Private Markets in Switzerland: Scaling Innovation & Growth

A Study from AMAS, SECA, and BCG

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SECA

The **Asset Management Association Switzerland** (**AMAS**) is the representative association of the Swiss asset management industry. It aims to strengthen Switzerland's position as a leading center for asset management with high standards of quality, performance, and sustainability. AMAS supports its members in developing the Swiss asset management industry and adding value for investors over the long term.

The **Swiss Private Equity & Corporate Finance Association** (**SECA**) represents Switzerland's private equity, venture capital, and corporate finance sectors. Celebrating its 40th anniversary in 2024, SECA has nearly 600 members and promotes industry growth, collaboration, and education while enhancing the profile of Swiss private equity and corporate finance globally.

BCG

Boston Consulting Group (**BCG**) is a global consulting firm partnering with leaders in business and society to tackle their greatest challenges and capture new opportunities. Founded in 1963, BCG pioneered business strategy consulting and is helping organizations achieve sustainable growth and societal impact.

Background of the study and acknowledgements

This report is based on a collaboration between the Swiss industry associations AMAS and SECA, supported by BCG. Drawing on our research, including interviews with senior investment, asset and wealth management leaders, we provide a summary of global market trends, the specific developments and challenges in Switzerland's private markets, and potential solutions to evolve and strengthen the Swiss financial ecosystem.

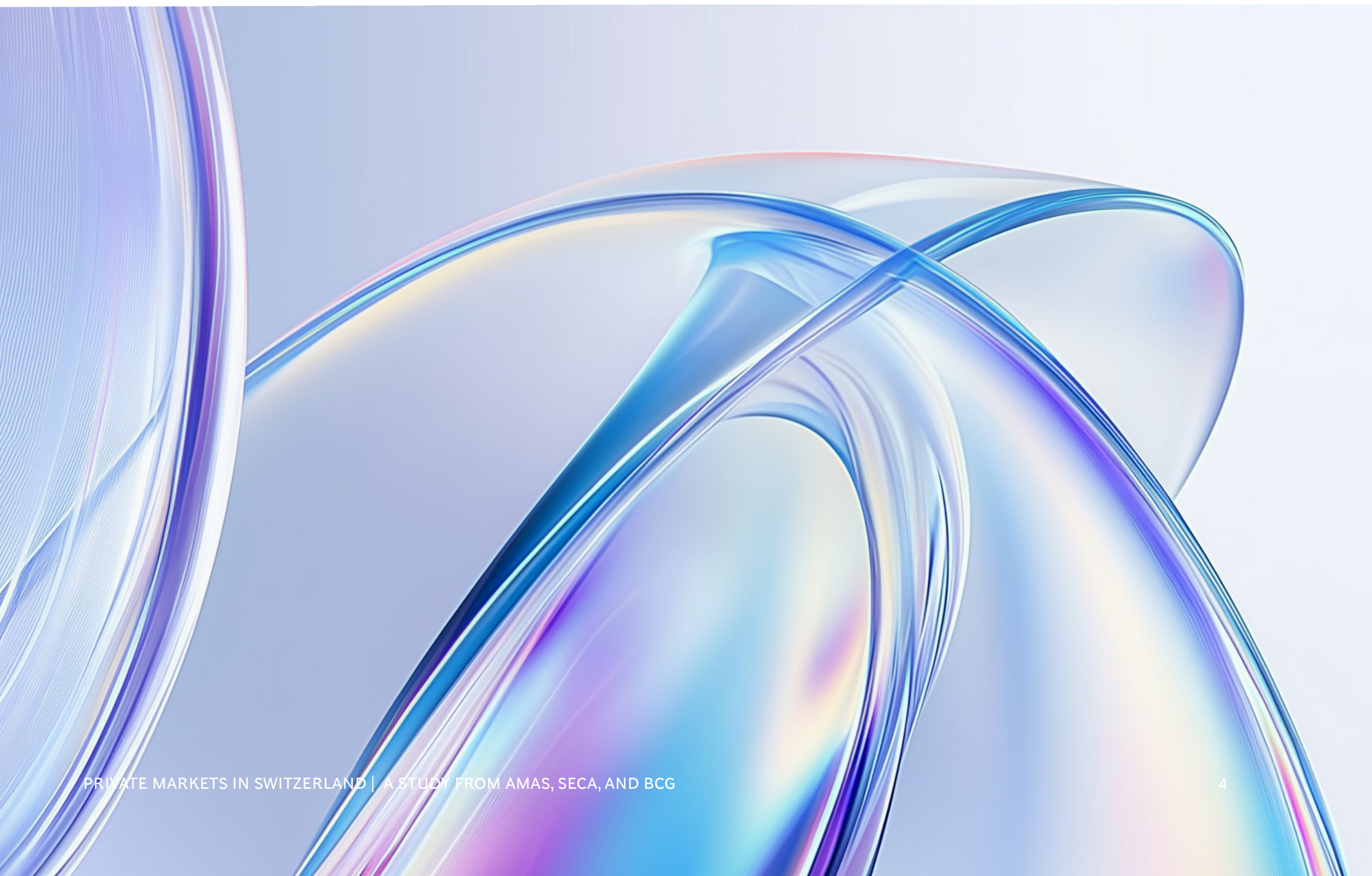
We also share unique data and insights based on a survey of investors and asset managers in Switzerland as well as real life case studies, sourced directly from relevant institutions.

The authors of this report would like to thank all survey participants and interview partners, including the AMAS Board Members and other senior industry leaders, for their valuable insights and perspectives.

In addition, we would like to express our gratitude to our partners who shared their case studies with us - namely SUVA, GastroSocial, Retraites Populaires, Partners Group, Capvis, Invision, Redalpine and B2Venture.

Lastly, the authors are grateful to Michael Unger, Ines Diaz-Tejeiro Rodriguez, and the BCG editorial and design teams for their contributions to this whitepaper.

Content



Executive Briefing

1

**The importance of private capital markets for both companies and investors continues to grow at a rapid pace.
While Switzerland has a solid foundation, there is room to enhance its private market strength, both in investment capabilities and capacity. By doing so, Switzerland can provide critical support to Swiss high potential companies and solidify its status as a leading global financial hub.**

Over the last two decades, private (capital) markets such as private equity, venture capital, private credit and private infrastructure have established themselves as critical sources of capital to the economy. Private markets provide an important complementary arena to public markets, offering distinct advantages to companies and investors alike. They play a crucial role in fostering the creation, scaling and growth of emerging companies, provide alternative funding sources for established companies, and are also seen as essential to financing the energy and digital transition of the economy. They provide a differentiated return profile for investors and enable exposure to a more diverse range of companies and one that represents a more widespread cross-section of the economy.

Switzerland has been engaged in the evolution of private markets over the past decades, through pioneering investment firms, asset and wealth managers as well as institutional investors such as pension funds, insurers and foundations. While there is continued positive momentum around private markets, growth capital for scaling emerging and more mature companies remains limited, forcing many high-potential firms to turn to investors in other markets, such as the United States. While private markets operate on a global scale, cultivating a more active investor base within Switzerland will foster a dynamic domestic ecosystem, enabling companies to build stronger local ties from the outset.

Boosting private market capabilities and capacity is not only essential to future economic growth, innovation and job creation in Switzerland, it is also an opportunity to buttress the country's role in global financial markets. By strengthening investment capabilities, across institutional investors, wealth and asset managers, Switzerland can make private markets an important pillar of its overall financial market strategy.

Call to Action

To move forward, the following five key actions could be considered:

1. **The Place for Companies to Innovate and Grow**
   For Switzerland to remain an appealing location for businesses of all sizes, a supportive and competitive framework is required which will allow these companies to establish themselves, scale operations, and achieve long-term success. This includes fostering access to private and public capital, maintaining open pathways for growth, and ensuring businesses can retain a Swiss base while expanding globally. The country's world class academic institutions - which generate a highly skilled talent pool and provide fertile ground for spin-offs - as well as a regulatory framework that supports innovation and startups, should continue playing a crucial role in this ecosystem. Possible roadblocks should be regularly assessed so dynamism and competitiveness are maintained.

2. **A Prime Destination for Private Market Investors**
   Switzerland's position as a financial center gives it a unique opportunity to develop and attract leading private market fund managers. By cultivating a strong local talent pool, maintaining regulatory clarity and a supportive tax environment, Switzerland can become a prime location for private market investment firms.

3. **Unlocking Institutional Returns and Growth**
   Switzerland's investor base holds significant untapped potential for private markets, but regulatory constraints, cultural factors, and market fragmentation pose considerable challenges. Institutional investors could explore opportunities to diversify portfolios, supporting economic growth and innovation through growth capital investments, while remaining aligned with fiduciary duties. By doing so they can improve sustainable returns while taking a balanced approach that carefully considers both the risks and long-term benefits of private markets.

4. **Evolving Wealth Management**
   As a global leader in wealth management, Switzerland is uniquely positioned to shape and manage global private market investment flows. As a result of its expertise and trusted reputation, the wealth management industry has an opportunity to set new standards and drive further innovation in the allocation of capital to private markets.

By delivering superior, customized investment solutions that cater to the growing demand for private market opportunities among private investors, the Swiss wealth management sector can further differentiate what it offers clients.

5. A Supportive Framework, Engagement and Communication Strategy

A clear, transparent, and efficient legal and regulatory environment is essential to attract global capital. Switzerland can benefit from regularly updating its framework to support participation in private markets, maintaining its position as an attractive and trusted destination for global investors while also enabling broader access to private market investments for both institutional and private investors.

Moreover, a concerted effort in communication and education is crucial. Industry leaders, associations, and other key stakeholders can collaborate to raise awareness of the opportunities that private markets offer. By providing clear, accessible information and cultivating greater understanding among investors, policymakers, and the public, key stakeholders can help dispel misconceptions, promote informed decision-making, and encourage broader participation.

Such initiatives are critical to building a more vibrant and inclusive private market ecosystem that supports businesses at all stages of development, while also strengthening Switzerland's position as a leading global financial center.

2

Defining the Private Markets Ecosystem

Private capital markets have long complemented public capital markets, offering essential funding to businesses at various stages of development. Traditionally dominated by private equity and venture capital, these markets have played a pivotal role in enabling startups, small and medium-sized enterprises (SMEs) and mature companies to grow, innovate, and restructure. Over recent decades, private markets have experienced significant expansion, helped by low interest rates and tighter banking regulations in the wake of the Global Financial Crisis (GFC).

Private markets offer investors access to innovative, high-growth sectors which are often unavailable in public markets. They support long-term investment strategies that have the potential for higher net returns and can significantly enhance portfolio diversification. Private markets also allow exposure to a more diverse range of companies which constitute a more representative sample of the economy.

Private markets can provide customized funding solutions tailored to specific business needs. They reduce regulatory complexity and offer greater operational flexibility compared to public markets. Investors often play an active role in driving significant value creation free from the pressures of quarterly reporting.

Although private and public markets operate differently, they are best seen as complementary rather than competitive. Private markets excel in offering flexibility, customized financing solutions, and strategic growth support. Public markets, however, are essential for large scale capital raising, providing broader access to funding, liquidity for investors, and greater transparency. Since private market investments are not publicly traded, pricing information is inherently limited. Traditional volatility metrics and portfolio allocation strategies often fail to capture the unique dynamics and liquidity associated with private markets.

For many businesses, tapping the public markets represents a pivotal milestone in their lifespan, unlocking the resources needed for global expansion and visibility. Private and public markets constitute a robust financial architecture, enabling companies to transition from the private growth phases to public offerings as they scale and diversify their sources of capital.

Strategic Perspective: Rethinking Investment Categories

Investors often approach the investment landscape through the lens of rigid classifications like “traditional” versus “alternative” assets. However, these markets are not mutually exclusive but complementary. Private markets extend the spectrum of opportunities available in equity and debt, offering unique pathways for diversification, growth, and value creation. By broadening the range of assets, private markets enhance the overall investment toolkit and stand alongside public markets to provide a comprehensive investment strategy.

The focus of this report is private equity, venture capital, private credit, and private infrastructure. Real estate and real assets, while often included in private market discussions, are excluded due to their distinct dynamics. We sometimes refer to venture capital separately in this report due to its prominence though textbook definitions often consider it as a subcategory of private equity.

Private Equity & Venture Capital: Fueling innovation and growth

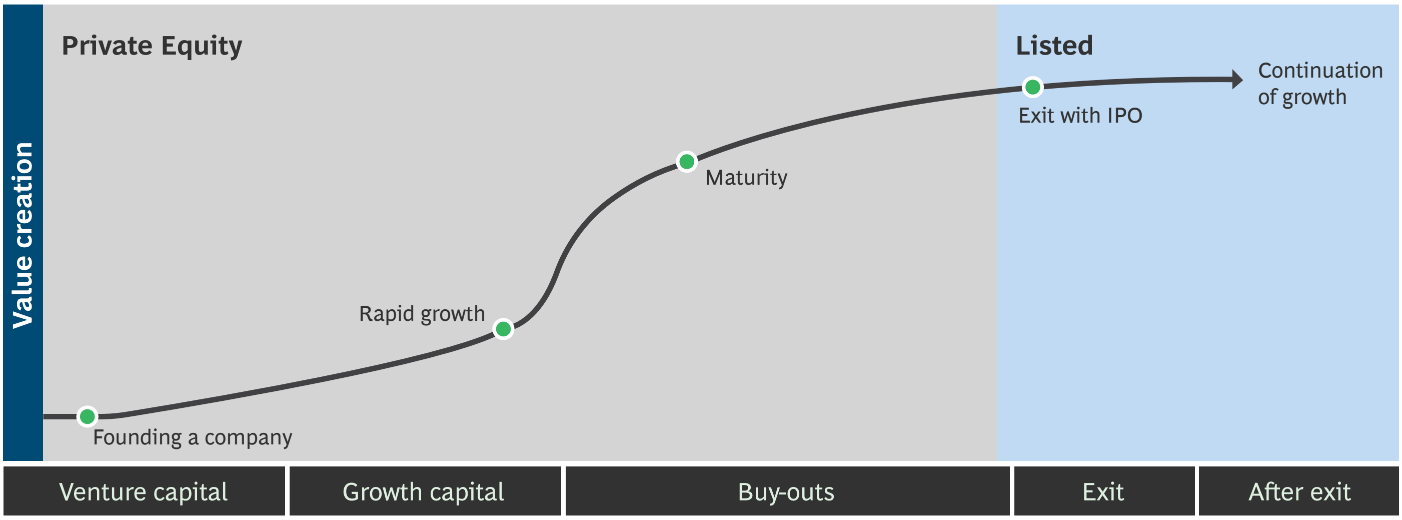
Private equity (PE) stands out for the control it offers investors, often through the acquisition of significant stakes in companies. This hands-on involvement enables specialized investors to shape corporate strategy, drive operational improvements, and align with broader goals. For instance, investors focused on environmental, social, and governance (ESG) initiatives can have a substantial impact in the PE sector. Private equity also plays a critical role in bolstering economies through investment in small and medium-sized enterprises (SMEs) by encouraging growth and job creation. A well-developed private market ecosystem offers attractive opportunities for both local and international investors.

Investment in private equity has drawbacks, including illiquidity, longer investment horizons and evolving regulatory frameworks to some extent. However, these challenges are often offset by the strategic influence, return and diversification benefits private equity offers. It has become an indispensable tool for investors seeking both financial returns and meaningful impact. In recent years, access to private equity has improved significantly thanks to efforts to democratize the asset class. New platforms bundle and select portfolios with lower entry barriers, while listed private equity products provide greater accessibility and liquidity.

Private equity investment strategies are varied, ranging from buyouts and growth equity to turnaround approaches. A buyout typically involves acquiring established businesses to scale or restructure, while growth equity focuses on providing capital to accelerate expansion. Turnaround strategies target underperforming companies and leverage operational improvements to unlock value.

Venture capital (VC) complements private equity by focusing on early stage and high growth companies, particularly in technology, healthcare, and other innovative sectors. Investments In VC span multiple stages: seed funding supports startups in developing the initial proposition; early-stage funding helps scale operations and hone business strategies, and growth capital enables mature startups to expand significantly, often in preparation for an acquisition or public offering. (See Exhibit 1.) Each stage presents specific risks and opportunities, with the earlier stages carrying higher uncertainty and later stages offering greater stability.

Exhibit 1: The company lifecycle -from private market growth to public listing



Source: SECA

Private equity and venture capital form essential pillars of the private market ecosystem. By supporting companies at different stages of their lifecycle, these investment types offer diverse opportunities for growth, impact, and participation in transformative industries.

Private Credit: Flexible Financing Solutions

Private credit refers to corporate lending provided by institutions outside the traditional banking system. Unlike bank loans or publicly traded bonds, private credit involves debt originated privately on terms negotiated directly between borrowers and lenders. These lenders, typically credit fund managers, often collaborate with borrowers backed by private equity sponsors to tailor financing solutions.

Private credit encompasses a broad range of strategies, collateral types, and seniority levels. Key categories include direct lending, distressed debt, special situations, and mezzanine financing, as well as real estate and infrastructure debt. It also includes asset-backed debt and other specialized forms of corporate lending, offering flexible solutions to meet diverse capital needs.

Private Infrastructure: Building the Future Foundation

Private infrastructure investments focus on essential physical assets and services, such as transportation, energy, water, and telecommunications systems. These assets are critical to a country’s economy and society, offering stability and long-term cash flow for investors which are often inflation-protected.

Infrastructure investments are particularly compelling in the efforts to transition to a low carbon economy, which demands significant capital to develop sustainable energy systems and a resilient infrastructure. Private capital plays a key role alongside public funding, bridging the investment gap needed to realize these projects.

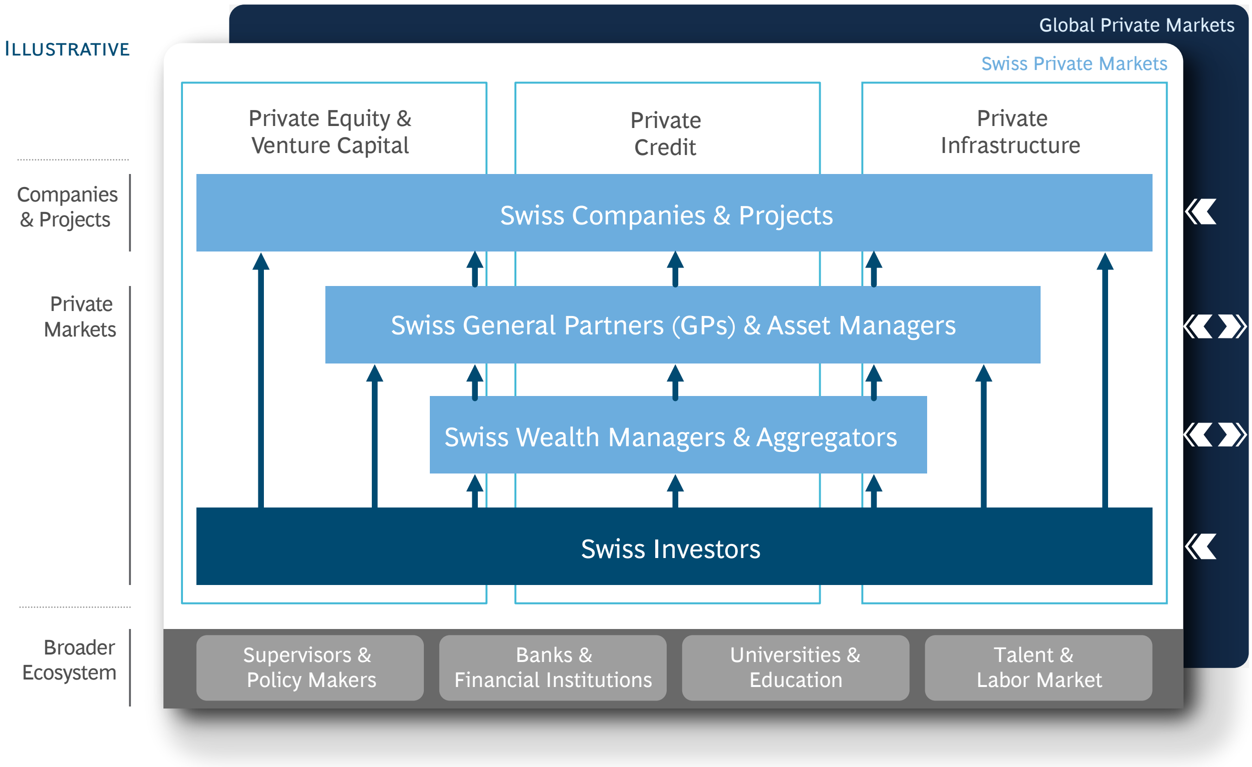
The Evolving Private Markets Ecosystem

Private markets have evolved into a dynamic ecosystem, connecting companies seeking capital with investors looking for differentiated returns. Intermediaries such as private equity and venture capital, private credit, and infrastructure funds, alongside aggregators, wealth managers, and advisors, play a critical role in facilitating these connections and broadening access to private market opportunities.

Capital flows from investors to companies through a network of intermediaries, including general partners (GPs) and aggregators. (See Exhibit 2.) Investors include institutional players such as pension funds, insurers, and endowments, as well as private individuals.
This is underpinned by a sturdy network of participants, including supervisors and policy makers, banks and financial institutions, universities and other educational entities, and skilled professionals, all of which contribute to Switzerland’s globally competitive economy.

It is important to emphasize that this ecosystem is deeply embedded within a broader global network, with capital, expertise, and opportunities flowing dynamically across borders. These interactions are essential to fostering innovation and sustaining Switzerland's economic strength.

Exhibit 2: Switzerland's private market ecosystem: connecting capital, corporates, and growth



Source: BCG

The private markets investment ecosystem operates across three key layers. The first layer consists of private equity, credit, and infrastructure funds—commonly referred to as general partners due to the legal structure of these funds—that directly invest in companies and projects. The second layer includes aggregators and advisors, such as funds-of-funds, wealth managers, and platforms, which package and distribute private market investments to end investors. The third layer comprises investors, including pension funds, insurers or private clients, which may bypass intermediaries to invest directly in private funds, or even directly into companies and projects.

A distinctive feature of Switzerland's private markets framework is the role of aggregators and wealth managers, who integrate private markets into their portfolio and advisory solutions. Leveraging the country's extensive network of private banks and wealth advisors, it connects investors to private market opportunities that might otherwise be difficult to access. Wealth managers play a crucial role in tailoring private market investments to fit diverse client portfolios, providing guidance and flexibility to assist investors navigate this complex asset class. They are also increasingly developing direct investment capabilities. This approach enhances capital flow to corporations while broadening the reach of private markets to a wider range of investors.

Switzerland is also home to some of the world's biggest institutional investors and asset owners. These investors can potentially bring substantial capital to private markets. With in-house expertise in private markets, these institutions can successfully invest in private equity, venture capital, private credit, and infrastructure projects.

3

Global Private Markets: Trends & Insights

Capital markets are essential to the global economy, channeling funds from investors to companies and other entities. While public markets have traditionally dominated, private markets have become an essential pillar of the global financial system.

Over the past two decades, private markets have expanded rapidly, with assets under management (AUM) of private equity growing 15-fold between 2003 and 2023, while public equity markets have shown a threefold expansion. Public equity markets are still substantially larger, with market capitalization of $112 trillion, but assets under management (AUM) in private equity have reached USD 11 trillion.

This growth is driven by rising demand for private capital from companies, growing investor appetite, and structural shifts in financial intermediation, -all of which have shaped the evolution of global capital deployment.

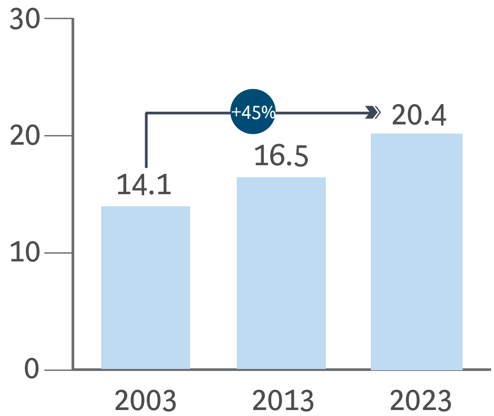
Companies Stay Private for Longer

The increasing availability of private capital, coupled with opportunities to focus on long-term value creation, has encouraged many companies to remain private for longer. (See Exhibit 3.) Companies are increasingly turning to private equity for financing, leveraging its advantages to focus on long-term strategic growth and value creation without the pressure of quarterly reporting and short-term public market expectations.
The number of private equity-backed companies in the US, for example, exceeds 11,000, more than double the roughly 4,500 publicly listed companies.

Private equity ownership provides companies with the ability to dedicate their efforts to innovation, operational improvements and scalable growth initiatives. By collaborating with various ownership consortia, private companies can unlock greater value over time while remaining shielded from public market volatility.
Certain sectors, such as technology and healthcare, have been particularly prominent in this trend. The availability of private capital for funding-intense growth stages has also expanded significantly.

Exhibit 3:

Companies are staying private longer; average age at IPO up 45% (in years)



Source: CapIQ, BCG

Strategic Perspective:
Private Equity Value Creation

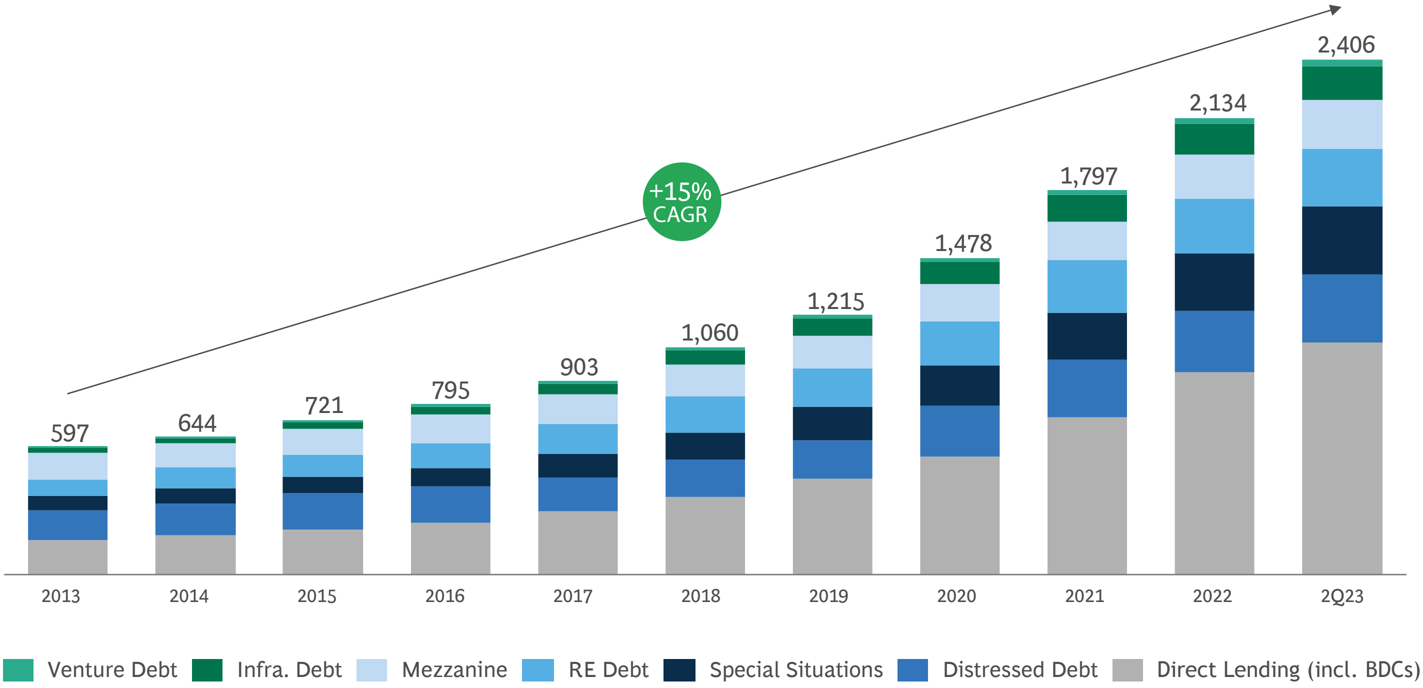
Private equity has become increasingly systematic in its approach to value creation. Operational improvements now account for over 60% of value creation strategies in private equity deals, up from below 20% in the 1980s and 1990s. Private equity funds bring significant strategic value to their portfolio companies, offering not just capital but also access to networks and new markets, industry expertise, and operational guidance.

By collaborating closely with management teams, private equity firms drive measurable improvements in efficiency, innovation, and growth, ensuring a sustainable, long-term impact. This shift underscores the maturity of the industry and its role as a key catalyst for corporate transformation.

The Rise of Private Credit: An Attractive Option for Debt Financing

Private credit has emerged as one of the fastest-growing areas within private markets, valued at $2.4 trillion in 2023. (See Exhibit 4.) Regulatory changes, such as Basel III/IV, have compelled traditional banks to deleverage significantly and this has created a gap in traditional credit availability. This has opened opportunities for non-bank financial institutions (NBFIs), particularly private credit funds, to play a central role in providing flexible and customizable debt structures.

Exhibit 4: Private credit AUM growth across strategies (in USD Bn)



Source: Preqin, Refinitiv, World Bank, BCG analysis

The growth trajectory of private credit is striking, with AUM increasing by 15% each year over the past decade. Key strategies within private credit include direct lending, mezzanine debt, real estate debt, infrastructure debt, and special situations, each offering unique opportunities for borrowers and investors alike.

The shift toward private credit has been fueled by investor demand for high yield alternatives and the flexibility offered to borrowers. Companies increasingly turn to private credit for its speed, tailored terms and because it is complementary with private equity financing. Meanwhile, banks constrained by regulatory capital requirements have adopted private debt as an alternative mechanism to meet financing needs.

Infrastructure and Climate Finance: A Major Market Opportunity

Infrastructure includes critical areas such as healthcare, transportation, energy, digital connectivity, and education. It also offers substantial opportunities for impact and climate-focused investments, as both governments and industries increasingly emphasize the development of sustainable and resilient infrastructure to tackle global challenges.

Yet, shifting priorities in some governments may temporarily redirect attention, potentially slowing progress in certain areas.

The transition to a low carbon economy and the modernization of infrastructure are important goals, driven by ambitious targets like the Paris Agreement and net zero goals. Achieving these goals requires massive investments in green energy, sustainable transportation, and climate-resilient infrastructure, creating a substantial financing gap.

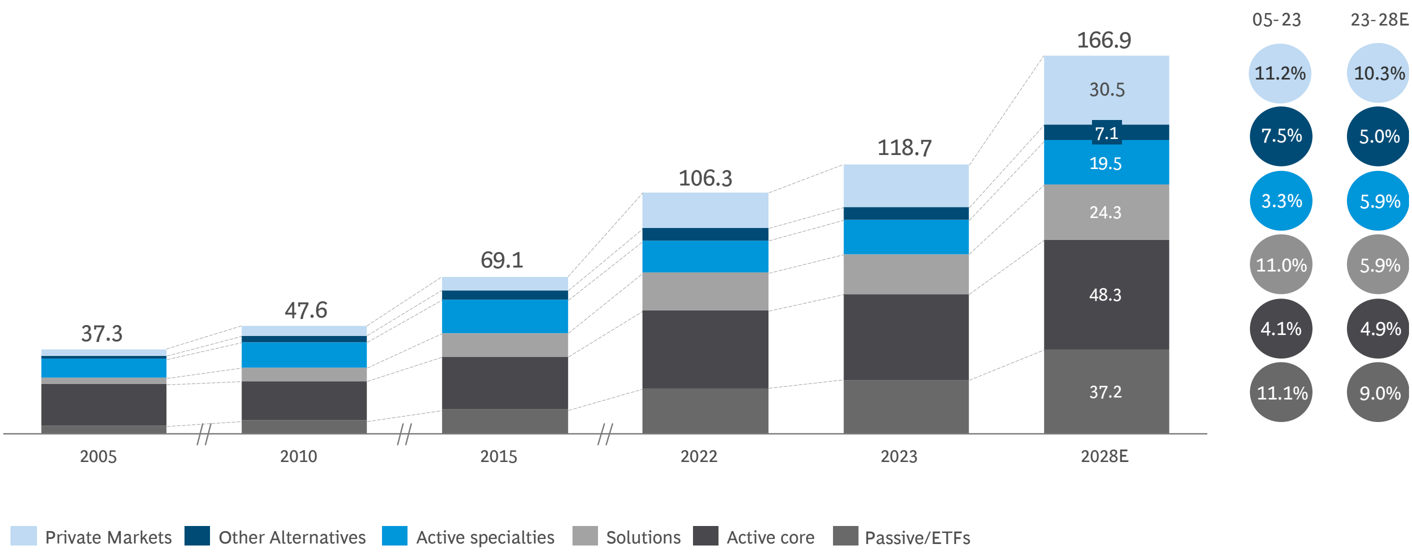
Private markets are poised to play a pivotal role in closing this gap, as traditional bank financing alone cannot meet the required funding. The global infrastructure funding gap for energy transition is projected to reach $1 trillion annually by 2030. Additionally, in 2023, $15 billion was invested in cleantech and climate-tech deals, underscoring this sector's potential as a key growth area for private markets.

Expanding access to Private Markets

Investors are increasingly allocating capital to private markets as they seek enhanced returns, diversification, and access to unique opportunities not available in public markets. (See Exhibit 5) Private markets are usually less correlated with public market fluctuations, while also addressing the increasing appetite for illiquid investments as part of strategic asset allocation. Another major private markets trend is impact investing, which combines financial returns with positive societal impact. These factors are reshaping investment strategies and solidifying private markets as an integral component of modern portfolios.

Private investors are increasingly gaining access to private markets, a trend that continues to accelerate. Historically driven by institutional investors such as pension funds and insurers, some of whom allocate over 20% of portfolios to private markets, private investors are now following suit.

Exhibit 5: Global AuM split by product (in USD Tn); Continuous shift to passive and alternatives, especially private markets



Source: BCG Analysis

Tech, Regulation, and their Flywheel Effect on Private Markets

The growth of private markets has been accelerated by technological advancements and regulatory shifts, which created a powerful flywheel effect that continues to drive expansion. Innovations like digital platforms and AI have enhanced operational efficiency, transparency, and risk management in private investments. These tools allow fund managers to optimize deal sourcing, manage larger portfolios and attract more capital by improving decision-making and portfolio performance.

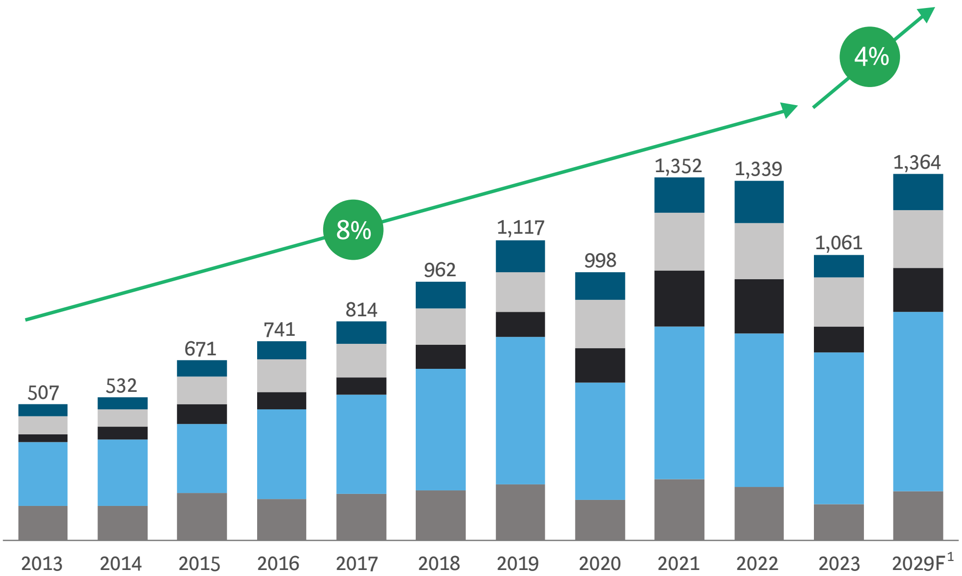
Regulatory frameworks like the one governing European Long-Term Investment Funds (ELTIFs) have democratized access to private markets and enabled private investors to participate in regulated long-term investments.
At the same time, tighter banking regulations have limited traditional lending, particularly in infrastructure and to mid-market enterprises, creating opportunities for private market funds to provide flexible financing solutions.

Platforms like Nasdaq Private Markets, Forge Global and Moonfare have further enhanced liquidity by facilitating secondary transactions. These address the needs of early investors and employees to sell equity before IPOs or similar liquidity events. These technological and regulatory shifts are reshaping private markets and opening new value opportunities.

A Healthy Correction

After years of rapid expansion, private capital fundraising has moderated slightly over the past three years, reflecting a healthy correction. (See Exhibit 6.)
This adjustment has brought fundraising to a more sustainable pace, ensuring long-term market stability while maintaining strong investor interest.

Exhibit 6: Global private capital fundraising by asset class (in USD Bn)



Asset class	CAGR '13 - '23	CAGR '18 - '23
Infrastructure	7%	(2)%
Private Debt	11%	8%
Venture Capital	12%	3%
Private Equity[2]	9%	6%
Other[3]	-	-

1. 2029F represents Preqin's forward projection; 2. Private equity includes buyout & growth strategies;
3. Includes Real Estate and Natural Resources, these are not displayed separately as they are not the focus of the report
Source: LSEG

Perspective on Development

Private capital continues to be a critical driver of growth in sectors such as technology, infrastructure and green energy, attracting strong investor demand due to long-term potential. As a complementary alternative to public markets, private capital is poised to play an even greater role in funding innovation and addressing large-scale global challenges.

The future of private markets remains bright. While the US will maintain its leadership in private equity, Europe and Asia are rapidly advancing, particularly in niche areas like infrastructure and sustainable investments. The challenge for Switzerland lies in staying competitive, maintaining regulatory flexibility, building local capabilities, and attracting global capital and talent in an increasingly crowded market.

4

Switzerland's Private Markets: Key Facts & Figures

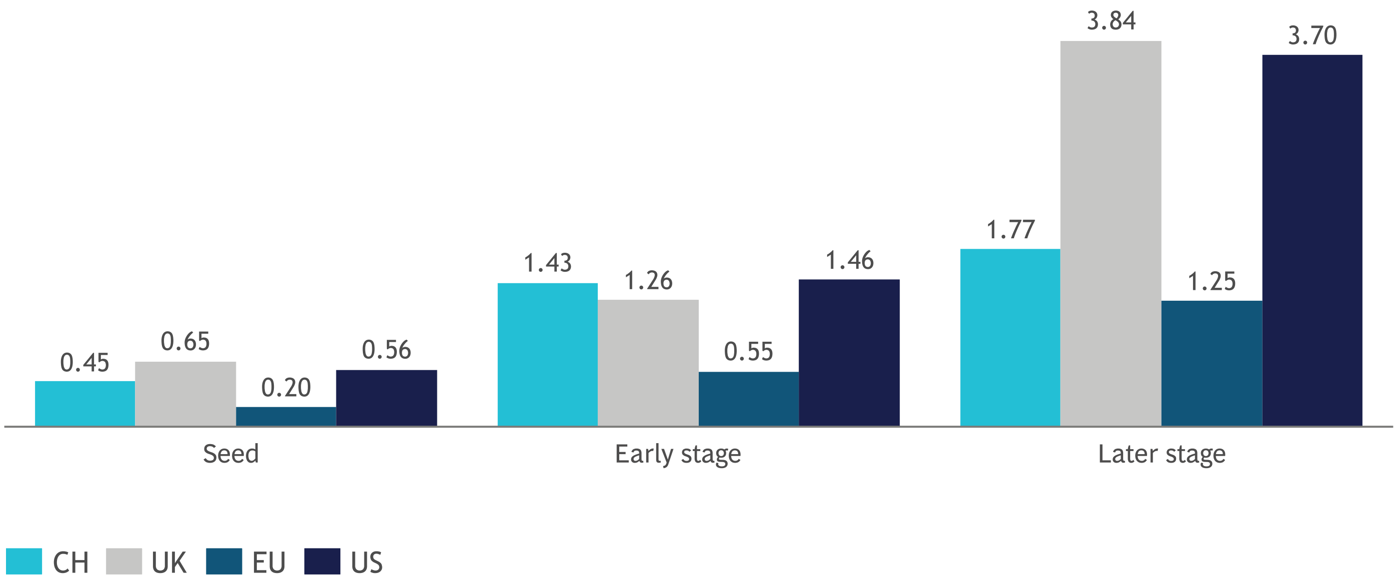
Switzerland is a leading global financial hub, uniquely positioned to connect international capital with high-quality opportunities. Its advanced financial sector, favorable regulatory environment, proximity to major European economies, and strong talent pool make it an ideal destination for private market activity.

However, Switzerland risks falling behind regions such as the US or also selected Asian economies if it does not accelerate its private market trajectory.

Access to Private Capital for Swiss Companies

Switzerland's business ecosystem—anchored by innovative start-ups, a strong SME network, and global multinationals—provides an attractive environment for private capital investment. Key sectors such as healthcare, high-tech, software, and fintech thrive on the country's political and economic stability, cutting-edge research, and world-class institutions like ETH Zurich and EPFL. This combination of innovation and industrial strength consistently attracts significant interest from private market players.

Exhibit 7: Comparative analysis of GDP-adjusted venture investment across stages in 2023



Note: Only ratios are shown (dimensionless), i.e., total fundraised capital was adjusted for respective GDP levels
Source: PitchBook, Oxecon

Private Capital in Switzerland: A Quantitative Perspective

Switzerland's private capital market is substantial, with an estimated CHF 360 billion allocated to private markets (private equity, private credit and private infrastructure) out of more than 3 trillion in assets managed by Swiss investment teams at year end 2023 (Lucerne University of Applied Sciences and AMAS). This includes approximately CHF 260 billion in private equity, CHF 50 billion in private credit, and CHF 50 billion in infrastructure. This represents approximately a 1% share of global private market AUM.

A survey of 38 companies, representing over 80% of private market assets, offers a representative snapshot of Switzerland's financial system, providing key quantitative insights into its dynamics.

The Broader Economic Impact of Asset Management in Switzerland

The asset management sector is a cornerstone of Switzerland's economy, directly and indirectly employing more than 58,000 full-time equivalents (FTEs) and including approximately 2,600 FTEs in private market segments. These roles support economic activity across regions, with cantons that cultivate favorable conditions for private market investment firms benefiting from increased fiscal contributions and influx of talent.

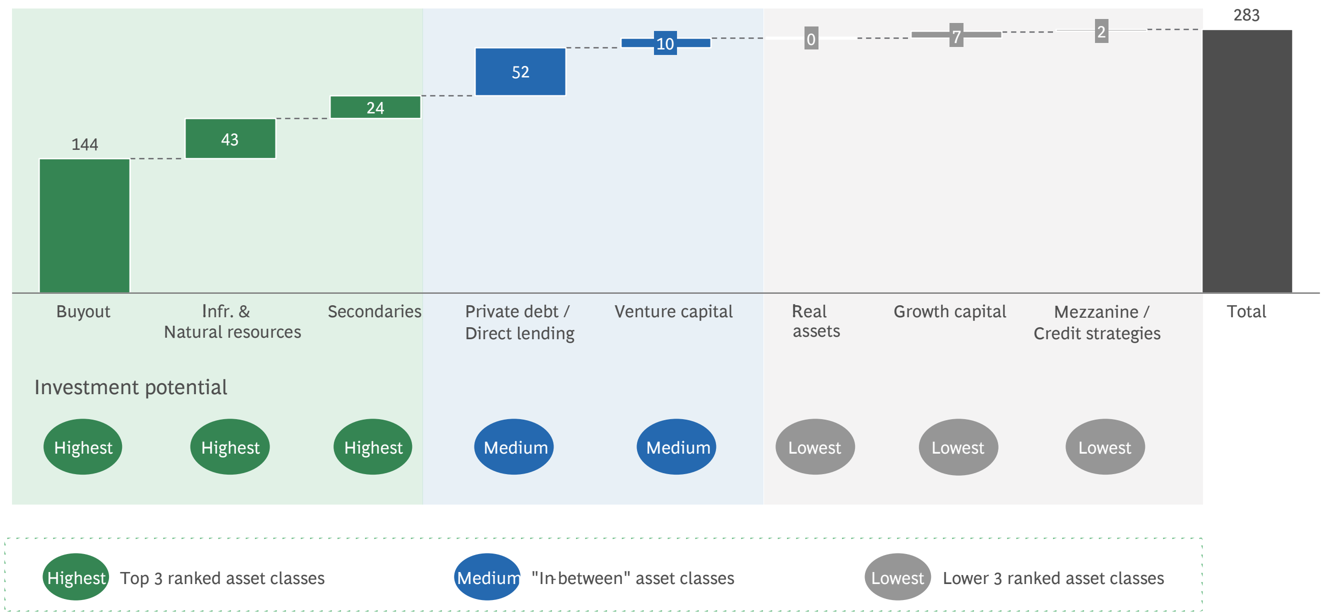
To further Switzerland's competitiveness as a hub for global asset management, it is important to ensure that the tax and regulatory frameworks remain aligned with international standards. These need to be regularly reviewed, making them transparent and easy to understand, and this will help drive innovation, attract global capital, and strengthen the private markets ecosystem.

Overall, with approximately 1% of the country's workforce engaged in the sector, asset management plays a hugely important role in underpinning employment, fiscal contributions and innovation in Switzerland's economy.

Investment Strategies in Switzerland: Strengths and Gaps

Swiss GPs allocate the greater share (CHF 144 billion) of private market investment to buyouts, followed by CHF 43 billion to infrastructure and natural resources and CHF 24 billion to secondaries (See Exhibit 8.) These top strategies match global trends; buyouts have 64% of total private market investment. Survey participants also rated these asset classes as having the highest potential, while mezzanine and credit strategies were viewed as the least attractive.

Exhibit 8: Allocation of private market investments by Swiss GPs (in CHF Bn) and perceived potential by asset class



1. Survey question: How much total AuM do you manage in private market investments globally (fee paying assets only) - please indicate in CHF million as of 31 December 2023. Real Estate should be excluded - Source: AMAS survey

Notable success stories, such as IDAK Food Group, Dufry, and VAT Group's IPO, highlight private equity's role in scaling Swiss companies and enhancing their global competitiveness. However, Switzerland still faces a gap in later-stage venture funding despite strong seed and early-stage financing, often reliant on non-traditional sources like angel investors or corporate VC arms. Limited local growth capital leaves high-potential companies dependent on international investors, particularly from larger markets like the U.S., influencing strategic decisions and, in some cases, prompting relocation abroad.
The lack of secondary markets and liquid specialized exchanges further exacerbates this challenge.

Addressing this gap in later-stage venture funding is vital for Switzerland to retain its innovative edge. Expanding the capacity of Swiss GPs to support scaling businesses will ensure that successful companies remain anchored locally, creating jobs, driving innovation, and contributing to the economy.

Spotlights:

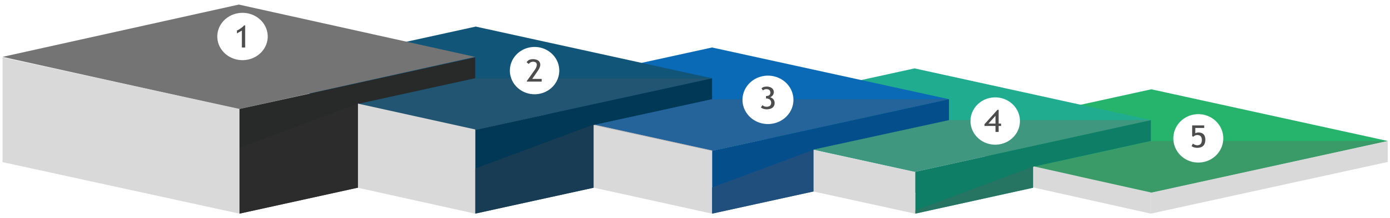
See Chapter 6 for case studies with recent success stories in private equity and venture capital:

- **VAT Group:** A global leader in vacuum valve technology that underwent a transformative private equity engagement
- **IDAK:** From a Swiss potato product manufacturer into a major European frozen food business, expanding capacity and creating new jobs, with the support of private equity
- **Lakera:** Developing AI cybersecurity solutions addressing challenges in Generative AI and the 'Internet of Agents, supported by venture capital
- **Ledgy:** A Software Platform for Cap Table & Employee Option Plans, with the support of venture capital

Investor Landscape and Global Reach of Swiss Asset Management

Our survey reveals that the primary investors for Swiss private asset managers are pension funds, insurance companies, banks, and family offices, with pension funds and insurance companies ranking as the largest capital contributors.
Family offices, however, are gaining importance, as private investors increasingly allocate capital to private markets — a trend reinforced by our interview findings. (See Exhibit 9.)

Exhibit 9: Private Market Fund allocation in Switzerland reflects diverse asset class preferences



Pension funds

Several pension funds in Switzerland are successfully active in private market investments.
One example is "GastroSocial" pension fund, which insures companies from the catering and hotel industry (see case study in Chapter 6)

Insurance companies

Insurance companies in Switzerland are major investors with large balance sheets.
Suva [see case study in Chapter 6], for example, has been successfully operating independently in private market investments for a long time period

Banks

Banks invest customer funds on a fiduciary basis and play a significant role as capital allocators. With a growing emphasis on wealth management, we are identifying substantial opportunities for private market investments, particularly in sectors with high growth potential

Private individuals[2]

Private individuals contribute significantly to the invested capital, highlighting strong appetite among Swiss high-net-worth individuals for private market opportunities, reflecting the country's robust wealth management culture

Family offices

Family offices frequently prioritize private equity and direct investments. These strategies are very popular as they align with investor objectives for value creation, provide operational oversight, and offer strong potential for sustainable long-term growth

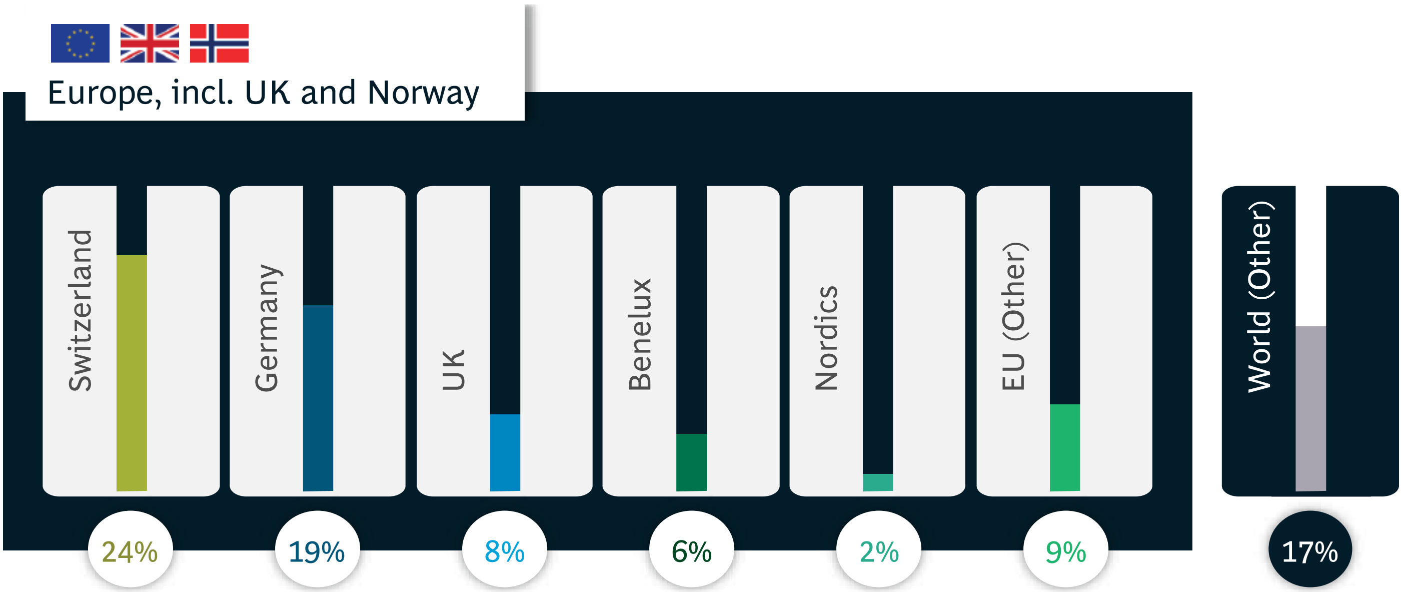
1. Survey question: How does your existing Investor base look like (highest ranking = highest ownership in the fund(s), capital-based; 2. Note, in fourth position originally ranked a mix of investors clustered under "Other" (i.e., "endowments and foundations, sovereign wealth funds or academic institutions"). Due to its diverse composition, this group has been omitted from the ranking.
Source: AMAS survey

Private market investments in Switzerland also have a distinct export focus. While the broader Swiss asset management industry had an estimated 30.2% export share as of December 31, 2023 (Lucerne University of Applied Sciences and AMAS), the figure for private market investments is reversed: 75% of assets managed by Swiss managers are on behalf of foreign investors, regardless of fund domicile. This highlights the strong international reputation of Swiss managers in handling private market investments.

Most foreign capital originates from the EU, with Germany leading as the second-largest contributor after Switzerland. However, local investors remain significant, accounting for 25% of the assets managed. This mix of local and foreign investors underscores Switzerland's robust domestic market while also showcasing its strong global connectivity.
(See Exhibit 10.)

Exhibit 10:

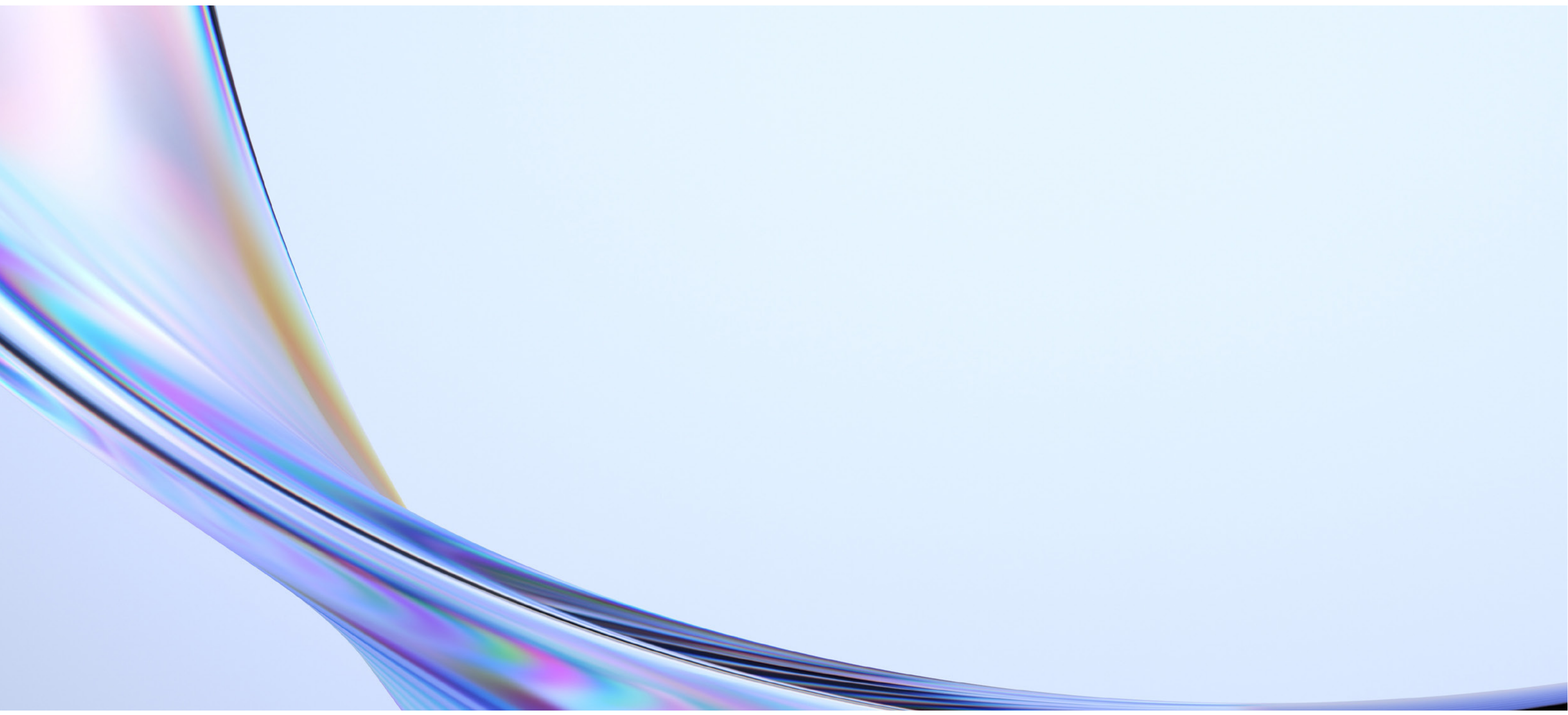
Strong local investment in Switzerland followed by significant contributions from Germany



1. Survey question: How does your existing investor base look like? (capital-based in %)
(assets managed / advised in Switzerland on behalf of global (incl. Swiss) clients and fee-paying assets only)
Source: AMAS Survey

Spotlights: see Chapter 6 for case studies of Swiss institutional investors with deep experience in private market investments:

- **Suva:** the largest accident insurer and one of the most significant private markets investors in Switzerland
- **GastroSocial:** the pension fund for the bulk of the hospitality businesses in Switzerland where private markets contribute substantially to the success of the portfolio
- **Retraites Populaires:** next to its life insurance activities, Retraites Populaires manages independent pension funds, with a substantial private equity portfolio



5

A Vision for Switzerland: Shaping the Future of Private Markets

Private markets play an essential role in driving innovation and economic growth. They have also become an increasingly important asset class for investors. Switzerland, as a global financial hub with a strong reputation for stability, innovation, and expertise, is uniquely positioned to capitalize on the growth of private markets. By fostering a supportive ecosystem for both investors and businesses, Switzerland can reinforce its leadership in this space, strengthen its economy, and contribute to global capital flows that drive sustainable development.

The Place for Companies to Innovate and Grow

For Switzerland to remain an appealing location for businesses of all sizes, from innovative startups to established market leaders, a supportive and competitive framework is required to enable companies to establish themselves, scale operations, and achieve long-term success. While early-stage funding is a strength, scaling startups into global leaders remains a challenge. Growth capital is often sourced abroad, putting Switzerland at risk of losing top-performing companies early-on. While private markets operate on a global scale, cultivating a more active investor base within Switzerland can foster a dynamic domestic ecosystem, enabling companies to build stronger local ties from the outset.

Additionally, competitive tax and regulatory policies, including simplified and founder-friendly structures, can ensure that high-growth firms remain rooted in Switzerland while expanding globally. The country's leading academic institutions, which generate a highly skilled talent pool and serve as fertile ground for spin-offs, as well as a regulatory framework that supports innovation and startups, need to continue playing a crucial role in this ecosystem. By fostering a competitive framework, Switzerland can retain its role as a hub for entrepreneurship and business leadership.

A Prime Destination for Private Market Investors

Switzerland's position as a financial center gives it a unique opportunity to create, grow and attract leading private market fund managers. By cultivating a strong local talent pool, maintaining regulatory clarity and a supportive tax environment, Switzerland can become a prime location for private market investment firms in the center of Europe's capital market.

While attracting foreign investment managers can be an important component of Switzerland's strategy to strengthen its private markets, the country also maintains a strong base of domestic investors, asset managers, wealth managers, and family offices. These institutions possess private markets expertise and are well-positioned to further expand and evolve their capabilities into more direct private market investment strategies.

Unlocking Institutional Returns and Growth

Switzerland's investor base holds significant untapped potential for engaging with private markets, but regulatory constraints, cultural obstacles (prejudices, skepticism, lack of comfort with an unfamiliar asset class), and market fragmentation pose considerable challenges. Institutional investors could explore opportunities to increase their engagement in supporting economic growth and fostering innovation through growth capital investments, while remaining aligned with their fiduciary duties. By doing so, they can contribute to improving sustainable returns for beneficiaries while taking a balanced approach that carefully considers both the risks and long-term benefits of private markets.

This can be supported by adapting and simplifying Switzerland's pension framework, inspired by similar initiatives in other European markets under the Capital Markets Union. Additionally, intermediaries and advisors, such as local investment consultants, can be more active by enhancing expertise in private markets and aligning their capabilities with Anglo-Saxon counterparts.
Finally, there might also be opportunities for industry initiatives to support mobilizing the market (see for example DeepTech Nation Switzerland).

Evolving Wealth Management

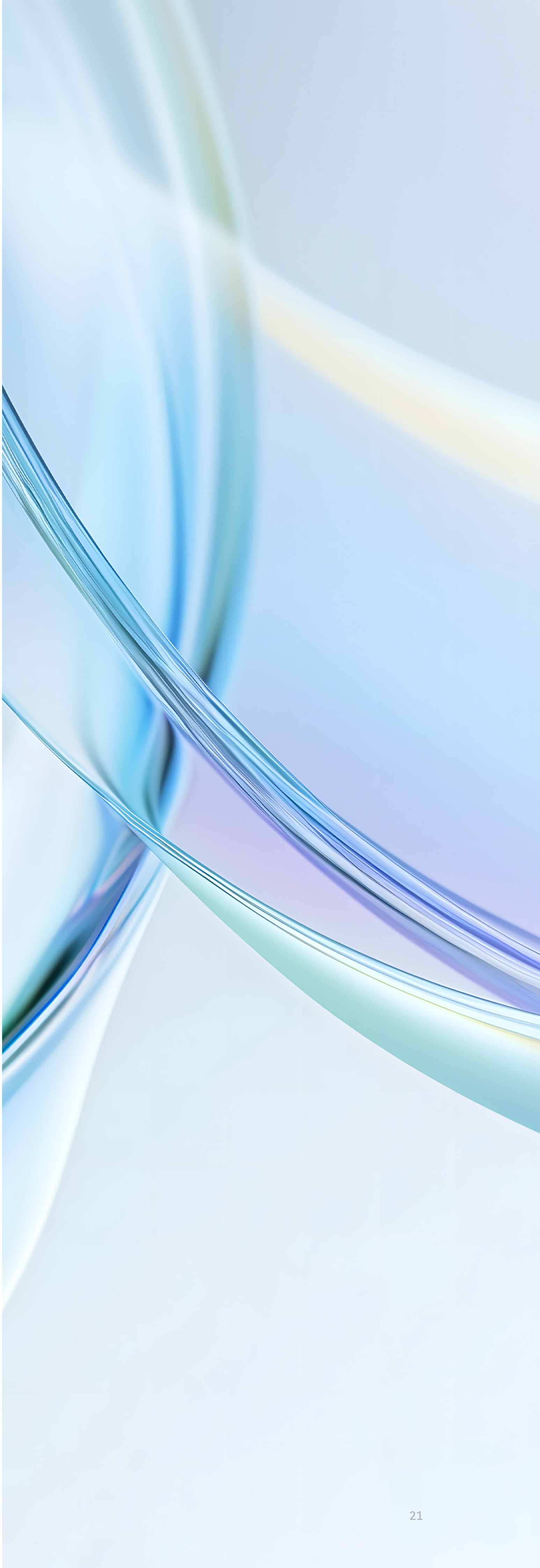
As a global leader in wealth management, Switzerland is uniquely positioned to shape and manage global private market investment flows from private investors.
By building on its deep expertise and trusted reputation, the wealth management industry has an opportunity to set new standards in the allocation of capital to private markets. This leadership can significantly enhance the client investment proposition by delivering superior, customized investment solutions that cater to the growing demand for private market opportunities among private investors.

Supportive Framework, Engagement and Communication Strategy

A clear, transparent, and efficient legal and regulatory environment is essential to attract global capital. Switzerland can benefit from regularly updating its framework to support participation in private markets, maintaining its position as an attractive and trusted destination for global investors while enabling broader access to private market investments for both institutional and private investors.

Moreover, a concerted effort in communication and education is crucial. Industry leaders, associations, and other key stakeholders can work collaboratively to raise awareness of the benefits and opportunities that private markets offer. By providing clear, accessible information and fostering greater understanding among investors, policymakers, and the public, these efforts can help dispel misconceptions, promote informed decision-making, and encourage broader participation.

Such initiatives are critical to building a more vibrant and inclusive private market ecosystem that supports businesses at all stages of development, while also strengthening Switzerland's position as a leading global financial center.



Turning Vision into Reality:

Spotlights

6

This section presents real world case studies directly provided by selected key Swiss private market participants. It includes perspectives and experiences by private market asset owners as well as insights into specific investments by private market firms.

Private market investors:

- Suva: In-house expertise and development of a substantial private markets portfolio
- GastroSocial: A pension fund diversifying into private markets
- Retraites Populaires: A public institution's approach to private equity

Private equity buyouts:

- VAT Group by Partners Group and Capvis: A successful succession solution
- IDAK by Invision: A Leading European Premium Food manufacturer

Venture capital investments:

- Lakera by Redalpine: Guardians of Generative AI
- Ledgy by B2Venture: A Software Platform for Cap Table & Employee Option Plans

Private Market Investors

Suva:

In-house expertise and development of a substantial private markets portfolio

Suva is the largest accident insurer in Switzerland, providing accident insurance against occupational and non-occupational accidents mainly to Swiss industrial workers, members of the armed forces and the unemployed. Suva is a non-profit organization and is an important pillar of the Swiss social security system. It insures around 2.2 million employees (around half of the working population) with a 2023 premium volume of CHF 4.4 billion and AUM of around CHF 60 billion (of balance sheet assets and Suva employee pension fund assets). Suva currently pays benefits to around 85,000 pensioners who have become disabled due to an accident or illness experienced in or outside work. As Suva is not-for-profit policyholders benefited from refunds of excess investment returns of CHF 2.8 bn between 2019 and 2024, equivalent to an annual discount of up to 20%. In this way they benefit directly from Suva's successful investments. Suva first entered the world of alternative assets in 2000 with an initial allocation of 2% in both hedge funds and private equity. Both the allocation and team have grown steadily since then thanks to strong financial performance and relative portfolio stability through various macroeconomic and political challenges in this period.

The current private markets allocation is 11.8% (invested) for Suva's balance sheet and 15.5% for its employee pension fund. Suva invests in private equity, private debt and private infrastructure.

The program is managed by a team of eight in-house private markets experts, and has been headed by Francesco Kälin, Head of Alternative Investments, since 2005. In addition, the investment team has the valuable support of in-house legal and back-office professionals.

Approximately 90% of capital is invested in private markets funds, supplemented by selected co-investments.
Since inception, the team has committed approximately CHF 13.5 billion across 300 funds and co-investments.
Fund managers and co-investments are selected in-house, without consultants or funds of funds, except for secondary investments where a very small number of secondary specialists are involved. Over the years, the team occupied most of the positions available in private markets investing, such as funds, co-investments and secondary market, but has not taken a lead/majority role and direct position in a company.

	2001	2004	2007	2012	2016	2020	2024	2028
Allocation to **Non-Traditional Strategies**	1%	2%	8%	10%	11%	11%	8.5%	7.3%
Allocation to **Private Markets**	1%	2%	3%	6%	7.5%	8.4%	9.3%	11.8%*
#Investment professionals	1			10	10	11	11	(?)

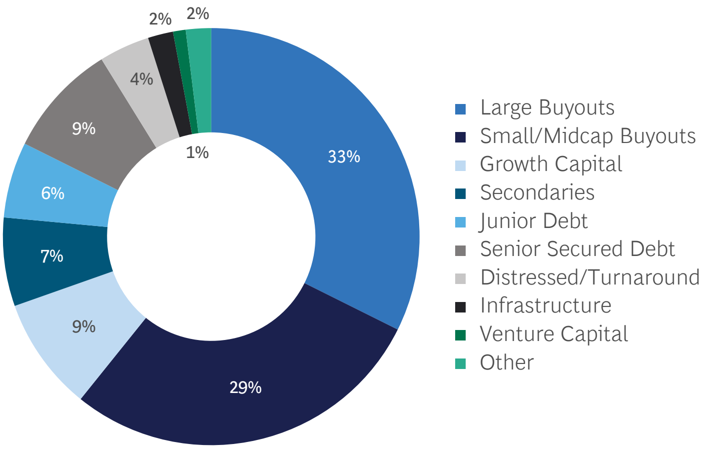
*Target Allocation SAA 2028; Target Allocation Pensionskasse Suva at 15.5%
(Private Equity 9.5%, Private Debt 4%, Private Infrastructure 2%)

The investment philosophy is epitomized by Howard Mark's saying: "If we avoid the losers, the winners take care of themselves". This has been an important element of Suva's investment philosophy from the beginning. The strategy has a strong emphasis on buyouts but is underweight in VC. Its mandate is global with no domestic bias the main objective is to outperform comparable public markets over the long run with lower volatility. Suva favours managers which focus on growth, have a "clear edge" and value-add strategy, or specific industry/sector expertise. Ideally, the partners have an entrepreneurial or industrial background.

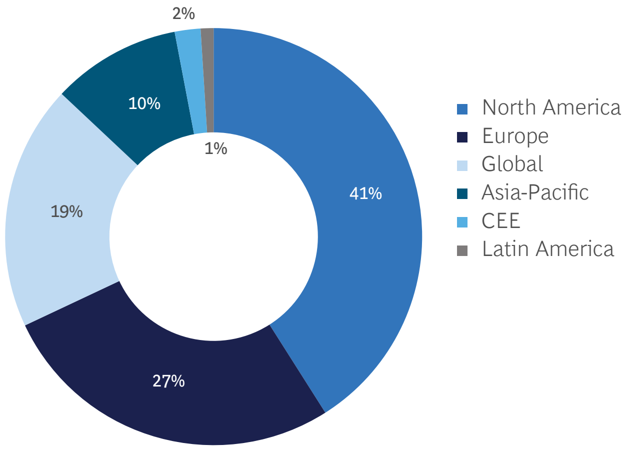
First, critical mass is important. A meaningful target allocation (at least 5%, but ideally higher) for the portfolio and partners should be defined, which will ensure relevance to GPs and partners and gain due diligence information, and cost advantages.

Second a long-term view is essential, with expertise and support for the asset class at the top of the organization. If this condition is not met, the organization will not meet the challenges of understanding private markets, its performance and drivers and the limitations.

Distribution by Private Market strategy



Distribution by region



Suva is reluctant to work with large asset managers and banks or their affiliates as these, in Suva's opinion, mostly lack financial alignment and "skin in the game". Suva believes that the best managers typically don't have to find new investors. The private markets team sources its partners without relying on intermediaries. It is wary of many of mainstream investment ideas such as certain geographies, themes, and so-called "hot" industries and feels comfortable sometimes taking contrarian positions.

In addition to financial considerations, Suva also takes environmental, social and responsible corporate governance issues into account. It has for example committed to reducing greenhouse gas emissions to net zero by 2050 (17% by 2025 and 42% by 2030).

Although Suva has had success in private markets, Kälin says the asset class is not necessarily a success story for everyone. Every organization is different and has its own unique challenges and there is no one-size-fits-all solution for successfully implementing and managing a private markets portfolio. However, there are a number of points to consider that are generally applicable.

Third, clear and realistic (return) expectations for private markets should be set and the roles set for equity, credit and real assets.

Fourth, the right make or buy decision for your organization should be made, taking into account the potential additional layer of fees or expenses and travel costs, etc..

Fifth, and most importantly, the overall objective must be to invest most of the capital in the top half of funds/managers in the private markets league table. If this fails, investments will underperform the traditional public markets.

GastroSocial: A pension fund diversifying into private markets

GastroSocial Pensionskasse as a regulated Swiss industry pension fund covers second pillar social insurance for a majority of the hospitality businesses in Switzerland. More than 20'000 companies with roughly 200'000 active employees and less than 17'000 benefit recipients count on the pension fund to provide reliable, targeted and cost-efficient social insurance services and successful investment results from their plan contributions.

Investment through specialized external managers and co-mingled funds by careful manager selection.

Goals have been reached:

- Enhancing portfolio return while increasing portfolio robustness
- Built up a successful and meaningful private market position over a realistic time horizon, backed by the pension fund board and strategic decision makers
- Private market investments helped GastroSocial to outperform public markets and stabilize portfolio performance during market disruptions

Lessons Learned:

- Put a stronger emphasis on achieving higher long term net returns for plan members instead of lowest possible costs
- ALM studies shouldn't be relied on to justify adding or increasing private markets in a portfolio, as they reflect the model provider's preferences rather than the specific needs of the pension fund. Even the most sophisticated models will not be able to address all relevant aspects of private markets

Key figures: GastroSocial Pensionskasse

GastroSocial

c. 20 k
Hospitality business

c. 200 k
Active employees

c. 17 k
Benefit recipients

8 members
AM team

Investment portfolio

7%
Private credit

78%
Other

5%
Private equity

7%
Infrastructure Equity

3%
Insurance-linked securities

Strategic approach to Private Markets

The pension fund is underpinned by a risk-aware, responsible, and entrepreneurial culture from board level to individual contributors and always seeks to improve efficient processes. The investment portfolio of CHF 10.5 billion has been invested globally in a broadly diversified manner across asset classes. The eight member asset management department performs a variety of tasks from strategy development, tactical positioning, fund selection and review, management of direct equity and bond portfolios to management of direct real estate and investment reporting. The team follows market developments closely and interacts regularly with a variety of national and international asset managers to stay abreast of relevant developments. The organization has traditionally accumulated experience in-house and not by working with consultants.

Thanks to an entrepreneurial culture, a positive cash flows as a result of high number of active plan memberships, and a motivated and experienced asset management department has made a significant allocation to private markets possible. Today, it represents roughly 25% of the portfolio. This does not include direct Swiss real estate. 7% is invested in private debt, 3% in ILS, 5% in PE, 7% in infrastructure equity, and 3% in private structures in global real estate. Strategic allocation targets for each private market segment have periodically increased over the years as experience in the sector has grown. Overall, the alternative quota as defined by the Swiss regulator, which only includes private market strategies in the Pension Fund's case, has been increased from the regulatory basic limit of 15% to 18%, then to 25% including infrastructure and finally to the current 25% without infrastructure, as the latter had been excluded from the alternative quota by the regulator as long as the strategies do not apply leverage on the top level of the structure.

The objective of enhancing portfolio net returns and increasing the robustness of the overall portfolio by steadily adding private market investments through cycles has not changed since the beginning of this process in 2005. It all started with the determination to continuously do better for the plan members and seize opportunities early on, no matter how limited their modeling had to be approached in any ALM study. Initially private market investment had a mezzanine fund and then a private equity fund of funds targeting Europe, the US, and Asia. ILS followed shortly thereafter, infrastructure came in 2007, and global real estate through private market structures in 2010. GastroSocial always invests through specialized external managers and co-mingled funds, as it has neither the size nor the in-house capabilities to conduct in-depth due diligence and monitoring of direct single-line investments on the pension fund's balance sheet. The manager selection process includes a careful assessment of the company and team culture, in addition to due diligence, assessing whether long-term cooperation seems feasible, in good times but also in times of market stress o. To balance better returns with portfolio robustness, GastroSocial generally does not target the highest potential return,as this would carry an increased risk of significant underperformance.

In private debt, there is a focus on lower middle-market direct lending in Europe, the US, and Asia. Diversification is further enhanced through working with a number of managers with complementary market access, who add some upper middle-market strategies, including risk transfer strategies, infrastructure debt, and impact strategies -mostly in de-risked blended finance structures with low correlations to broader market developments.

In private equity, the pension fund started with global and regional fund-of-fund strategies chiefly targeting the lower middle-market segment. Later fund-of-fund structures added a meaningful proportion to secondaries and co-investments, while the investment focus shifted to more targeted single funds, secondary funds, and co-investment funds. Over time, specific impact strategies were added with managers who demonstrated a clear edge without compromising the risk/return spectrum. Market access and diversification were also enhanced, targeting stable businesses that neither intend to go public nor have any desire to be passed from one private equity manager to another but rather seek long-term investors who support them over time.

The approach to infrastructure is similar to the approach to private debt and private equity. The pension fund seeks managers with complementary market access who have a globally diversified portfolio across various subsectors with clear infrastructure characteristics and invest primarily in single funds with long holding periods and evergreen structures. It complements these with co-investment funds and fund-of-fund strategies, as well as some impact strategies through a number of long-term external partners. Over years of investment in private markets, the twin goals of enhancing portfolio returns while increasing portfolio robustness have been achieved and GastroSocial intends to continue gradually increasing its private market exposure.

GastroSocial encourages other Swiss pension funds to seriously reconsider the liquidity level required at the fund level and the opportunities available in different private market asset classes as part of an optimized investment strategy, which emphasizes higher long-term net returns for plan members rather than minimizing costs. One should not expect ALM studies to provide the motivation to add private markets exposure, as even the most sophisticated models do not address all relevant aspects of private markets. They instead reflect the preferences of the model provider and not an educated opinion related to the individual circumstances of the pension fund. The board should provide the initiative and be supported by strategic decision-makers to allow the organization to build up a successful private market position over a realistic time horizon in a steady and well-diversified manner.

Through careful manager selection or, depending on pension fund size, development of an internal private markets team, these investments will be able to demonstrate superior returns versus public markets and help stabilize portfolio performance in periods of market dislocation.

Retraites Populaires:

A public institution's approach to private equity

Retraites Populaires was founded as a public institution in Lausanne in 1907 and now has almost 400 employees. In addition to insurance activities, it manages independent pension funds such as Caisse de Pensions de l'Etat de Vaud (CPEV) and Caisse Intercommunale de Pensions (CIP). In total, Retraites Populaires interacts with 204,000 affiliates.

Retraites Populaires invests around CHF 30 billion across:

Direct investments:

- Local residential real estate market (more than 15 000 units)
- Lending: mortgages, municipalities, public infrastructures

Indirect investments:

- A Swiss fund structure to manage liquid investments
- A Luxembourg fund structure to manage illiquid investments

The portfolio management team has nine investment professionals who aim to select the best managers and are responsible for the investment process including sourcing, due diligence, on-boarding and monitoring. The team also constructs the top-down asset allocation.

Why Private Equity

The aim of private markets is to deliver a better performance than listed markets, according to any global benchmark, while having similar risk exposure.

How:

The fund typically delegates the investment selection process to fund of funds (FoF) managers that have dedicated and experienced teams. The use of separate managed accounts allows the firm to define investment strategy, a flexible capital deployment pace and negotiate the fee conditions.

The advantages of using fund of funds managers:

- Reduces the burden of managing a team internally;
- Due diligence meets the highest standard;
- Gives access to specialized resources for secondary transactions or co-investments.

But this comes with additional costs!

Retraites Populaires selects fund of funds managers based on strategies and geographies and asks all potential managers to share their track records and it then accordingly compares performances (same vintage year, strategy, geography and currency). Relationships are maintained as long as performances are in the top quartile.

History of private equity for Retraites Populaires:

- 1998: First commitment to a local PE fund
- 2000: First international PE FoF
- 2005: International large PE Funds
- 2013: Transition to Separate Managed Accounts with three FoF managers through our Lux structure that enabled us to pool the investors into the asset class
- Allocations increased slowly over time to 5% for PE.

Current allocation:

- Investment type: 64% Primary, 12% Secondary, 24% Co-investment
- Stage: 80% Buyout, 12% Venture Capital, 8% Other
- Geography: 40% Europe, 52% US, 8% Rest of the World

Going forward:

Private credit might find its way to our asset allocation, alongside Private Equity, Infrastructure and Real Estate. CO2 emissions' tracking is a long-term target.

Beliefs:

- The average PE funds should return listed equity performance;
- Alpha can be generated by selecting top quartile General Partners (GPs);
- Vintage year diversification is valued

PE Challenges:

- No proper short-term benchmark
- Limited liquidity in ramp-up phase
- Need of specialized accounting resources for capital calls and distributions and to convert an allocation into a yearly commitment strategy
- Very high Total Expense Ratio (TER). A 5% PE allocation could represent half a pension plan's TER. To address this without lowering expected returns, it increased the co-investment allocation at the expense of the secondary strategy

Private Equity Buyouts

VAT Group by Partners Group and Capvis:

A successful succession solution

Partners Group and Capvis acquired a majority stake in VAT in December 2013, addressing the family's succession need with a trusted Swiss solution while ensuring that the family retained a significant ownership stake. The acquiring consortium implemented numerous sustainable growth initiatives and professionalized the organization. VAT is still headquartered in Switzerland and was taken public at a listing price of CHF 45.00 per share in April 2016.

Company Description

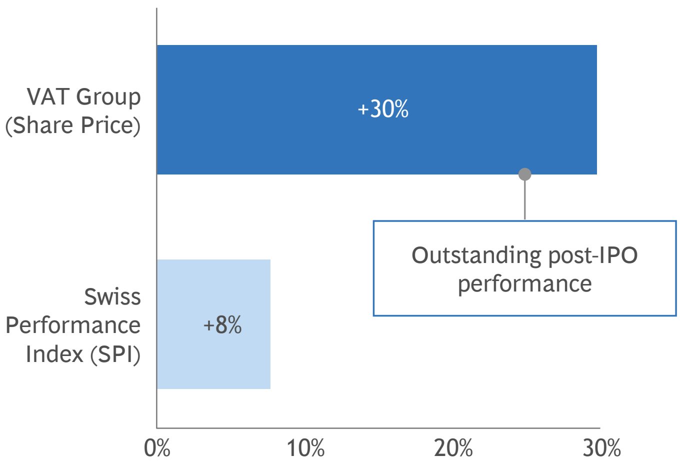
- Founded in 1964, the VAT Group is a globally leading developer, manufacturer and supplier of high-performance vacuum valves
- The group is headquartered in Haag, Switzerland, with additional sites in Malaysia, Romania, Taiwan and the US.
- The firm employs nearly 3,000 people worldwide
- It produces 1,000 different products mainly servicing the semiconductor, flat panel display and photovoltaic industries as well as industrial and research applications

Investment rationale

- Market position: #1 player in market niche (c. 45% market share)
- Market tailwinds: Projected annual market growth of 9%
- Expansion: Potential to enter new markets
- Financials: high EBITDA margins of >20%

Key risks

- Cyclicality of the semiconductor, panel display and photovoltaic industries
- High customer concentration due to a highly consolidated OEM landscape
- Foreign exchange risks as with operating costs in CHF with revenues in USD, EUR, and JPY



1. Compound Annual Growth Rate (CAGR) from April 14, 2016, to September 16, 2024, incl. dividend reinvestment 2. As of June 30, 2024

Statements from representatives of the Swiss consortium

- "When we acquired VAT, it was already the market leader in its category, but it was less mature in non-technical areas. Our value creation strategy therefore focused on providing VAT with a road map for growth that would strengthen its organizational, process and financial capabilities."
  (Fredrik Henzler, Partner and Co-Head of Industry Value Creation at Partners Group)
- "Reflecting on the partnership, it is gratifying to see how the tailored succession solution was the catalyst unlocking the company's potential and achieve sustainable growth beyond its IPO, solidifying its position as a global innovation leader and creating value for Switzerland as a business hub."
  (Ueli Eckhardt, co-founder of eevolve and former board member of VAT Group (formerly Capvis))

Value creation of the Swiss consortium

- Investment in the development of the management by integrating industry experts with vast transformation experience and industry knowledge suited for a listed market leader
- Introduction of lean production initiatives that followed "Kaizen" principles to improve efficiency, achieving significant time savings across all production sites
- Reduction of production depth leading to the establishment of a supplier ecosystem in Switzerland and Liechtenstein
- Strengthening presence in Asia and output expansion at the Malaysian plant by 400% from 2013 to 2017, using the site as procurement hub
- Launch of new products to satisfy the needs of Asian OEMs (increase of net sales in Asia by c. 45% from 2015 to 2016)
- Introduction of dedicated customer application and sales teams with capabilities in complex multi-valve module technologies

IDAK

A Leading European Premium Food manufacturer

Under the ownership of an Invision-led investor consortium, the business has developed from a Swiss-focused manufacturer of potato products into a major European frozen food company which now has three business units (potato products and snacks, pizza products and snacks, bakery products and snacks). In addition to a successful M&A strategy, the organic growth initiatives resulted in significant additional capacity and new job opportunities.

Company Description

- Swiss- and Italian-based frozen food group, offering premium products sold through B2B brands or as private label to food service and retail clients
- Active in three business segments: potato products & snacks (KADI AG), pizzas & snacks (Margherita S.r.l.) and bakery products and snacks (Romer's Hausbäckerei)
- IDAK Food group is headquartered in Spreitenbach (AG), with divisional headquarters in Langenthal (BE), Benken (SG), Fregona (IT) and Pescara (IT).
  It currently employes over 1,000 people worldwide
- The group's core markets are Switzerland, Germany, Italy, France, Canada and the US

Equity story

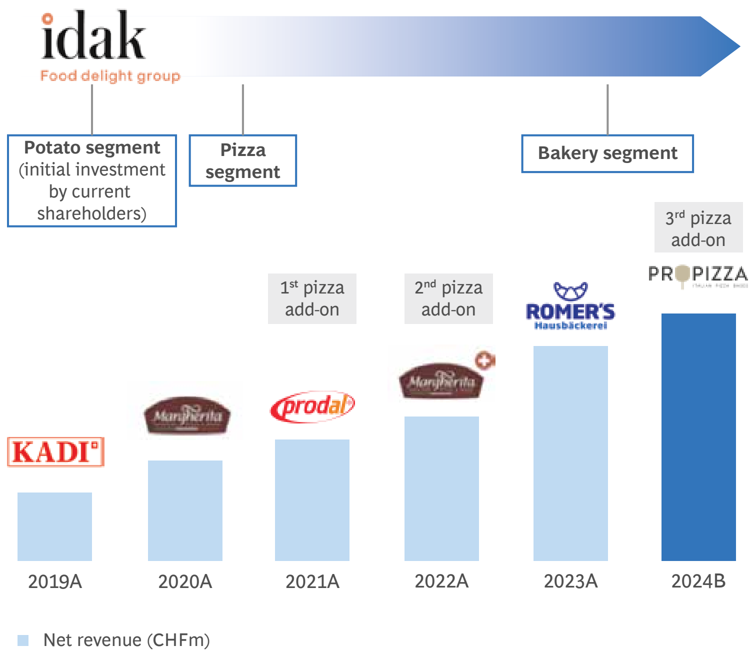
- Upon acquisition, the business had a solid market position and product range, but limited room for growth in Switzerland
- The acquiring consortium therefore focused on diversifying the business through acquisitions of other Swiss and European-based frozen food companies
- This led to multiple transformative acquisitions and expansion into two adjacent frozen food segments
- IDAK also expanded capacity established a group management team and automation and sustainability projects

Investment rationale

- **Leading market position** and best-in-class reputation in Switzerland
- **Stable underlying market** not affected by economic cycles
- **People:** Experienced and committed management team
- **Financials:** Solid margin and cash profile

Key risks

- Market liberalisation through a reduction of import tariffs for potato products, which would significantly change KADI's market position
- Input price risks if rising costs for raw potatoes cannot be passed on



	2018	2024
Employees	c. 160	c. 1,000
Revenue	68 CHFm	278 CHFm
Annual Capex	c. 4 CHFm	c. 11 CHFm

Statements from Investor representatives

- "When we acquired KADI, it was already recognized as the quality and innovation leader in the Swiss B2B market. We therefore focused on diversification of the group into adjacent segments whilst strengthening KADI in the B2C sector and by doubling the capacity of the Asia snack production as our clear commitment to the production in Langenthal" (Marco Martelli, Partner Invision)
- "From the beginning, I enjoyed the great team spirit and constructive atmosphere in our discussions with Invision and its investors, which were highly supportive of management during the implementation of the strategic goals and value creation initiatives. The entire team highly valued the long-term view of the investors and their focus on investments in people and sustainability, which created a true IDAK spirit" (Christof Lehmann, IDAK Group CEO)

Key Value creation Initiatives pursued

- **Doubling of the Spring roll capacity** to grow the non-regulated revenue at KADI, which created ca. 50 new jobs in Langenthal
- Launch of **new "small bag" B2C products** at KADI which were an important milestone to drive brand awareness at end consumers.
- Successful **organization of the "Golden Chef" competitions** in 2021 and 2023 in Switzerland which are an important forum for the Swiss HORECA industry.
- Significant **investments in IDAK's organizational structure** which allowed the group to grow whilst the companies maintained their unique culture and dedication to their USP's.
- **Diversification into two new business segments** in line with IDAK's diversification strategy
- **Sustainability investments at all sites** in order to optimize Energy consumption and employee environments
- Various **efficiency initiatives** to optimize existing resources and facilities

Venture capital investment

LAKERA: Guardians of Generative AI

Founded in Zurich in 2021, Lakera leverages cutting-edge research to develop advanced AI cybersecurity solutions. Redalpine's integration into the innovation landscape allowed it to recognize Lakera's potential, leading to a strategic investment.

Redalpine is a Swiss venture capital fund with expertise in software and science and supported by a diverse team of specialists which supports startups at every stage from inception to exit. The following case illustrates an investment in Lakera. Through involvement with a previous portfolio firm, Redalpine has known Lakera's founders for over five years. It understands autonomous systems requiring high reliability, which is a critical component for developing robust AI security solutions. Lakera's goal of building a leading AI safety engineering platform aligns seamlessly with Redalpine's investment thesis, which focuses on backing early-stage companies at the intersection of software and science.

Deal Characteristics and Portfolio Fit

- **Investment Scale:** A substantial capital infusion highlighted Redalpine's confidence in Lakera's ability to capture market share in a rapidly growing industry.
- **Governance and Oversight:** General Partner Harald Nieder joined Lakera's board, providing strategic guidance and aligning the company's objectives with Redalpine's investment strategy. Investment Manager Mira Kamp joined as a board observer, deepening operational engagement.
- **Management Alignment:** The founders retained significant equity stakes, ensuring aligned incentives and commitment to long-term success.
- **Strategic Leadership:** To accelerate growth and market reach, Redalpine appointed a seasoned Silicon Valley veteran as chairman. The latter has facilitated US market entry, helped the founding team in scaling operations and product development, and orchestrated strategic partnerships with leading technology firms

Deal Characteristics and Portfolio Fit

Redalpine projected that Lakera could become a global leader in AI cyber security as GenAI Is adopted more widely across industries. Redalpine implemented tracking mechanisms, including KPIs, board meetings and strategic reviews, to monitor progress and adjust as needed.
Key expectations included:

- **Technological Differentiation:** Lakera's proprietary solutions offer real-time protection and continuous improvement through data-driven feedback
- **Market Demand:** A growing need among enterprises to secure GenAI applications, with security being a top concern for adoption.
- **Scalability and Expansion:** Rapid growth opportunities, particularly in the U.S

Redalpine's Role in Value Creation and Risk Mitigation

Redalpine's involvement in Lakera extended beyond capital investment, focusing on key areas of value creation and addressing challenges:

- **Strategic Guidance and Market Expansion:** Redalpine played a crucial role in shifting Lakera's focus to GenAI, positioning the company at the forefront of the trend, and facilitated its U.S. market entry, supporting office establishment and key hires.
- **Leadership Development and Talent Acquisition:** Redalpine helped build a strong leadership team, providing mentorship and leveraging its network to attract top-tier AI and cybersecurity talent.
- **Fundraising and Advisory Support:** Redalpine facilitated fundraising efforts, refined pitch materials, and introduced high-caliber advisors to enhance Lakera's strategic direction.
- **Risk Mitigation:** Redalpine guided Lakera to navigate the rapidly evolving AI security landscape, educating the market on GenAI risks, and differentiating Lakera's offerings in a competitive market.

Investment Outcome and Performance

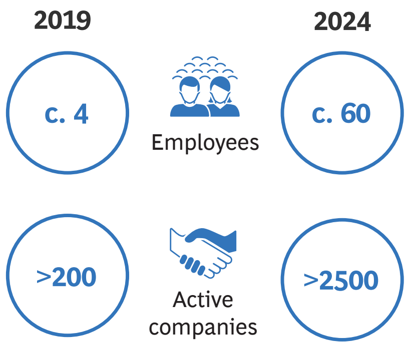
Lakera has made significant progress, validating Redalpine's investment thesis. The company secured prominent clients like Dropbox and a top US bank.The "Gandalf" platform has become a key industry tool, enhancing threat detection through continuous data-driven improvement while. the Lakera Guard also provides seamless real-time protection.

Key Conclusions

Redalpine's experience with Lakera underscores the value of strong founder relationships, active investor involvement and effective leadership. Early market entry, particularly in the US and ongoing innovation have been critical to Lakera's success. Lakera is leading the charge in securing the Internet of Agents, enabling enterprises to adopt GenAI applications with confidence. This partnership highlights the power of strategic VC in addressing complex technological challenges while supporting visionary entrepreneurship.

Ledgy: A Software Platform for Cap Table & Employee Option Plans

Ledgy was founded in 2017 by 3 graduates of ETH Zürich. Many companies in Europe were setting up equity plans to incentivise team members but struggling to make the information transparent, updatable, and available. Equity plans were confusing and complex to manage. Founders, investors, and employees did not understand what their ownership stakes really meant nor could they keep track of them over time. Ledgy solves these problems by making equity work for companies, investors, and employees.



Company description

- Software platform for cap table & employee option plan management for both private & public companies
- Solutions for equity plan automation, cap table management, compliance & financial reporting, share plan admin, employee communications
- Headquartered in Zurich, with offices in London & Berlin
- Currently the company employs 60 people worldwide
- The company's core markets include the UK and DACH

Equity Story

- The company completed a $1.8 million seed financing round in 2018 with venture capital investors b2venture, Creathor Ventures & VI Partners
- The company's startup employee participation plan launched in 2019, followed by significant market traction in 2020
- $ 10 million Series A in 2021 led by American VC investor Sequoia
- $ 22 million series B in 2022 led by American VC investor NEA
- Product expansion to cater to publicly listed companies in 2024.

Investment Rationale & Key Risks

- Large, global market growing quickly
- Well-understood customer problem without great solutions
- Complete solution for customer problem with network effects
- Impressive sales traction with accelerating growth & plausible path to hundreds of millions in revenue
- Market Risk: Who will buy the product?
- Execution Risk: Can the team successfully sell the product in a fragmented European market?
- Production Risk: Can the team build a robust product that fulfills the various regulatory requirements and is still easy to use?

Key Milestones

- 2017 First product - Launch of share register tool
- 2018 Launch of portfolio dashboards for investors. Announcement of seed funding and long-term vision
- 2019 Launch of exit modelling & KPI reporting, ESOP templates & employee dashboards
- 2020 Automation of equity grant documents with digital signatures and templating
- 2021 Series A financing round; Ledgy is the first Swiss portfolio company for American venture capital investor Sequoia
- 2022 Integration with third-party software; Launch of 'State of Equity and Ownership Report'; Series B financing round led by NEA
- 2023 Financial reporting in accordance with IFRS 2 standard
- 2024 Product expansion for publicly listed companies

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