

Scalable Fund Distribution: How Asset Managers Can Successfully Expand into New Markets



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The routes to investors are multiplying. Europe is seeing strong growth in active ETFs, while the Middle East is attracting more global managers and Hong Kong and Singapore are offering incentives for managers in those locations.

At the same time, investors are looking for structures that better suit their needs. This is creating new opportunities but also putting greater emphasis on where managers focus their efforts: identifying the right investors and markets, understanding how those investors want to access a strategy and putting the regulatory and operational infrastructure in place to support growth.

For asset managers, successful distribution is no longer simply a question of entering new markets. It requires careful consideration of investor demand, fund structures, regulation and operating models, all of which are closely interconnected.

Drawing on their experience supporting managers internationally, Selma Coffey, Head of Distribution Solutions, and Rachel Wheeler, Head of Strategic Solutions at Waystone, share their perspectives on where distribution opportunities are emerging, how investor preferences are evolving and what it takes to build a scalable distribution strategy.

Q1: Where do you see the biggest distribution opportunities today?

Selma Coffey: The opportunity is both geographic and structural. We continue to see demand for alternatives across different investor segments and markets, alongside a growing range of ways for investors to access those strategies.

Europe is a good example. There is a strong policy focus on encouraging greater participation in capital markets. With around €10 trillion of EU household savings currently held in bank deposits¹, the European Commission's Savings and Investments Union is looking at how more of those savings can be channelled towards productive investment, with the upcoming German and Dutch pension reforms being a good case in point.

For managers, this means looking carefully at where the apparent strongest opportunities lie and then analysing further in terms of which investors they want to reach, how to reach them and how those investors want to access their strategies.

¹ European Commission: [Savings and investments union](#)

Q2: Is choosing the right wrapper becoming as important as choosing the right market?

Rachel Wheeler: In many cases, yes. A manager might have an excellent strategy, but the existing fund structure may not necessarily be the one preferred by the investors they are trying to reach. Depending on the market and investor segment, that could mean a mutual fund, an alternatives fund (AIF), an ETF, a separately managed account (SMA) or a locally domiciled feeder.

We are also seeing interesting developments in the hedge fund sector. Strategies historically associated with hedge funds are beginning to appear in ETF structures, particularly in the US. AIMA has highlighted the emergence of hedge fund managers as ETF issuers, with strategies such as long/short equity, managed futures and multi-asset absolute return being adapted for listed vehicles.

There are clear limitations. Particularly in Europe, diversification, liquidity and risk-management requirements mean that not every hedge fund strategy can simply be replicated within an ETF. But the development illustrates a broader shift in how alternative investment strategies can be made available to investors.

Q3: Which markets are evolving and what does that mean for managers looking to enter them?

Selma: Europe and the Middle East illustrate two different aspects of the changing distribution landscape. In Europe, there is still significant scope for growth in areas such as active ETFs and greater retail participation in investment markets. The European Commission's Savings and Investments Union also has a specific objective of reducing regulatory and operational barriers to cross-border fund distribution.

The Middle East presents a different opportunity. Growth through new managers setting up in the UAE's freezones averaged 23% in 2025 giving an indication of the ongoing level of manager interest in the region².

But entering a fast-growing market does not automatically translate into raising assets. The UAE is a good example of why local knowledge matters. Managers need to understand not only broad categories such as institutional, family office, high-net-worth or private bank investors, but the characteristics within those segments. Local and expatriate investors, for example, can have different expectations around relationships, due diligence and the route to investment.

This is why we encourage managers to think in terms of Day 1 and Day 2 markets. Where are the strongest existing investor relationships? Where is there demonstrable demand? What structures do investors typically use and what permissions will be required? Trying to market everything everywhere from the outset adds cost and operational complexity, so the priority should be identifying the markets where there is a credible opportunity, understanding what is required to build a presence there and implementing accordingly, before moving onto the next set of markets.

Q4: How should managers balance distribution opportunities with regulatory complexity?

Rachel: Regulation is an important part of any distribution strategy and should be considered from the outset when assessing a new market.

Investor classifications, marketing permissions, reporting requirements and the rules governing fund structures can vary considerably between markets. Each new jurisdiction can bring additional regulatory and compliance requirements that need to be weighed against the commercial opportunity.

² DIFC: [DFSA Annual Report 2025](#) || [ADGM Celebrates decade of operations with 36% surge in AUM](#)

There is a wider policy tension here too. In Europe, policymakers want to encourage greater participation in capital markets and make it easier for investment to flow across borders, while the European Commission has acknowledged that fragmentation creates regulatory and operational barriers for asset managers distributing funds across the EU. Understanding these requirements early can help managers decide which opportunities to pursue and how best to structure their approach.

Q5: Are expectations changing for boutique and emerging managers?

Selma: Yes. While there continues to be investor appetite for boutique and emerging managers, investor expectations around infrastructure and governance are increasing.

AIMA and Marex's 2026 Emerging Manager Survey found that 86% of investors identified operational due diligence as the biggest barrier to allocation³. This highlights the importance of having institutional-quality infrastructure in place, even at an earlier stage of a manager's development.

For managers, of any size, the challenge is meeting those expectations without building a cost base in non-core activities that constrains their ability to grow.

Q6: How should managers think about scaling distribution as they enter new markets?

Rachel: As managers expand into new markets and investor segments, the operating model takes on greater importance. The question is not whether to build infrastructure, but how to scale efficiently while remaining focused on the areas that differentiate the business. This means deciding what should remain core to the organisation and where existing infrastructure, specialist expertise or established distribution frameworks can support growth.

We are seeing managers take advantage of a much broader range of solutions than in the past. Beyond traditional fund administration and governance, managers can access regulatory, management company, compliance and distribution infrastructure while retaining control of portfolio management and their investor relationships. In many cases, existing structures can also provide access to new markets or investor segments without the need to establish entirely new operational frameworks.

The objective is to build an operating model that supports expansion in a scalable way, allowing distribution capabilities to expand alongside the business without adding complexity and cost at the same pace.

Q7: What separates managers that successfully scale distribution from those that don't?

Selma: Those who develop a deep understanding of the investor and the infrastructure needed to support them and adapt that as investor needs change. The managers that successfully scale distribution are clear about who they are trying to reach, where those investors are located, how they prefer to access strategies and what they expect from a manager.

Just as importantly, they also recognise that distribution, regulation and operations need to be considered together. A growth plan needs to work from a regulatory and operational perspective as well as a commercial one. Ultimately, success comes from aligning investor demand, market opportunity and the infrastructure needed to support growth, allowing distribution to scale without adding complexity at the same pace.

Rachel: I'd add that successful managers are disciplined about where they focus their efforts. They use investor intelligence, distribution data and evidence of demand to identify the opportunities most likely to deliver results. Understanding where interest is emerging, which investor segments are most receptive and how capital is flowing can help managers make more informed decisions about where to invest their time and resources.

³ AIMA: Stacking up: [Momentum is building for emerging managers](#)

How Waystone Can Support Scalable Distribution

Waystone supports asset managers across the distribution lifecycle, from fund structuring and governance to ongoing regulatory support and market access infrastructure. With more than 20 years of experience and US\$500 billion in assets under management across its ManCo and ACD businesses in the UK, Ireland and Luxembourg, Waystone combines global scale with local market expertise.

As investor opportunities evolve, Waystone continues to expand its capabilities in the markets where clients are looking to grow. This includes the launch of its onshore Management Company and Distribution Company solutions in the UAE in 2025, alongside the continued expansion of its administration capabilities across APAC.

Waystone's global infrastructure allows managers to access the regulatory, operational and distribution support they need as they enter new markets, without having to build that capability independently in each jurisdiction.

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