of selling, rolling and incoming investors therefore require careful consideration. Robust board oversight, alongside that of the AIFM, is particularly important. Proper documentation should evidence the substance of the board's review and challenge, rather than relying on a short board resolution. Board packs should clearly demonstrate the information considered, questions raised and basis for the board's conclusions.

Directors should understand the valuation model and assumptions, who reviewed them, and why an external valuer was or was not appointed. They should actively challenge the information presented and raise difficult questions where necessary. From an audit perspective, the documentation should provide clear evidence that conflicts, valuation and the overall

transaction were properly understood, assessed and approved by the board. As secondary markets continue to mature, boards are likely to play an increasingly important role in ensuring that these complex transactions remain transparent, well-governed and aligned with investors' interests.

AI Case Study – Google Gemini Enterprise
After the coffee break, Marina Bosso Bosso and Antoine Lefondré from Google Cloud presented a live case study on Gemini Enterprise. The presentation introduced the concept of agentic AI by contrast to conversational chatbot. A chatbot waits for a user to ask a question and then provides an answer. An agent is given a goal and can perform a sequence of actions in order to achieve it. A practical demonstration was designed around the work of an independent non-executive director preparing for a quarterly board meeting, illustrating how AI could soon become part of directors' day-to-day toolkit.

AI Considerations for Directors

The final panel was moderated by Patrice Molinari (iNED). The speakers were Marina Bosso Bosso (Google Cloud), Aurélien Hollard (CMS) and Allen Foley (iNED and LPEA iNED Club co-chair). AI was presented as an augmentation tool for directors rather than a replacement for human judgement. Its main value lies in helping directors process large volumes of information, compare board materials, identify inconsistencies and detect issues that might otherwise be missed. However, directors remain fully accountable

Whether navigating evolving regulation, overseeing increasingly sophisticated private-market transactions or embracing new technologies such as AI, governance continues to evolve. And boards will need to evolve with it."

for their decisions and must validate AI outputs, check sources and apply independent judgement, particularly given the risk of AI being "confidently wrong." The use of AI also creates important responsibilities around confidentiality and data governance, and Directors should understand how data is stored, accessed and processed, and use appropriate enterprise-level systems. Board practices are also expected to evolve. Directors should establish clear protocols covering which AI tools can be used, for what purposes, how outputs are reviewed and how significant conclusions are documented. As AI makes it easier to analyse historical information and identify unusual patterns, expectations around directors' duty of care may increase, making missed issues harder to justify where reliable tools could reasonably have detected them. Finally, boards will need to oversee AI itself, including its use by the AIFM and service providers, the controls in place and the adequacy of the overall AI governance framework. The discussion ultimately suggested that the question is no longer whether directors should understand AI, but how quickly they can develop the knowledge required to use it responsibly and challenge it effectively.

Whether navigating evolving regulation, overseeing increasingly sophisticated private-market transactions or embracing new technologies such as AI, governance continues to evolve. And boards will need to evolve with it. The discussions throughout the day confirmed that independent directors have never played a more important role in supporting robust governance across Luxembourg's private assets industry. ●



By **Laurianne Delaunay**,
(Marguerite), Co-chair of the Financial
Information Working Group



and **Mickael Tabart**,
(KPMG), Co-chair of the Financial
Information Working Group

The Financial Information Working group: Structuring Dialogue, Delivering Practice

Over the years, the Luxembourg Private Equity ecosystem has demonstrated a strong ability to adapt to increasing market sophistication, regulatory complexity and evolving investor expectations. Beyond regulatory change, this adaptability has also been driven by a shared understanding among market participants of the importance of structured dialogue on operational matters. The Financial Information Working group, operating within the LPEA Market Practice & Operations Committee, reflects this collaborative approach to bring value to the PE community.

A focused forum for financial information

The group was created to address the growing breadth and complexity of financial information requirements faced by Private Equity and Venture Capital actors in Europe. As fund structures, reporting requirements and investor expectations have evolved, it became clear that financial information could no longer be treated as a purely technical or compliance-driven topic. Instead, it required a dedicated forum allowing practitioners to exchange views, anticipate emerging challenges and collectively develop best practices. The Working group's purpose is therefore clear and enduring: to foster informed and structured exchanges on financial information across the Private Equity value chain, support a

consistent interpretation of requirements, and provide practical guidance to industry participants operating in an increasingly demanding environment.

A practical and action oriented mandate

The Financial Information Working group focuses on financial information throughout the lifecycle of alternative investment funds and managers in Luxembourg. Its scope covers legal and regulatory requirements, international accounting standards, technological developments and increasingly sophisticated investor-driven expectations. Beyond compliance, the Working group looks at financial information as an operational process: how it is produced, structured, analysed and communicated in practice. Fully aligned with LPEA's strategic ambition to strengthen the operational resilience and competitiveness of the Luxembourg Private Equity and Venture Capital ecosystem, the Working group adopts a deliberately pragmatic approach. Discussions are designed to result in tangible, usable outcomes rather than purely theoretical conclusions. The objective is to ensure that members leave with insights, tools and perspectives that can be implemented within their organisations. Deliverables may take various forms, including guidance notes, templates, operational frameworks or webcasts.

By translating collective expertise into actionable content, the Working group contributes to greater efficiency, consistency and robustness in market practice, while recognising the diversity of operating models and fund structures across the industry.

Key focus areas reflecting market needs

The agenda of the Financial Information Working group evolves in line with regulatory developments and the priorities identified by its members. Current and ongoing areas of focus include carried interest documentation, cost analysis and transparency, and the interaction between Private Equity activities and technological solutions. Particular attention is paid to the growing impact of digitalisation and artificial intelligence on financial information processes. From data production to analysis and reporting, technology is increasingly reshaping operational workflows and internal controls. These developments create opportunities for efficiency and automation but also raise questions around governance, reliability and interpretation that benefit from collective discussion. In parallel, the Working group addresses the enhancement of marketing and informational materials. As investor scrutiny continues to increase, clear, consistent and reliable

“By structuring dialogue, anticipating emerging needs and delivering actionable guidance, the Working group supports firms in navigating complexity and contributes meaningfully to the resilience and credibility of market practice in Luxembourg.”

financial information has become a strategic communication tool. The Working group's work seeks to bridge regulatory requirements and investor expectations, reinforcing the role of financial information as a cornerstone of trust, transparency and long-term relationships.

Collaboration across disciplines

Financial information does not operate in isolation. It intersects with valuation, risk management, regulatory compliance, technology and investor relations. Recognising this interconnected nature, the Financial Information Working group actively collaborates with other LPEA committees and Working groups on a needs basis. These collaborations notably include the Valuations Working group, the Risk Management Working group, the AIFM Operations Working group and the AI Lab Forum. Such cross-committee cooperation ensures consistency of messages, avoids duplication of efforts and fosters cross-fertilisation of expertise. It also reflects operational reality, where challenges often cut across several functional areas.

A safe space for operational exchange

Membership of the Financial Information Working group is open to professionals directly involved in the production, review or delivery of financial information. This includes conducting officers, auditors, service providers and other relevant stakeholders from LPEA member firms. The diversity of profiles and perspectives

within the Working group is considered a key strength, enabling discussions that reflect the full breadth of Luxembourg's Private Equity ecosystem. The Working group operates as a safe and trusted forum for open exchange. Members are encouraged to share operational challenges, practical experiences and lessons learned in a respectful and non-competitive environment. This collaborative spirit is central to the Working group's effectiveness, allowing candid discussions on complex or sensitive topics while preserving confidentiality and professionalism. Meetings are held on a monthly basis, either virtually or in person, and may be complemented by ad hoc working sessions when specific topics require deeper analysis.

Leadership

The Financial Information Working group is co-chaired by Laurianne Delaunay and Mickael Tabart, supporting alignment with LPEA initiatives and reinforcing collaboration, inclusion and relevance for members. In an environment where financial information is increasingly scrutinised by regulators, investors and other stakeholders, the role of the Financial Information Working group is particularly significant. By structuring dialogue, anticipating emerging needs and delivering actionable guidance, the Working group supports firms in navigating complexity and contributes meaningfully to the resilience and credibility of market practice in Luxembourg. ●

Working Group Members



Marc-Olivier Kiren
Astorg Asset Management



Vincent Coursan
BDO



Fabio Bello
CVC Advisers



Amine Dridi
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State Street Bank



Interview by **Johann Herz**,
Director of International Events
and Content at LPEA



and **Olha Nesterenko**,
Attaché of the Luxembourg-Ukraine
Chamber of Commerce at the LPEA

Crafting Haute Horlogerie from Luxembourg

Luxembourg is not traditionally associated with haute horlogerie, but DUKE is carving out a place in independent watch-making through local manufacturing, technical innovation and highly limited production. The brand operates its own manufacture, giving it direct control over the development and production of its watches.

In this interview, founder and watch-maker Alessio Muller and his father, Denis Muller, who oversees commercial development for DUKE and MGD, a sub-brand of the firm, discuss the company's approach to manufacturing, distribution and growth.

What distinguishes DUKE from more established watch brands?

DUKE is aimed primarily at collectors looking for something far more exclusive than a conventional luxury watch. These are clients who may already own many watches from established houses but are looking for something distinctive, produced in extremely small series and with exceptional hand-finishing. Some of our early series, for example, were limited to just eight or twelve pieces worldwide.

The philosophy also comes partly from our family background in haute couture. Haute couture is not about mass distribution; it is about craftsmanship, personal relationships and exclusivity. We apply a similar philosophy to DUKE. We do not want our watches displayed alongside dozens of other brands in conventional multi-brand stores.



↑ Denis Muller

What is technically distinctive about the watches?

DUKE watches are built around tourbillons and movements developed in-house, with transparency playing a central role in their design. One of the brand's key developments is the patented Invisible Rotor, a sapphire oscillating weight designed to leave the movement and tourbillon visually unobstructed. Its Clarity Tourbillon uses ultra-polished sapphire bridges to create the impression that the mechanism is floating inside the case, while a 100-degree opening further draws attention to the movement. Components, including the movement, dial, hands and case, are extensively decorated by hand.

Another signature of DUKE watches is their octagonal aesthetic, character-



↑ Alessio Muller

ized by straight geometric lines, sharp angles and very few curves. The shape is a nod to Luxembourgish architecture, particularly the octagonal towers found in many of the country's historic castles, and has become a defining visual element across the collection.

Where does production take place?

In Luxembourg, we handle everything from start to finish for our own brands, namely DUKE and MGD Watch. We also have a subsidiary in Switzerland, where we subcontract for major brands. When established brands want to create unique pieces, they cannot simply shut down their own production lines, so they use our services to manufacture those pieces. In those cases, having a Swiss subsidiary is important for the "Swiss Made" designation. If machining is required, we can still carry it out here in the Grand Duchy. However, the finishing, added-value work and assembly for those projects are completed in Switzerland.

How does MGD broaden the proposition?

The idea behind MGD is to offer something more accessible while retaining extensive in-house production and a high degree of customization. Clients can personalize their watches through a configurator offering more than one million possible combinations of

colours, materials, dials and finishes. The watches are still produced in relatively small series.

With MGD, we manufacture components including the case, dial and part of the rotor ourselves, while the movement is Swiss. Production is considerably higher than for DUKE: around five watches per week, compared with a maximum of roughly one DUKE per month. Delivery times also differ. MGD watches take approximately six months to deliver, while a DUKE watch takes around one year.

Why maintain such limited DUKE production?

A DUKE watch requires a minimum of 400 hours of work. Much of that time is devoted to polishing components by hand, including titanium, which requires specialist expertise. At present, we produce between 12 and 20 DUKE watches per year. The objective is not volume. The proposition is built around finishing, originality and scarcity.

What have you learned about the collector market?

Different markets respond differently to independent brands. In Europe, collectors can be more conservative and may prefer to wait until a young brand has established several models before buying. We have found strong interest through private presentations in Asia, the Middle East and the Americas. These cli-

A DUKE watch requires a minimum of 400 hours of work. The objective is not volume. The proposition is built around finishing, originality and scarcity."

ents are often looking not simply for another luxury watch, but for something rarer and technically distinctive.

How do you intend to grow without becoming a conventional luxury brand?

Distribution remains controlled and direct, supported by selected local partners. The strategy includes private lounges rather than traditional retail locations, with Dubai, Miami and Singapore among the locations under discussion. In Luxembourg, we just opened our first MGD shop at Hotel Le Royal, where DUKE watches are also available. We want visibility, but we do not want to build a business around mass distribution or heavy advertising. We are also developing collaborations, private events and targeted client experiences.

Where does product development go from here?

Our priority is to continue developing movements. That requires investment in both machinery and specialist people. We have been working on a chronograph, for example, and developments of that complexity take years rather than months.

Over the next four or five years, the ambition is for our client base to discover a broader range of complications from the brand.

For DUKE, growth is therefore less about maximizing the number of watches produced and more about building technical credibility, strengthening manufacturing capabilities and maintaining a controlled relationship with collectors. ●

EVENT COVERAGE

AGM 2026



↑ Stéphane Pesch (LPEA), Hind El Gaidi (ICG/LPEA) and John Penning (Luxempart)



Berlin & Luxembourg - The VC Connection



↑ VCs, Emerging, and First-Time Fund Managers panel with Martina Pace (Peakbridge), Magnus Grufman (Moonfare) and Stéphane Pesch (LPEA)



Summer Party



↑ Hind El Gaidi (ICG/LPEA) welcome speech



Cocktail in IPEM Paris



↑ Stéphane Pesch (LPEA) and event sponsors Omar Ceron Meliani (Domas by SimCorp) and Ruben Botbol (Alter Domus)



Luxembourg Private Assets Cocktail in Berlin



↑ Lis Koch (MAEE), Susanne Weismüller (ALFI), Stéphane Pesch (LPEA), H.E. Sylvie Lucas, David Zackenfels (ALFI) and Sonja Becker (LPEA)



← H.E. Sylvie Lucas, Ambassador of the Grand Duchy of Luxembourg to Germany

Seminar in Brussels



↑ Evergreen Private Market Solutions for Wealth Platforms panel with Michael Hoffmann (KKR), Mathieu Perfetti (Societe Generale Private Banking), Isabelle Hoorn (Goldman Sachs AM) and Nicolas Grieslaw (BNP Paribas Fortis Private Banking & Wealth Management)



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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

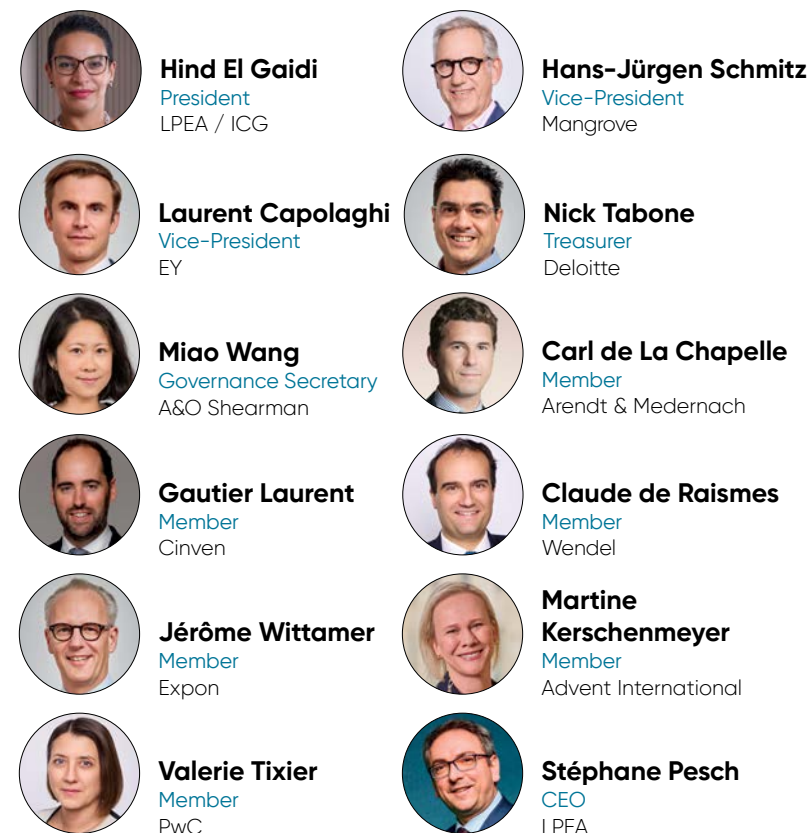
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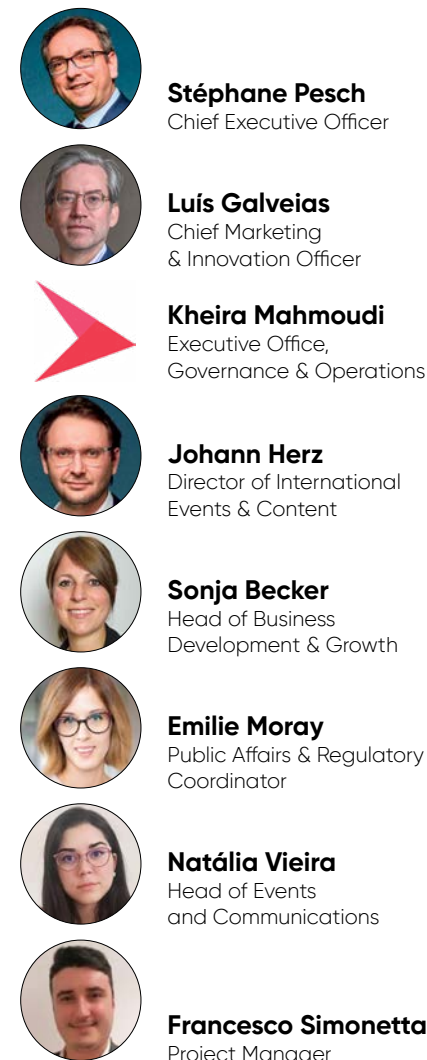
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