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

2025 - a year of uncertainty and change!

At the latest since Donald Trump took office, there has been a feeling that the world is somehow turning faster, sometimes even the other way around. The pace and direction in which geopolitics, the economy, financial markets and society are changing/rotating and in which we have to adapt to changing conditions is enormous. “America first” is a gigantic impetus for the whole world. We are familiar with the momentum-energy relationship from our physics lessons, so the question is obvious: what impact will this momentum have on the system as a whole and what energy changes will this lead to? One thing is already clear: the state of shock into which many people and institutions - not only in politics - have fallen is not an energetic change at all!

We will see whether this will soon come to an end. The new EU Commission under Ms. von der Leyen, which has officially been in office since 1 December, has already announced major headlines, such as the Competitive Compass, the Clean Industrial Deal, the Savings and Investment Union and various omnibus legal acts to save sustainable finance regulation, for example, but the precise proposals and drafts are still a long way off. Now more than ever, however, the EU Commission needs to take bold and strategic action. Only united and, above all, decisive action will move Europe forward and strengthen it in global competition. Then the EU will be able to set strong impulses itself and not just become a pawn of external impulses. The EU Commission must prove that it takes the issue of competitiveness and cutting red tape seriously. The Capital Markets Union, now Savings and Investment Union, must finally show success. This project has been bobbing along for too long and the EU capital market is unfortunately still not a single market. There are too many national regimes that compete rather than work across borders and unleash growth. We need uniform and simple rules for institutional and private capital investment and financial products, their distribution and the associated advice more urgently than ever. Only then will it work with the large-scale and growth-promoting financing of infrastructure, the energy transition, start-ups, SMEs and the like. And then another switch needs to be flipped: Sustainability must finally be conceived or understood as a seal of quality and not as a sales and consulting brake. And the EU Commission will hopefully set the course for this as early as this week when the relevant omnibus directive is presented.

Alongside and within the EU, in particular Germany is of course now also called upon to act. The “traffic light” coalition has been voted out of office, and the designated Chancellor Friedrich Merz has the challenging task of not only bringing about a forward-looking change in policy that will once again make Germany an important and leading voice in the European and international community, but above all he must also ensure that framework conditions are created in Germany - but also in the EU - that promote growth and entrepreneurship so that we can survive in global competition in the long term.

To achieve this, coalition negotiations must of course first be conducted swiftly and successfully, and it is good that Easter has already been set as the deadline. With a view to a possible coalition agreement, it is at least already clear that the old federal government has left behind enough tasks and challenges so that various initiatives and projects are virtually predetermined, especially in the area of financial market regulation. And the drafts that are in the drawers of the Ministry of Finance, such as the draft Fund Market Strengthening Act, which in particular transposes the amended AIFM Directive with the EU-wide harmonized regime for credit funds into national law, or the draft Future Financing Act II, which is aimed in particular at flanking the financing of the sustainable transformation under supervisory and tax law, are certainly useful. It is pleasing that the old federal government - surprisingly for some - has nevertheless initiated the revision of the Investment Ordinance, which was separated from the Occupational Pensions Strengthening Act II; with the introduction of an independent infrastructure quota, the increase in the risk capital quota and the flexibilization of the opening quota. These are certainly important impulses for the modernization of occupational pension provision, even if there is a clear need for further adjustment in the Investment Ordinance, and especially in the associated BaFin circular. In any case, the new federal government would be well advised to resume these measures and projects quickly and, in some cases, to expand them further so that no more time is lost here after the “traffic light” government blocked itself for too long and too often. Mr. Merz will hopefully find an open ear here with his future coalition partner, who has so far played a constructive role in the aforementioned legislative processes, for example.

In short, the fact remains: 2025 is a year of upheaval and uncertainty. We hope for the best.

AIC 2025 - register now

You have probably already noticed it and this newsletter also contains a striking announcement: our flagship conference, the Alternative Investor Conference (AIC), is casting its shadow and registration is now open. The program has largely been finalized and we have - once again - top-class presentations and panel discussions, great keynote speakers, a first-class investor program, another regulatory pre-event and much more that is needed to make the AIC a complete success again this year. So make sure you register in good time.

BAI General Meeting on April 2

Our members have already received an invitation to this year's Annual General Meeting. This will take place in virtual form on April 2. We not only have an exciting and successful association year behind us to report on. As mentioned at the beginning, the new financial year brings with it a number of changes and uncertainties that we would like to discuss with you. We hope for a lively participation again.

Private Debt Symposium / Focus topic

We have made a very successful start to this year's event cycle. Our webinars continue to enjoy great popularity, various BAI Insights, i.e. face-to-face events with our member companies, are coming up, and the established Private Debt Symposium took place on February 6, this year with a record attendance of almost 450 participants. The symposium is now the most important private debt conference in the German-speaking world.

And that brings us to the focus of this newsletter, which is also dedicated to this topic. The last BAI Investor Survey showed that private debt and corresponding funds continue to be among the central asset classes not only in institutional portfolios but are now also conquering the private wealth segment. ELTIF 2.0 finally seems to be having an impact here and more and more member companies are also offering corresponding products for private investors. Overall, the new EU-wide regime for debt funds based on the AIFMD review will also provide new impetus, I am sure of that. There are always new, in some cases tailor-made investment structures for investments in the private debt segment; at the same time, closed-end fund structures that were exclusively open to professional investors are being put to the test. Meanwhile, evergreen structures and semi-liquid funds, for example, are becoming increasingly popular with both providers and investors. I would like to recommend the recently published BAI publication on evergreen funds.

The same applies, of course, to the many specialist articles in this newsletter on private debt, which are well worth reading. Many thanks to all the authors who contributed to this newsletter.

Once again, I wish you an informative and entertaining read of the BAI Newsletter.

Frank Dornseifer
Managing Director, BAI e.V.