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What if trade tensions could redraw Europe's advantage?

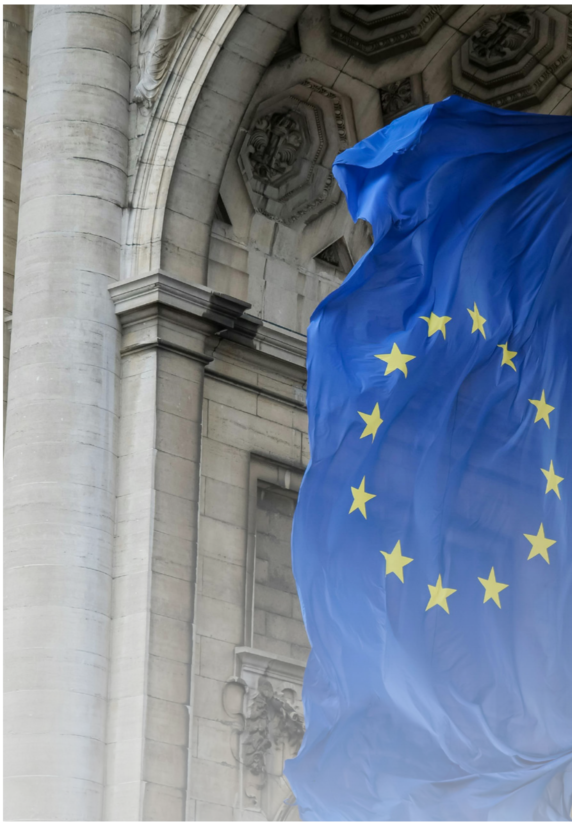
The strategic retreat of certain global powers — most notably the United States with its "America First" doctrine — paradoxically opens up new opportunities for European private equity players. What, until recently, was seen as a structural weakness of our continent — a shrinking industrial base, reliance on imports, and an export capacity more modest than that of our competitors — is today turning into a strength.

Our economies, largely service-oriented and continentally integrated, have proven more resilient to tariff shocks. The renewed focus on shorter supply chains and the growing drive for economic sovereignty are breathing fresh life into industrial reshoring strategies, now at the heart of the most compelling investment theses. In a world where the fluidity of trade flows is under question, this repositioning becomes a strategic asset.

We are witnessing an influx of North American and Canadian investors looking to diversify. The need to move away from the fault lines of global trade is prompting them to view Europe not as a secondary market, but as a zone of balance. This dynamic underpins the thesis of a more European investment model, where continental champions — often of mid-sized scale — can grow regionally within a clearer and more secure framework. In European SMEs and mid-caps, they find credible, sustainable growth drivers.

At the same time, Asia itself is rebalancing its flows. Weary of the uncertainties linked to trade with the United States, many Asian groups are rethinking their location and investment strategies. Europe, long regarded as peripheral, is now emerging as a zone of equilibrium — neither caught in Sino-American tensions nor exposed to protectionist excesses.

In this context, Europe is turning what was long viewed as a weakness — an export deficit or partial deindustrialisation — into a competitive advantage.



It is also a key moment to reinforce industrial reshoring strategies. Trade tensions only highlight the imperative for autonomy, especially in critical sectors. Companies able to produce locally while meeting international standards have now become prime targets for private equity investment.

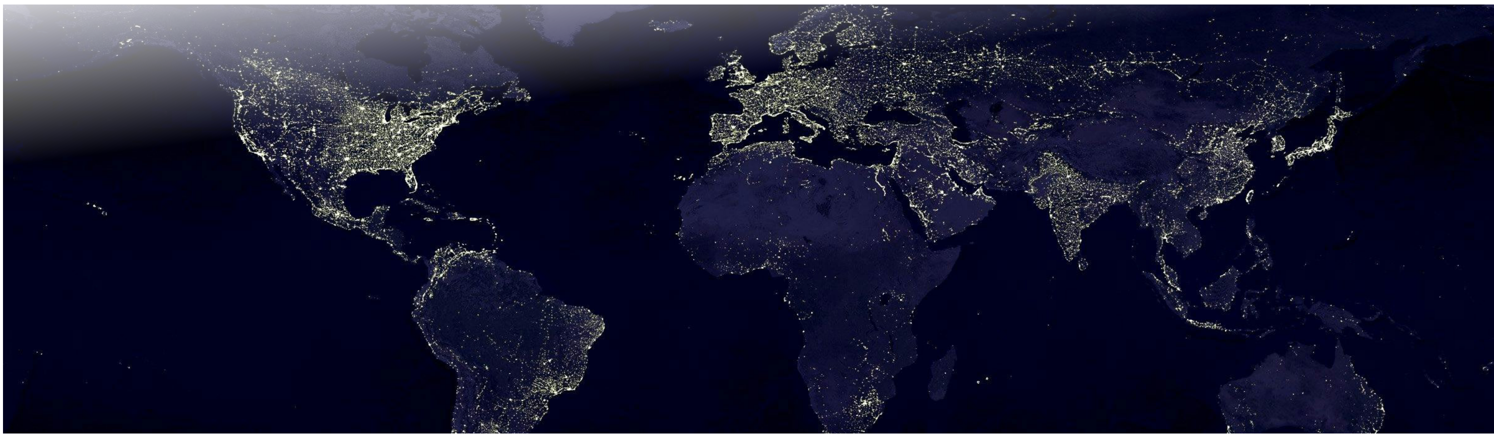
“These upheavals are not temporary. They reflect a lasting realignment of value chains and capital flows. For astute investors, they present a rare window of opportunity: to build European leaders able to capitalise on the new fractures in global trade

Stéphane Bergez & François-Xavier Mauron
Managing Partners – Andera Partners

Private debt: a market in flux, between rising institutional clout and broader retail access.

Against a global backdrop marked by mounting geopolitical tensions, fragmented value chains and a gradual fall in interest rates, private debt is emerging as a strategic financing lever for Europe's mid-sized businesses. While bank lending is being reshaped by stricter regulations — notably Basel IV — private debt is gaining ground, fuelled both by institutional investors and, more recently, by retail savers.

The contrast with the United States remains striking: in 2024, nearly 80% of LBO transactions there are financed through private debt, compared with around 25–30% in Europe — a gap that reflects both the American head start and the catch-up potential of the European market. In France, the market surpassed €30 billion in assets under management in 2023, with estimated annual growth of +12%, driven by the unitranche, mezzanine and impact debt segments.



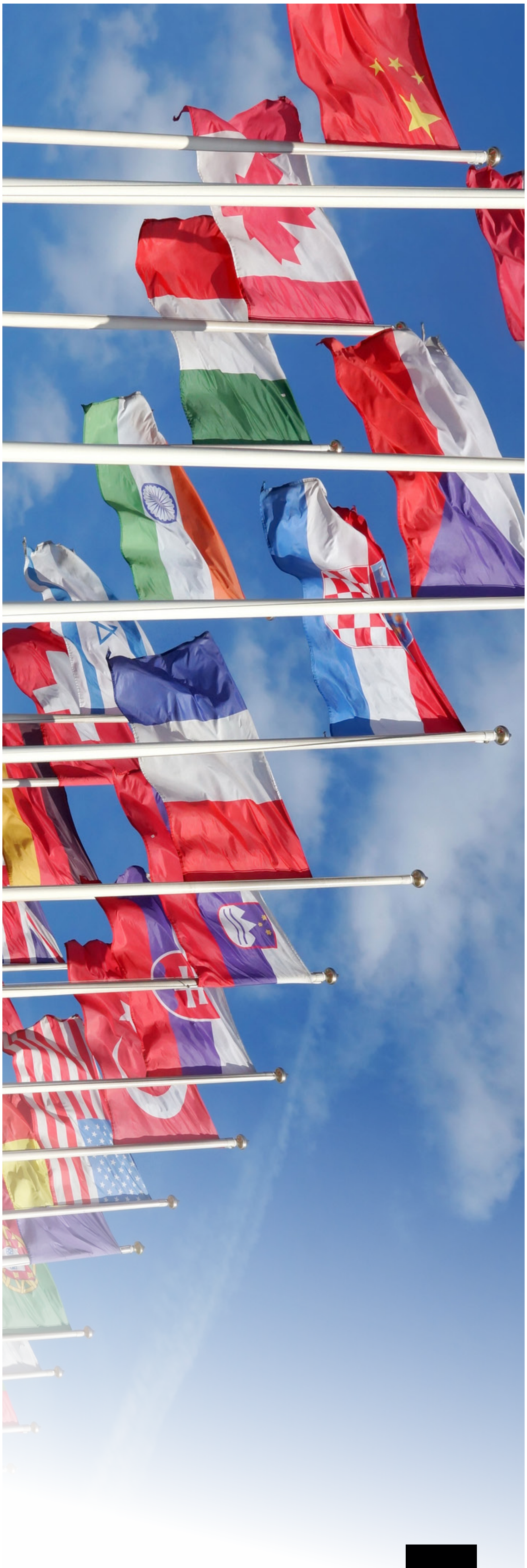
This movement is accompanied by a double shift. Firstly, an institutional shift: insurers, pension funds and retirement schemes are playing a pivotal role in the rise of private debt, as they look to diversify their bond portfolios while financing the real economy. Secondly, a societal shift: "retailisation" is gaining ground, with the emergence of products requiring lower minimum investments, making them accessible to individual savers. Today, 28% of Eurazeo and Tikehau's private fundraising comes from the retail segment, evidence of growing appetite among individuals for long-term assets with stable returns.

This paradigm shift calls for a gradual familiarisation among savers: novice investors are discovering a relatively illiquid yet promising product, while more sophisticated investors already appreciate the value of an investment that can "dip and recover" – provided it is viewed with a long-term mindset.

"Private debt is becoming a cornerstone in financing mid-cap companies. It combines yield, visibility and impact, while opening up to new types of investors. We are witnessing a profound redefinition of the non-bank financing chain in Europe" — explains **Stéphane Bergez**, Managing Partner, Andera Acto

Within this momentum, private debt is no longer just an alternative to bank lending: it has become a driver of European growth strategies for businesses, a pillar of economic sovereignty, and an increasingly popular investment product among both institutional investors and private individuals.

Nevertheless, the European market — which truly took shape after the financial crisis — still lacks a pan-European player capable of competing at scale. American funds, ahead with their evergreen structures, have been particularly successful in attracting capital. While domestic players have a solid position in the small and lower mid-cap segments, there is real scope to seize a niche in the mid-cap segment for substantial European funds.



Private equity in Europe: between local roots and cross-border ambitions.

The Europeanisation of private equity makes it possible to bring best practices from one country to another and to build a truly European dimension in certain sectors. To explore this underlying trend, our senior advisors (Hans Van de Velde and Serge Prosman) and our partner in Belgium (Jan Van den Bossche) share their analysis of both the European and Belgian markets.



The Europeanisation of private equity helps facilitate the sharing of best practices across borders for the benefit of portfolio companies, develop European sector expertise by drawing on experience gained in multiple markets, broaden the scope of opportunities by accessing a pan-European playing field, and attract Limited Partners (LPs) through the strength of a structured European network.

"The key to success lies in combining a strong local presence — essential for understanding cultural nuances and the specifics of each market — with a genuinely European structure that can source deals and implement buy & build strategies at a continental scale" explain **Serge Prosman** and **Hans Van de Velde**.

However, this cultural aspect is less critical for specialist funds than for generalist funds — for instance, in Life Sciences, where the playing field is global and sector expertise outweighs local anchoring. *"Today, Belgian funds frequently step in during the first financing rounds, before handing over to larger European funds. Particularly in Life Sciences, these funds are often backed by foreign sponsors. Even if the teams are Belgian, they still remain relatively unintegrated within a structured European framework"* comments **Jan Van den Bossche**.

Belgium illustrates this trend well. A small country whose economic fabric is largely built on SMEs, it benefits from distinct sector strengths. *"It's a very organised country, with a tight-knit network linking universities to the start-up ecosystem, which makes the transition from academic research to spin-off creation smoother — especially in Life Sciences. In larger countries, this transition is often less seamless"* explains **Jan Van den Bossche**. The Belgian private equity market also stands out for its high number of family offices. Twenty-five years ago, this market was mainly driven by banks, before the arrival of French and Dutch funds.

Today, even if the market still reflects a logic of juxtaposition rather than true consolidation, we are seeing more local offices being set up by European funds: *"These funds, however, still tend to retain a clear national identity. We have yet to see the emergence of a truly pan-European fund without an explicit national label"* notes **Hans Van de Velde**. To strengthen this Europeanisation, taxation remains a key structural challenge. Tax consolidation rules, the taxation of capital gains and dividends, and thin capitalisation rules vary significantly from country to country. *"Deals are not necessarily structured the same way depending on the jurisdiction. Legal and tax harmonisation would promote deeper integration of private equity at a pan-European level"* adds **Serge Prosman**.

Finally, another point of weakness: the limited exit routes, particularly through IPOs. Euronext has not yet fully played its part, and many innovations — especially in Life Sciences — still favour listing on US public markets.