Raising in Germany

Who Backs Fund I?

bunch

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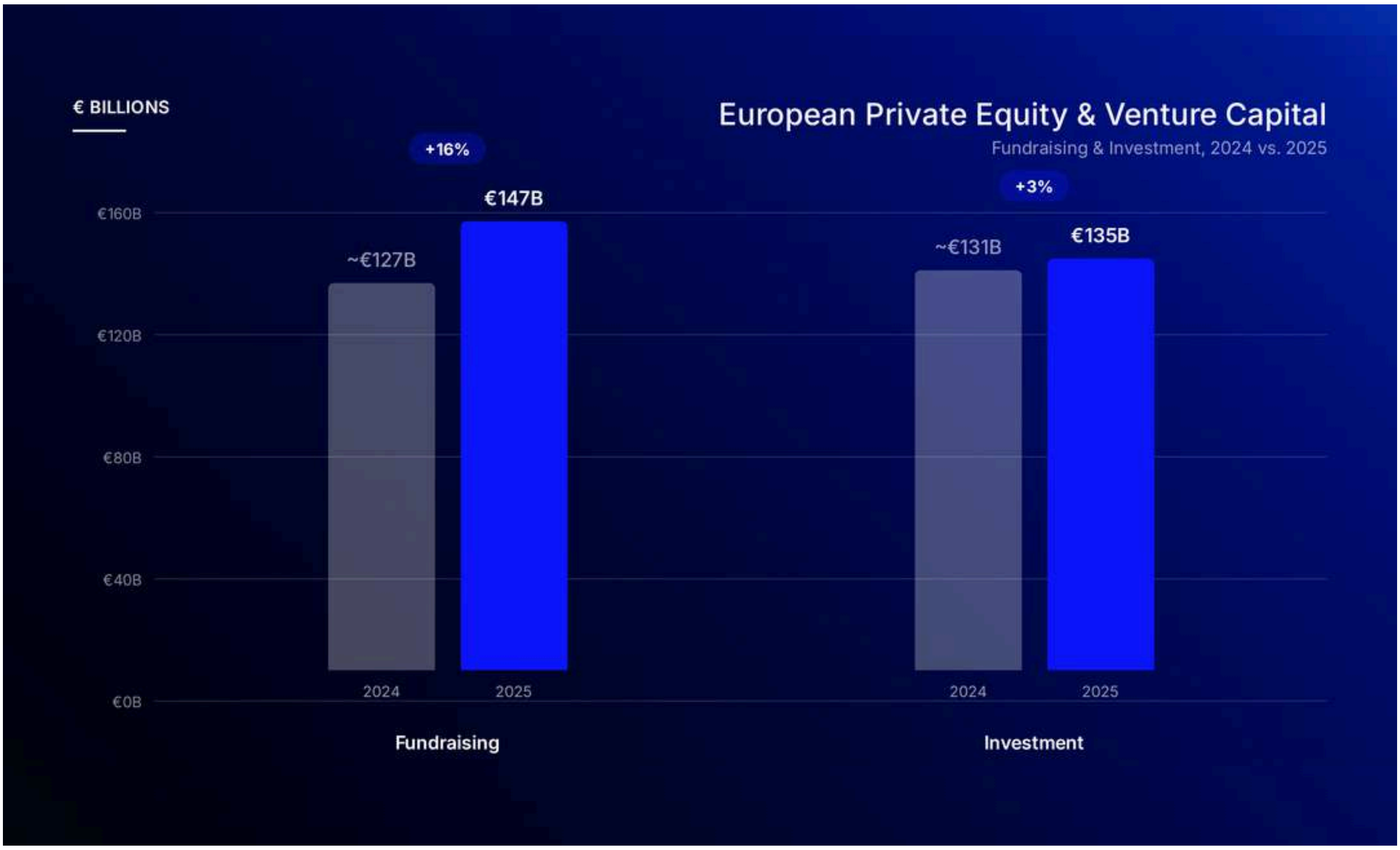
A Guide for Raising in Europe

The Current State



Source: Invest Europe, "European Private Equity Activity Strengthens in 2025" and the Invest Europe Activity Data Report 2025. Note: 2025 figures (€147B fundraising, €135B investment) are reported directly. 2024 figures (~€127B, ~€131B) are calculated from the reported YoY growth rates (+16%, +3%) — not directly disclosed in the source.

Europe's private markets **are in high demand**

Private markets investment activity has come **roaring back after a slow few years**. Funds across Europe raised €147 billion in 2025 — the **second-highest total ever recorded** — while investment into European companies reached €135 billion, 11% above the five-year average. The uptick in demand for European private markets can be attributed, partly, to investment returns. European venture funds have **outperformed European public markets by 10 percentage points** over more than a decade, while showing competitiveness against U.S. venture returns.

With European companies now reaching scale at higher valuations before going public, **institutional investors**, both international and domestic, as well as **retail investors**, are **taking notice**.

A Rich Environment for GPs

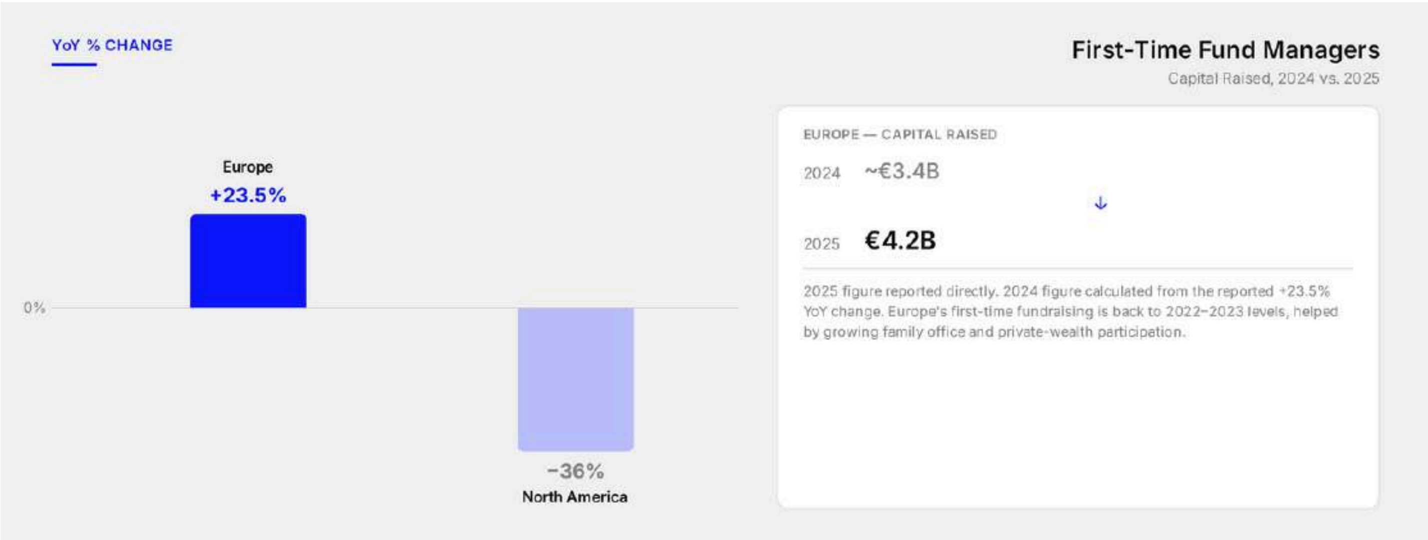
Fund managers have access to more capital *and* deals. In the past twelve months, we've seen a widening investor base looking for exposure to private markets, paired with an accelerating entrepreneurial ecosystem. It's a perfect storm for first-time fund managers, many of whom are already capitalising on these market conditions.

International, institutional, and retail want in

- North American LPs now provide 30% of European buyout capital, up from 23.6% in 2024; meanwhile, inside Europe, pension fund mandates increased 64% in 2025 to venture capital funds.
- Overhauled in 2024, the ELTIF (European Long-Term Investment Fund) opens private markets to retail investors and private wealth clients; 107 funds were authorised in 2025, with assets doubling to €28 billion. On the policy side, the Savings and Investments Union strategy is designed to move Europe's €33 trillion in household wealth into productive investment, with a planned rollout towards the end of 2026 and into 2027.
- European first-time funds raised €4.2 billion in 2025 — up 23.5% and back to 2022–2023 levels — helped by growing family office and private-wealth participation, while first-time fundraising in North America fell 36%.

Tech founders, employees, and valuations multiply

- ICT (Information and Communication Technology) companies received about half of all European venture investment in 2025, and globally AI attracted 61% of venture capital, double its 2022 share.
- More than 27,000 founders started companies in Europe in 2025, the most ever recorded and nearly 60% above 2023, supported by a tech workforce of 4.6 million that is growing faster than the U.S. talent pool. Europe's own set of unicorns: Mistral, Lovable, and ElevenLabs, have established themselves as dominant in the global market.
- The ecosystem behind those companies has matured over the years. European tech is now worth $4 trillion — about 15% of European GDP — across nearly 40,000 funded companies, and European venture investment keeps growing. Emerging managers with sector specialisation and competitive access to early-stage founders can differentiate themselves to prospective LPs.



Source: PitchBook, "5 Largest First-Time PE Funds of 2025 Show Specialists Are Winning."
Note: Europe's 2025 figure (€4.2B) is reported directly; its 2024 figure (~€3.4B) is calculated from the reported +23.5% YoY change.
No absolute capital figures for North America were disclosed in the source; only the −36% YoY change is shown.

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The Checklist

Managing a fund's lifecycle requires careful planning and execution. This concise checklist provides a clear overview of the essentials to keep you on track. The 5 phases outlined below reflect the typical 10-year lifespan of a fund, breaking down how much time is usually spent on each stage—from fundraising to exit.

Pre-Fund Launch

- [x] Define fund structure, terms, and domicile.
- [x] Secure legal documentation (LPA, subscription agreements).
- [x] Obtain regulatory approvals (e.g., AIFM license).
- [x] Pre-qualify LPs to ensure alignment (see p15).
- [x] Prepare investor materials and close commitments.
- [x] Set up banking, accounting, and fund administration.

Fund Operations (with bunch)

Automated fund administration—all in one platform

- [x] Simplify LP onboarding with end-to-end compliance, including KYC, AML, FATCA/CRS, AFM, and more.
- [x] Let bunch handle bookkeeping, tax filings, fund accounting, digital capital calls and reporting.
- [x] Track your investments' KPIs and financials in real time.
- [x] Automatically extract portfolio data through a built-in AI extraction layer for white-labeled investor reporting.

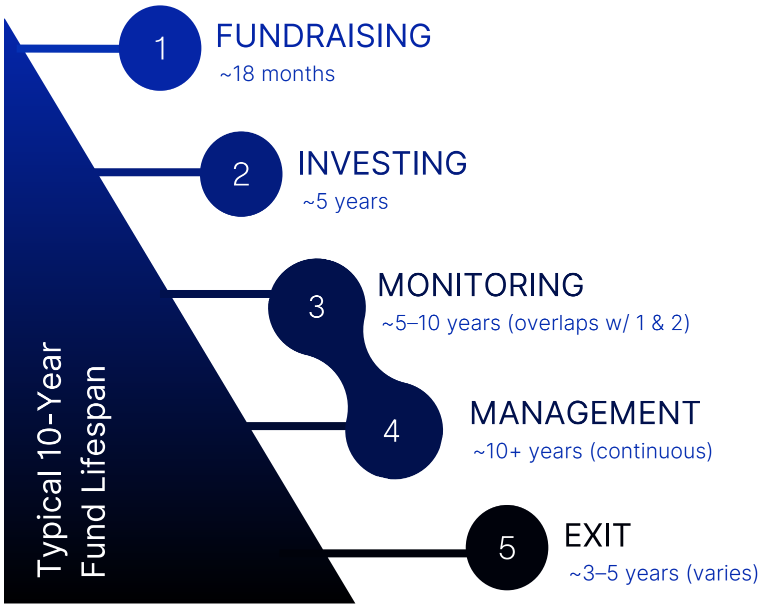
Investor Relations

- Maintain consistent, regular communication and reporting—through the fund highs and lows.
- Host annual meetings and build long-term trust with LPs through tailored engagements and events.
- Provide real-time access to portfolio data through fund administration platform (e.g., bunch).
- Enhance investor experience with digital reporting tools (e.g., Investor Portal in bunch).

Compliance & Governance

- Ensure adherence to regulations, conduct audits, and meet reporting requirements—consulted by fund experts.
- Ensure capital calls are secure via fully digital process, eliminating email-based transactions.
- Access and maintain up-to-date documentation and automate compliance tracking.
- Ensure ESG reporting standards are met.

The 5 Fund Phases



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Fund Domiciliation

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Fund Domiciliation

Choosing the right fund domicile is a crucial decision for fund managers, influencing every aspect of fund management—from regulatory compliance to market reach and operational effectiveness. Factors such as regulatory flexibility, tax efficiency, market accessibility, and operational efficiency play a pivotal role in determining the most suitable jurisdiction. The heat graph below offers a comparative overview of key European domiciles, outlining their relative strengths and limitations to aid in this decision-making process.

Source: The Drawdown, Fund Domicile Report 2024, January 2024

There is no one-size-fits-all solution when selecting a fund domicile—each jurisdiction offers unique advantages depending on the fund's strategy, investor base, and operational needs. The ideal choice depends on factors such as **regulatory requirements**, **tax considerations**, and **market accessibility**. At bunch, our deep expertise in **fund structuring** and **administration across multiple European** and **UK jurisdictions** enables us to provide tailored guidance aligned with your specific objectives. With a pan-European presence, industry insights and a broad partnership network, we help fund managers as their one-stop shop for navigating the complexities of domiciliation and ensuring a seamless setup process. To discuss the best fund domicile for your needs and explore a strategic partnership—contact our team of fund administration experts.

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Navigating FATCA & CRS

Let’s get more technical: international tax compliance presents significant challenges, particularly regarding regulations like the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS).

Your organisation may qualify as a financial institution under either or both frameworks. It is essential to carefully evaluate the requirements of these regulations to ensure understanding and ongoing compliance.

Breaking Down the Difference

🇺🇸 FATCA (U.S. Focus)

Foreign Account Tax Compliance Act

FATCA is a U.S. federal law that mandates that non U.S. financial institutions report information on U.S. account holders directly to the Internal Revenue Service (IRS).

It is designed to ensure that U.S. taxpayers with foreign financial accounts, report their assets. It applies to foreign financial institutions that have U.S. persons – including primarily U.S. citizens and residents, as well as Green Card holders – as account holders.

One-way Reporting

FATCA primarily involves one-way information exchange from foreign financial institutions directly to the IRS.

Jurisdictions

FATCA applies in countries that have entered into bilateral FATCA implementation agreements with the United States, including Germany, the United Kingdom, the Netherlands, and Luxembourg.

🌍 CRS (Global Focus)

Common Reporting Standard

CRS is an international standard developed by the Organisation for Economic Co-operation and Development (OECD). It mandates the reciprocal exchange of financial account information between participating countries.

Like FATCA, CRS (as implemented in national law) requires so-called Reporting Financial Institutions to gather and report information on account holders to their local tax authorities, who then exchange this information with the countries of tax residency of those account holders.

Two-way Reporting

CRS requires mutual exchange between participants, with the result that the number of multilateral CRS agreements far outstrips the number of bilateral FATCA agreements in place.

Deadline

CRS requires financial institutions to gather sufficient information on account holders within 90 days of account opening.

90

Broader Coverage

CRS covers a broader range of financial accounts and focuses on identifying beneficial owners of accounts, aiming for comprehensive transparency.

Source: bunch.capital/blog

more on FATCA?

To the interview

We got together with **Dominic Briggs**, Co-Founder and General Partner at Blockwall, a pre-seed and seed Web3-focused venture fund, to discuss the impact of FATCA on his fund operations. As a long-term investor in crypto and blockchain technology, Dominic brings deep expertise in navigating regulatory landscapes while fostering innovation in the space.

Blockwall

bunch: *FATCA and CRS have significant implications for the financial industry. As a Fund Manager, how have these regulations most affected your work?*

Dominic: The impact has been considerable. Since the inception of Blockwall, we've been laser-focused on diversifying our LP base, which ranges from high-net-worth individuals (HNWI) to demanding institutional investors across a dozen jurisdictions. The onboarding process has been particularly challenging in this regard due to the varied compliance requirements.

bunch: *What do FATCA and CRS entail for a Fund Manager, and how are you dealing with the requirements of both?*

Dominic: FATCA and CRS require us to ensure that we have the necessary information to report on our investors' tax residency and financial accounts. To manage this, we've always sought strong partners to help us navigate the regulatory and operational challenges of running a fund. Beyond compliance, we prioritise the LP experience to ensure it remains seamless and efficient.

bunch: *Are investors involved in the process? How do they contribute or participate?*

Dominic: Absolutely, investors are a crucial part of the process both pre close and post-close. They need to provide the required documentation and information to comply with FATCA and CRS regulations. We work closely with them to ensure all necessary details are collected promptly and accurately, minimising any potential disruptions.

bunch: *What are the main challenges you face during the FATCA and CRS reporting season?*

Dominic: One of the primary challenges is that investors tend to be unfamiliar with the intricacies of the FATCA and CRS reporting processes. It requires us to provide clear guidance and support to ensure they understand their responsibilities.

bunch: *How does having good partners help in managing these challenges?*

Dominic: Reliable partners on the admin side are indispensable in this process. They bring expertise and resources that help us streamline compliance tasks, mitigate risks, and ensure we stay ahead of regulatory changes. Their support allows us to focus on our core activities, such as managing investments and maintaining strong relationships with our LPs.

bunch: *That's insightful. Any final thoughts on navigating FATCA and CRS as a Fund Manager?*

Dominic: It's all about finding the right balance between compliance and maintaining a positive investor experience. With the right partners and systems in place, it's possible to turn these regulatory requirements into a streamlined part of the onboarding process rather than a cumbersome hurdle.

Source: bunch.capital/blog

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Securing LPs: An interview with Wouter Gort

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We also got together with **Wouter Gort**, Partner at Hummingbird Ventures, who began his career as an entrepreneur before joining Atomico. As a founding partner of Greyhound Capital, he invested in notable fintech successes like Brex, Revolut, and Toss. Wouter presently splits his time between global fund investments and personal deals, bringing deep expertise from crypto to enterprise tech, with a focus on comparables over surface-level metrics to make informed investment decisions.

Hummingbird

bunch: *Wouter, what are the key components Fund Managers need to keep in mind during fundraising?*

Wouter: Fundraising involves being clear about what you are and what you are not. For example, if I am a deep-tech, early-stage investor taking high risks with a 90% loss ratio, but when I hit big, the payoff is worth it. I've clearly defined who I am. Now, I need to pre-qualify potential LPs.

Many fund managers aren't qualifying their potential LPs effectively. It's as important for an SDR or Account Executive of a big SaaS to do their homework and qualify leads as it is for emerging fund managers. And once you've done these two things; 1) define what you are and aren't, 2) qualify your LPs—fundraising will be much easier.

bunch: *What are the different strategies you've seen or tested to secure LPs effectively?*

Wouter: One strategy I've seen is what you'd call the "spray and pray" approach. I knew an emerging manager who was sending out thousands of emails a day. It was relentless, but over time, their persistence paid off, and they managed to raise $10 million. But this method is not for everyone—it requires an incredible level of resilience to handle the daily rejection.

Another approach is media-driven fundraising. I met a fund manager who was a growth hacker at heart. They built a strong brand by hosting an LP conference, bringing in key players, and creating a network effect around their fund. This strategy worked well, but it requires time and effort to build up that level of branding.

And then there's the most obvious but effective approach—leveraging social capital. If you get near a pool of capital, dig deeper. Sometimes connections within an existing circle lead to other unexpected funding opportunities. That said, fundraising is unpredictable; one meeting might bring in $3 million, while seven others lead to nothing. That's just how it works.

bunch: *What about the most common mistakes or challenges emerging managers make when securing LPs?*

Wouter: It's a delicate balance between providing LPs with the *right* data and context to evaluate their investment, but avoid overwhelming them with too much information. It's essential to educate them about the long-term commitment and risks associated with VC. A key challenge here is that many of us are flying blind due to the lack of reliable benchmark data. We end up comparing apples to pears. Finding accurate data and identifying proxies for comparison is critical to securing that LP commitment.

bunch: *How critical are Fund Manager capital commitments?*

W **Wouter:** There is no set rule but GP commitments can be highly scrutinized. The standard is 2%; however, if you have a $100M fund where $70M is GP commit, what you essentially have is a family office with leverage. Too much or too little GP commit sends signals about alignment with LPs as well. And of course LPs vary in risk appetite: some LPs want 10x returns; others prefer steady, moderate returns of around 15%.

bunch: *What about anchor investors or strategic advisors?*

W **Wouter:** Strategic advisors add credibility and can guide emerging managers through fundraising. However, there can be strings attached—some may demand preferential terms or significant control over fund economics. It's crucial to ensure that not all economic benefits are directed their way, as this can become a concern for LPs.

bunch: *Once you have the foot in the door with LPs, what strategies are most effective in building trust and rapport with LPs?*

W **Wouter:** Once you've been clear and explicit about your positioning in terms of your investment thesis and risk-return profile, the real work comes in. You have to take the time to understand your LP's unique objectives and the different profiles. And then you have to show them, consistently, how your fund's strategy aligns with their profile. Then, to keep the trust high, of course transparent communication through both the highs and lows of your fund and showing you have the infrastructure to execute on your promises.

bunch: *You mention infrastructure—how critical is a centralized (clean) data hub for you?*

W **Wouter:** A clean CRM, efficient workflows, and a centralized clean data hub for accurate reporting are key to having good infrastructure. Tools like bunch reduce the friction for emerging managers looking to get started. It also allows LPs to track performance and access data through a dedicated LP portal. But if you go a step further, you also want to be creating case studies and leveraging AI tools to provide context around your funds performance compared to the market. I've recently started using Tetrix to show the rising stars of my portfolio.

bunch: *How important is a long-term view in venture capital?*

W **Wouter:** Venture capital is a long game. Success is highly correlated with vintage years, so it's about consistently investing over a 10+ year period to catch the strongest vintages. The Pareto principle definitely applies here—about 5% of funds generate 85% of returns. Timing is critical, but not in the sense of trying to time the market. Instead, success comes from staying consistently exposed to opportunities over time rather than relying on one-off investments.

bunch: *Looking ahead, what trends do you anticipate in LP expectations and the venture capital landscape?*

W **Wouter:** We're seeing increasing bifurcation—capital is flowing more heavily into alternatives. At the same time, technological advancements are reshaping fund management. Platforms like bunch are making it easier to manage funds and share data, reducing friction for both fund managers and LPs. Another key trend is liquidity. The focus on TVPI-to-DPI conversion is stronger than ever, and an IPO window—like a potential Revolut IPO—could trigger a big wave of liquidity events and significant activity in Europe. So there's a lot of potential and appetite ahead of us.

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Who Backs Fund I?

Every first fund has the same problem from the get-go: that first close making the rest of the raise possible has to come from somewhere. For most emerging managers in Europe that has meant angels, founders and family offices with institutional LPs arriving at a later close or not at all. **In Germany, that order is now changing.**

KfW Capital holds EUR 200 million in its Emerging Manager Facility, available until 2030. Both publish their criteria in full and both are already deploying.

KFW CAPITAL

- Founded in 2018 as an investment subsidiary of KfW Bankengruppe, it describes itself as one of the largest VC fund investors in Germany and Europe, and it coordinates the Future Fund on behalf of the federal government. Its investment programmes include ERP-VC fund investments and the ERP/Future Fund Growth Facility, the Impact Facility, the Germany Fund and the Emerging Manager Facility.

- Investor Pathways Capital and the Emerging Manager Facility are the entry points on those two shelves for a manager with no fund behind them. The first is built for first-time investors with limited access to finance and to established LP networks, the second for female and gender diverse fund teams raising smaller funds.

For an emerging manager, this changes the sequencing of a first raise. The question is no longer only who will back you first, but whether you are eligible and when the next window opens.

Three things make both worth planning a raise around:

- The first is **size**, this is cornerstone LP capital deployed on commercial terms rather than grant money, and at up to 50% of fund size in the UK in a single commitment covers a meaningful share of the target. The rest of the raise then happens against an anchor rather than from a standing start.

- The second is **signal**. A commitment from a national promotional bank tells prospective LPs that you have already passed institutional due diligence, which is often the more valuable half of what the cheque buys.

- The third is **terms**. Under Enterprise Capital Funds, British Business Finance Limited commits up to two thirds of the fund, capped at £50 million, with the remaining third drawn from private investors side by side. It then takes a reduced share of profits once capital has been repaid, so more of the upside reaches the private LPs. **Investor Pathways Capital** typically commits up to 50% of fund size and does not require a GP commitment.

KfW Capital's Emerging Manager Facility

Germany's equivalent came earlier and is structured differently. KfW Capital launched the Emerging Manager Facility on 20 October 2023, with EUR 200 million available until 2030.
The target is female or gender diverse VC fund teams managing smaller fund volumes, in particular first time entrants to the market.

- **Fund size**. Maximum target volume of EUR 50 million.
- **Ticket**. Up to EUR 12.5 million per fund, capped at 25% of total fund volume. KfW Capital invests pari passu with private investors following due diligence.
- **Diversity criteria.** A fund must meet at least one of three tests: the management team is at least 33% female or non-binary, the senior investment team is at least 40% female or non-binary, or the investment committee is at least 40% female or non-binary.
- **Other requirements**. The fund must be domiciled in Germany or Europe, must invest the capital obtained into young innovative German technology companies, must comply with KfW Capital's exclusion criteria, and must pass customary due diligence.
- **Timing**. There is no cohort structure and no fixed application window. The facility runs on a rolling basis with capital available through 2030.

Where it stands today:The first commitment under the facility went to Nucleus Capital DeepTech Clima in July 2024, a EUR 6.5 million commitment to a fund led by Dr Isabella Fandrych and Maximillian Schwarz, investing in programmable biology, food technology and green industrials.

"The EMF specifically provides female or gender-diverse VC fund teams with improved access to" funding capital."
Dr Jörg Goschin, Senior Managing Director, KfW Capital

Key Takeaway:
Institutional anchor capital for first funds is available right now, but on institutional terms. This programme assess your operating model not only your thesis. Build the compliance, reporting and administration stack before you apply, not after the commitment lands.

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Looking Ahead

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Europe's Moment: The Opportunity and the Bar

With increased fundraising, techno-optimism, regulatory reform, and more liquidity opportunities for LPs, the future of private markets in Europe is bright.

Global institutions at scale want exposure to European private markets, and they're not alone. Combined with growing demand from the largest EU-based asset managers and the collective investment power of individual retail investors, capital is flooding into Europe seeking fund managers and founders that can generate alpha.

At the same time, Europeans are starting companies more than at any time on record, and the EU is preparing for the computing infrastructure that will be needed. Its €20 billion AI gigafactory program drew bids proposing more than €230 billion of investment, a sign that Europe's industry and investors are leaning into the future of technology and economic growth.

And lastly, liquidity is accessible. European listings are being completed again, secondary transactions are reaching record levels, and European fund managers are now building liquidity into the operating plan. Being able to return cash to your LPs has become a determining factor in raising new funding.

Fund Manager Takeaway: Emerging managers raising over the next few years will face a wider range of LPs to pitch, companies worth backing, and liquidity opportunities for their investors. Those new LPs will ask harder questions about liquidity, reporting, and operations than they did last cycle. Have a clear answer for how you plan to return capital, and run your fund on institutional-grade operations from the start.

Build on bunch