7 reasons why U.S. managers raising capital in Europe choose Luxembourg

For U.S. private markets sponsors planning pan-European fundraising, Luxembourg has become a favored option because it combines regulatory credibility, cross-border reach, flexible structuring, and deep servicing expertise within a single, scalable platform. ***Fran Raffa*** *and* ***Maria Von Oldenskiold*** *ist the domicile's virtues.*

In Preqin's Private Markets in 2030 report, European focused private funds assets under management (AuM) is forecast to reach $5.8tn by 2030, up from $3.1tn at the end of 2024, an average annual growth rate of 11%. This forecast is driven by investor appetite across the region, most notably for the infrastructure, private credit and private equity asset classes for which Preqin expects the strongest growth rates.

In their latest report on fund domiciles published in June 2024, Preqin noted that 57% of all European private capital raised in 2022 was domiciled in Luxembourg, up from 25% in 2017 and only 8% in 2011. Our analysis of Preqin's data shows that Luxembourg's share as a domicile for European private capital remained at a market leading level of around 50% for 2023, 2024 and 2025.

More detailed data analysis shows that U.S. private markets managers are increasingly using Luxembourg as their European fundraising base. Monterey Insight's Luxembourg report for private market assets shows that the number of U.S. fund managers with Luxembourg-based structures has grown more than 75% since 2020, with a corresponding increase in AuM in Luxembourg-based fund structures up over 200%.

These significant growth numbers, coupled with Luxembourg's well-respected regulatory framework and efficient distribution network, are why Luxembourg consistently emerges as an effective long-term platform for raising capital across Europe. From our perspective as a fund administrator supporting U.S. managers, these are the 7 reasons why the domicile remains a premier gateway to Europe:

1. A distribution hub built for the passport era

If your goal is to reach professional investors across many EU member states, Luxembourg lets you do that with one set-up. EU-authorized AIFMs based in Luxembourg can market their AIFs to professional investors throughout the EU/EEA under the AIFMD marketing passport, typically via a 20-day notification workflow. In practice, the passport replaces a patchwork of country-by-country filings with a harmonized regime, dramatically simplifying campaigns that span Germany, France, the Netherlands, the Nordics and beyond.

Luxembourg also leans into pre-marketing, the EU's "test-the-waters" regime introduced by the Cross-Border Distribution of Funds (CBDF) package, so managers can gauge interest before activating full marketing notifications. In our recent webinar, Fundraising in Europe 101 Part 2: Demystifying regulation, we emphasized that pre-marketing should be viewed as a way to accelerate a successful Luxembourg launch. Testing demand under pre-marketing provides the confidence to activate the passport with clarity around target jurisdictions and investor appetite. Several member states apply identical rules to non-EU AIFMs too, which helps U.S. managers operating via Luxembourg AIFMs or distributors to plan reliably.

What it means: With a Luxembourg AIFM and the passport, one launch can cover many countries without the uncertainty of National Private Placements Regimes (NPPR).

2. Investor-friendly scale

European institutions want scalable, reputable frameworks. Luxembourg is Europe's largest fund center and number two worldwide, a status confirmed across industry and regulatory sources. Recent industry body reports put net assets of Luxembourg-domiciled funds in the €6 to 8 trillion range, underscoring depth and resilience. CSSF monthly data showed €6.19 trillion at end-December 2025, while ALFI's combined UCITS/AIF view for October 2025 reached €7.95 trillion.

In cross-border distribution, Luxembourg is the clear leader. The 2025 ALFI/Broadridge study found €7 trillion in global cross-border fund AUM by December 2024, with Luxembourg accounting for nearly half.

What it means: Luxembourg's scale creates a shared reference point for European LPs. Familiarity with Luxembourg vehicles consistently translates into faster and smoother due diligence cycles, removing friction at the LP level.

3. Structure once, sell widely

Luxembourg's legal toolbox mirrors U.S./UK LP economics while aligning with EU fund rules:

SCSp (special limited partnership): contractual flexibility akin to Delaware/UK LPs; tax transparent; widely used for flagship funds, feeders, co-invests, carry vehicles and acquisition SPVs.

RAIF (Reserved AIF): "speed-to-market" vehicle (no prior CSSF authorization) supervised indirectly via its AIFM; open to multiple strategies and forms; and with broad adoption.

SIF, SICAR, and Part II UCIs: used where authorisation or retail interfaces are desired; often combined with the SCSp form for familiar governance.

The ELTIF 2.0 regime has further expanded the toolkit for semi-liquid, long-term vehicles that can be marketed to retail investors under specific protections many of which are being launched out of Luxembourg. Luxembourg hosts the majority of Europe's ELTIFs, positioning the domicile for strategies targeting retail private markets access.

What it means: U.S. managers can replicate their preferred LP/GP dynamics (capital calls, waterfalls, advisory committees) within EU-passport-able wrappers, speeding investor onboarding across jurisdictions.

4. Regulatory credibility with pragmatic implementation

Luxembourg's CSSF is seen by global sponsors as both robust and pragmatic. It has been an early mover on UCITS and AIFMD, and has already transposed AIFMD 2.0, with changes that impact delegation and authorization. The changes revolve around disclosure to investors and reporting; a new loan origination regime; liquidity management tools; more freedom for depositaries; and non-EU AIFM marketing under a NPPR.

On macro stability, Luxembourg remains AAA-rated by Moody's, S&P, and Fitch,

an important trust marker for 20-year funds courting pension and insurance balance-sheet capital. The CSSF's annual report also underscores the jurisdiction's policy predictability and commitment to cross-border capital markets, which is precisely the environment long-dated private strategies need.

What it means: European investors place a premium on regulatory predictability and clarity. Luxembourg's approach and framework are well understood across the institutional market.

5. A sophisticated servicing ecosystem

Luxembourg concentrates administrators, depositaries, audit/tax advisers, AIFMs, and specialist counsel across alternatives, giving U.S. managers a deep bench for launch, operations and scaling. With funds registered and sold in more than 80 countries, this cross-border distribution expertise translates into smoother workflows for registrations, investor reporting and regulatory updates when your distribution map spans double-digit jurisdictions.

What it means: Luxembourg's deep service ecosystem streamlines complex cross-border workflows, reducing operational friction so teams can focus on fundraising and investment execution.

6. Tax neutrality

For cross-border investor pools, the goal is neutrality to avoid economic double taxation and instead let investors be taxed in their home jurisdiction. Luxembourg's partnership vehicles (e.g., SCSp) are typically tax transparent; fund-level exemptions exist under multiple regimes; and the country's double tax treaty network is extensive. These features are widely documented by auditing firms and specialist counsel and are a key reason European pension and insurance LPs are comfortable with Luxembourg vehicles.

What it means: This lets managers offer global LPs a tax-neutral, institution-friendly structure where investors are taxed in their home jurisdictions.

7. Retailization and semi-liquid product options

If your strategy includes semi-liquid private markets for qualified retail or wealth channels, ELTIF 2.0 now provides workable redemption calibration and liquidity

tools opening new distribution paths across Europe under a harmonized product label. Luxembourg has been fast out of the gate in authorizing ELTIFs, and so the jurisdiction has a dominant share of ELTIFs to date.

What it means: ELTIFs give managers a credible, Europe-wide, semi-liquid, private markets wrapper, with flexible liquidity, diversified asset buckets, and a Luxembourg ecosystem already leading authorizations.

How Aztec can help

For U.S. fund managers planning to fundraise in Europe, a specialist fund administrator with a proven track record in Europe, a significant presence in Luxembourg and hands-on experience supporting U.S. managers on both sides of the Atlantic becomes an invaluable guide. A third-party expert can efficiently manage the process of setting up European operations, handling the heavy lifting and taking on the critical tasks necessary to ensure compliance with European regulations, smooth operations, and effective fund management on an ongoing basis.

In our experience, managers that engage early with the right partners are best positioned to execute efficiently and scale with confidence. We would welcome a conversation on how Aztec can support your expansion into Europe. Please contact us directly.

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