

## **BAI Newsletter II/2026 – April 2026**

### **Editorial article from Frank Dornseifer, Managing Director, BAI e.V.**

Dear Ladies and Gentlemen,  
Dear Members,

#### **One Year of the Federal Government**

Chancellor Friedrich Merz has now been in office for just under a year, and the federal government is stumbling from one reform season to the next. The most recent—albeit questionable—reform is the draft bill to reduce energy taxes, i.e., the so-called fuel rebate, which—if the German legislature has its way—is set to take effect on May 1. We recall that the title of the coalition agreement is: “Responsibility for Germany.”

But let’s look at the aspects of the coalition agreement relevant to our industry and institutional investment, along with the corresponding (interim) results. As is well known, the coalition agreement highlighted in many places how important and urgent it is to involve private capital in addressing the diverse financing challenges. Building on initiatives and projects from the last legislative period, such as the WIN Initiative or the Future Financing Act II, large-scale investment campaigns were to be launched, including in the areas of startups and SME financing, infrastructure, transformation, and innovation. Even back then, the idea of the Germany Fund (“Deutschlandfonds”) was presented, through which at least ten billion euros in federal equity capital is to be made available via guarantees or financial transactions, which in turn are to be leveraged to at least 100 billion euros with the help of private capital and guarantees. Furthermore, the federal government committed itself to creating, within capital market law, a “legally secure and European-competitive framework for fund investments in infrastructure and renewable energies,” in which tax regulations would also be specifically adapted. And by improving investment opportunities for institutional investors, the availability of venture capital, among other things, was to be increased.

At the end of last year, the Germany Fund was officially unveiled. It symbolizes the aforementioned overarching objectives of the coalition agreement to mobilize more private capital for financing key future tasks in Germany. There is no question that, given the enormous investment needs in infrastructure, transformation, growth, and innovation, government involvement alone is not sufficient. On the contrary, the majority of investments should and must be contributed by the private sector—that is, by insurance companies, pension funds, pension schemes, investment funds, and banks—and, if possible, also by private investors.

Conceived as an umbrella structure (and not as a fund in the strict sense), the Germany Fund is intended—under the coordination of KfW—to provide various financing instruments and act as a

catalyst by pooling public funds with private capital. The good news is that sufficient private capital is available. However, various structural, regulatory, and practical implementation issues pose challenges. Furthermore, success depends crucially on the availability of sufficiently attractive and suitable investment opportunities.

Alternative investment funds (AIFs) play a key role in the integration of private capital. They enable investments in infrastructure projects, companies, renewable energy, or venture capital using equity or debt capital. These asset classes are particularly relevant for the transformation in Germany. Without greater involvement of these actors, the Germany Fund risks falling short of its potential. Previous regulatory and tax obstacles for funds and institutional investors have been largely removed through the German Investment Fund Act, the Location Promotion Act, and the Fund Risk Limitation Act, making Germany a more attractive financial hub overall. In this regard, the federal government has truly delivered, as the saying goes.

However, the actual provision of private capital to relevant projects or companies also requires a matching platform that, by bundling and standardizing projects and processes, creates a transparent investment pipeline on the one hand and leads to a significant reduction in transaction costs on the other. This also requires a suitable governance structure for implementing projects within a “bundle,” which enables effective risk transfer, grants the public sector opportunities for participation and oversight, and reduces potential information asymmetries and conflicts of interest. Finally, suitable investment structures or fund vehicles are required through which investors can participate and which account for the long-term nature and illiquidity of infrastructure investments as well as the gradual build-up of a project pool. To involve private capital, a so-called Private Investor Pool is being considered, in which asset managers or AIFs would play a central role and through which institutional and, where applicable, private investors could also participate. Swift and pragmatic implementation is now required here.

At present, however, neither the federal government nor KfW has put any concrete conceptual ideas on the table, and even regarding the Special Fund for Infrastructure and Climate Protection, which was established over a year ago, there is no clear agenda on how to mobilize private capital for the massive investment needs, despite the fact that various stakeholders, including the BAI, have presented relevant ideas. So far, however, the federal government has acted far too hesitantly and, moreover, in an uncoordinated manner. Germany does not lack capital, but rather the efficiency to mobilize it. Yet this is precisely what we can no longer afford in Germany. In this area, the federal government still has work to do. Things have also been very quiet so far regarding the so-called Innovation and Investment Advisory Board at the Federal Ministry of Finance. This makes it all the more important that we, as an association and thus as the voice of the industry, speak up and drive things forward with commitment.

## **ELTIF 2.0 is gaining momentum**

At our general meeting in mid-April, we highlighted our wide range of activities related to ELTIFs and semi-liquid fund structures, among other topics. Many member companies are now active in this segment or are currently launching platforms in this area. And just recently, in its latest ELTIF study, SCOPE declared a new record year for these pan-European fund vehicles. Assets under management in ELTIFs rose by a substantial 55 percent in 2025 to 34 billion euros, with a significant portion of that coming from Germany—something no one would have thought possible just a few years ago. Back then, ELTIFs were still in a deep slumber. But it is not just the growth in volume that is impressive; with 113 new ELTIFs launched last year, this figure has nearly doubled compared to the previous year, and the corresponding ESMA database now lists a total of 268 products as of the end of 2025.

In a European comparison, Germany now ranks second in terms of investment funds with 4.4 billion euros, behind France with 14.1 billion euros. Italy now ranks third with around four billion euros. From Scope's perspective, there is still significant further growth potential in Germany, partly because the ELTIF is approved for the state-subsidized retirement savings account.

The BAI has not only played a key role in reforming the ELTIF Regulation in the past; we also support its practical and regulatory implementation through relevant publications and working groups to ensure that the ELTIF truly takes off. After all, even BaFin was initially quite wary of this new fund format. Then it was necessary to develop liquidity risk management tools (LMTs), and an ELTIF must first gain traction in distribution and be accepted; above all, it must also be integrated into the financial system landscape and be capable of being settled. You can read about the effort involved and the obstacles that need to be overcome in the article by Sina Nennstiel, who serves as Legal & Regulatory Affairs Officer at the BAI.

From the very beginning, we did not view the ELTIF as a purely retail product, nor did our member companies. Institutional investors, incidentally, did not either, as our 2025 member survey shows.

The most popular investment segments for ELTIFs in Germany are infrastructure (approx. 60%), followed by private equity (nearly 30%), although multi-asset and private debt are now also increasingly represented, accounting for only 8% and 3% of the total volume, respectively. With regard to private debt, it remains to be seen whether the turbulence in the U.S. BDC market will lead to a reluctance to buy among German and European investors. Across Europe, however, private debt is currently still the dominant asset class for ELTIFs with a 38% market share, followed by infrastructure and private equity.

## **#AIC2026**

There are only a few days left, and then it's that time again. From April 27–29, 2026, the Kap Europa will open its doors for the most important and largest conference on alternative investments in the German-speaking world. Once again, we expect around 1,000 participants and, above all, well over

100 institutional end investors, for whom we have once again put together a top-notch program. But see for yourself—feel free to visit our conference website [BAI Alternative Investor Conference \(AIC\) | Home](#) again in advance. The registration deadline is already April 24. So, take advantage of this opportunity quickly—we look forward to seeing you again soon at Kap Europa!

### **BAI General Meeting**

This year's BAI General Assembly took place on April 15. We were once again able to look back on a very successful fiscal year and build on the positive developments and results of previous years in many areas of the association's work, even though the 2025 fiscal year was certainly marked by challenges on the political, market, and regulatory fronts.

In addition to successful lobbying efforts on the regulatory front, the BAI Executive Board was also able to report very positive developments and results in the areas of market activities, public relations, and events. Our numerous publications—such as the annual Investor Survey, the Infrastructure Report introduced last year, our newsletters, etc.—enjoy great popularity, as do our diverse events, ranging from the AIC and the significantly expanded symposia to the ESG Workshop and Innovation Day, and the large number of specialized webinars.

Equally encouraging is the association's overall development, including the growth in membership, which now stands at well over 300 member companies. This, too, is an extraordinary success and a testament to the association's excellent work, while also underscoring the association's significance and importance.

And, last but not least, the entire Executive Board was re-elected. Its members are:

- Achim Pütz (Chairman), Partner at Luther Rechtsanwaltsgesellschaft; *responsible for the Legal and Investor Advisory Board departments.*
- Britta Bene (Vice Chair), Partner at Mainstay Human Capital Advisors; *responsible for the Human Resources and Continuing Education divisions.*
- Andreas Binder (Vice Chair and Treasurer), Head of Alternative Investments at WAVE Management AG; *responsible for the Investor Advisory Board and Events divisions*
- Dr. Peter Brodehser (Vice Chair), Partner at Infrastructure Investments DWS; *responsible for the Events and Investor Advisory Board divisions.*

- Matthias Erb (Vice Chair), Partner at StepStone Group; *responsible for the Alternative Markets and Public Relations divisions*
- Andreas Kalusche (Vice Chair), CEO of Prime Capital AG; *responsible for the Public Relations and Alternative Markets divisions*
- Prof. Dr. Rolf Tilmes (Vice Chair), Academic Director at EBS Executive School; *responsible for the Continuing Education and Human Resources divisions.*

You can find the CVs [here](#).

Our member companies can view the annual report and presentation on the member platform.

**Focus: ELTIF, open-ended/evergreen private markets strategies, semi-liquid investment forms**

This newsletter is not only about ELTIFs and the dynamic growth of this market segment. We also want to explore other semi-liquid investment forms, open-ended and evergreen private markets strategies, which are becoming increasingly relevant and are currently the subject of quite controversial debate. It is true that the worlds of open-ended and closed-end funds are converging, and new structures and investment concepts are establishing themselves in the market.

I would like to thank all the authors and sponsors who contributed to this newsletter and once again provided highly readable expert articles. I hope you find this edition of the BAI Newsletter both informative and entertaining, and I look forward to seeing you again at #AIC2026.