Bank of Cyprus

ALTERNATIVE FUNDS | EUROPEAN DISTRIBUTION

# From Strategy to Investors

## Designing the Distribution Model for Alternative Funds

**Align product design and distribution with the investment strategy and the needs of the target investor.**

Cross-border fundraising | Investor access | Distribution channels | Operating model

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# 1. The European alternatives market is large, but capital is concentrated

The broad AIF market is substantial; within private equity and venture capital, established franchises hold most capital.

**EUROPEAN AIF NET ASSETS**

**€8.5tn**

End-2025 | EFAMA

**EUROPEAN PE/VC CAPITAL**

**€1.367tn**

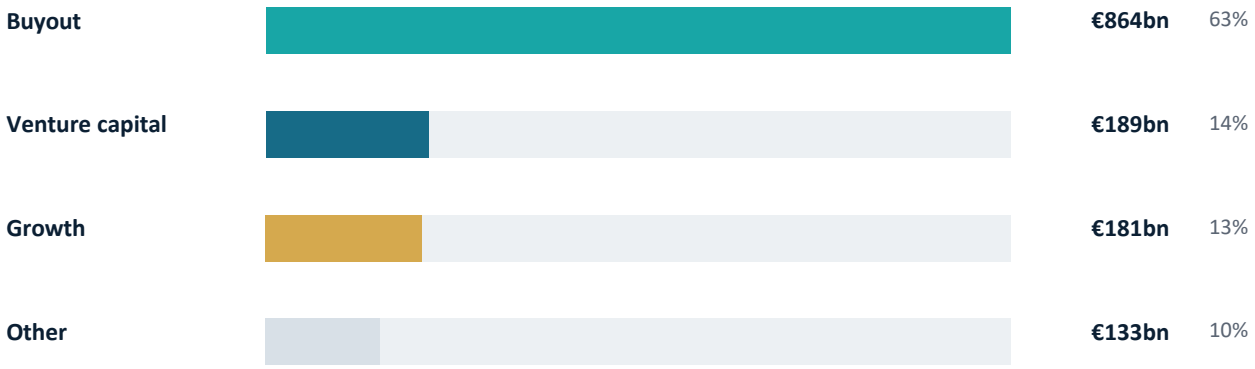
2025 capital under management

**PE/VC DRY POWDER**

**€459bn**

Committed but not yet invested

**EUROPEAN PE/VC CAPITAL UNDER MANAGEMENT | 2025**




**3,243 European PE/VC firms in total in 2025 | capital under management rose 8%.**

Sources: EFAMA, European fund statistics 2025; Invest Europe, Capital Under Management & Dry Powder 2025 (23 July 2026).

**THE FIRST-TIME / EMERGING-MANAGER POSITION**

**€246bn**

Capital under management in first-time funds, approximately 18% of total European PE/VC CUM.

**89%**

of dry powder was held by follow-on funds, showing the capital advantage of established franchises.

**Size is strategy-dependent: buyout capital is concentrated in funds above €1bn, while €100m–€250m is the largest VC fund-size band by capital.**

# 2. European PE/VC fundraising: the headline and the smaller-manager lens

2025 was a strong year; H1 2026 remained resilient, but capital was concentrated in larger buyout funds.

**FULL-YEAR 2025**

**€147bn**

European PE/VC capital raised

**+16% vs 2024**

**H1 2026**

**€67.6bn**

European PE/VC capital raised

**+6% vs revised H1 2025**

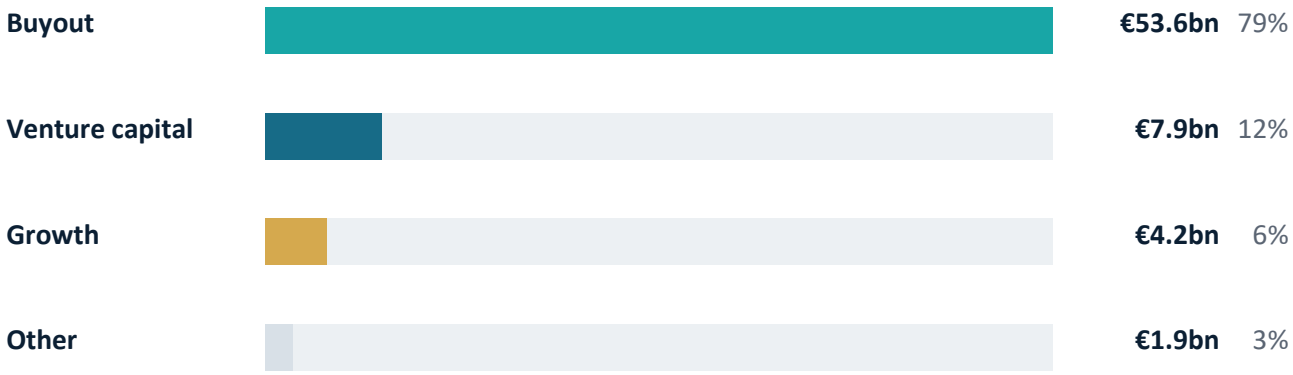
**FIRST-TIME PE | 2025**

**€4.2bn**

Raised by European debut funds

**+23.5% vs full-year 2024**

## H1 2026 CAPITAL RAISED BY STRATEGY




**Total H1 2026: €67.6bn across 409 reporting funds.**

## WHAT THE DATA SAYS ABOUT SMALLER MANAGERS

**2.9%**

European first-time PE capital in 2025 as a share of the €147bn overall PE/VC total.

**€6.9bn**

Raised by European VC funds in 2025 across 87 vehicles; median vehicle size was €48.7m.

**No directly comparable H1 2026 first-time-manager total was disclosed in the cited public sources.**

**Headline capital is large, but emerging-manager fundraising remains a small, selective part of the market and depends heavily on team pedigree, differentiation and anchor LPs.**

# 3. What makes a manager distribution-ready?

Readiness is strategy- and investor-dependent; there is no universal track-record or AUM threshold.

**TRACK RECORD**

## STRATEGY-DEPENDENT

Live results help; attributable team experience, pipeline and institutional readiness may also support an emerging manager.

**COMMERCIAL SCALE**

## INVESTOR-DEPENDENT

Ticket-size capacity, operating breakeven and infrastructure matter more than a universal minimum AUM.

### THE OTHER READINESS TESTS

**INVESTMENT EDGE**

Repeatable process, differentiated strategy and defensible performance attribution

**INSTITUTIONAL OPERATIONS**

AIFM governance, risk, compliance, valuation, administration and reporting

**INVESTOR PROPOSITION**

Clear target investor, portfolio role, ticket size and liquidity expectations

**FUNDRAISING CAPACITY**

Senior coverage, DDQ, data room, investor materials and multi-year budget

**Distribution architecture should amplify a mature manager, not compensate for an immature investment business.**

Evidence context: AIMA / Marex 2026 Emerging Manager Survey (hedge funds): 54% consider <1 year; 72% consider sub-US$100m managers.

# 4. Five decisions that shape a scalable distribution model

The investment strategy leads; five aligned decisions determine whether the product can scale across borders.

**01**

**PRODUCT**

Structure, liquidity, denomination, access vehicle

**02**

**INVESTOR**

Institutional, wealth, or both

**03**

**MARKETS**

Priority countries and regulatory route

**04**

**CHANNELS**

Direct, placement agent, private bank or platform

**05**

**OPERATING MODEL**

Data, onboarding, servicing, reporting

**The objective is not maximum reach. It is repeatable access to the right investors at an acceptable cost of acquisition and servicing.**

# 5. From EU passporting to investor access

Passporting enables access, but does not create demand.

| | | |
|---|---|---|
| 1 | **Select regulatory and product route** | Use the AIFMD passport for professional investors; consider ELTIF only where the strategy, assets and target investors fit the product regime. |
| 2 | **Prioritise 2–3 markets** | Score investor depth, language, tax, local wrappers, platform access and competitive intensity. |
| 3 | **Pre-market within the regulated framework** | Test appetite and terms before launch, while respecting pre-marketing records and investor-origin rules. |
| 4 | **Localise market execution** | Country supplements, notifications, disclosures, KIDs where applicable, paying facilities and distributor training. |
| 5 | **Build evidence loop** | Track meetings, diligence stage, conversion, ticket size, time-to-close and servicing cost by channel. |

**PASSPORT ≠ DISTRIBUTION**

# 6. Two principal fundraising models

| DIMENSION | INSTITUTIONAL | PRIVATE WEALTH |
|---|---|---|
| **Buying process** | Consultant or direct RFP; investment committee | Adviser, private bank or platform shelf |
| **Typical proof** | Track record, attribution, risk, operations, ESG | Outcome narrative, portfolio role, simple liquidity explanation |
| **Economics** | Fewer, larger tickets; long sales cycle | More investors; platform and servicing costs |
| **Product fit** | Closed-ended, open-ended or mandate, mandates, co-investments | Drawdown, feeder, ELTIF or evergreen; lower minimums |
| **Coverage model** | Senior relationship-led, concentrated pipeline | Distributor enablement plus scalable digital content |

**These are broad distribution models, not mutually exclusive investor categories.**
**Family offices, funds of funds and professional investors may sit between them.**

# 7. Match the distribution channel to the investor

Each route offers a different balance of reach, control, speed and economics.

| DIRECT COVERAGE | PLACEMENT AGENT | PRIVATE BANK / PLATFORM | FEEDER / WRAPPER |
|---|---|---|---|
| **PRIMARY BENEFIT**<br>High control | **PRIMARY BENEFIT**<br>Existing relationships and market access | **PRIMARY BENEFIT**<br>Scalable shelf | **PRIMARY BENEFIT**<br>Investor access and local fit |
| **TRADE-OFF**<br>Narrow reach | **TRADE-OFF**<br>Fees and dependency risk | **TRADE-OFF**<br>Gatekeeping and servicing | **TRADE-OFF**<br>Extra layer and cost |
| **USE CASE**<br>Typical fit: anchor and strategic institutions | **USE CASE**<br>Typical fit: targeted market entry | **USE CASE**<br>Typical fit: repeat wealth flows | **USE CASE**<br>Typical fit: where access, tax or denomination requires it |

**Practical rule: appoint intermediaries by named market, investor segment and measurable milestone, not by broad “Europe” mandates.**

# 8. The five essentials of distribution architecture

A successful strategy aligns product, investors, markets, channels and operating capability.

| | | |
|---|---|---|
| 01 | **Design for the target investor** | Decide whether the strategy will serve institutions, private wealth, or both through appropriately designed products or access structures. Align structure, liquidity, minimum investment and evidence accordingly. |
| 02 | **Sequence markets selectively** | For a resource-constrained emerging manager, a practical starting point is two or three EU markets selected by investor depth, regulation, tax, language, platform access and competition. |
| 03 | **Combine complementary channels** | Use direct coverage for strategic institutions, placement agents for targeted entry, and platforms or private banks for scalable wealth access. |
| 04 | **Build platform-ready operations** | Prepare due diligence, product data, dealing connectivity, adviser training, reporting and after-sales servicing before seeking shelf space. |
| 05 | **Match liquidity to the assets** | Use evergreen or semi-liquid structures only where valuation frequency, notice periods, gates and liquidity-management tools are consistent with the underlying assets and support fair treatment of investors. |