Understanding Investor Segments as Part of Fund Growth Planning



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Identifying the right investor segments is an important part of any fund growth strategy. But broad classifications such as public pensions, family offices or wealth management only tell part of the story.

Within each of these channels, investors can differ significantly in their priorities, decision-making processes, approach to manager selection and preferred routes to market. Geography plays an important role, as do governance structures, regulation, institutional maturity, investment philosophy and even the investor generation of family office involved.

For managers developing a fund growth strategy, understanding this divergence can help identify the investor channels, and the specific opportunities within them, that best align with their strategy and growth ambitions.

Public Pensions: Look Beyond the Category

Public pension funds are often treated as a single institutional investor category. In practice, routes to market can differ significantly.

While consultants are often seen as the main access route to pension funds, US public pension Emerging Manager programmes can create opportunities for differentiated and boutique managers, including smaller managers or those with shorter institutional track records. New York City's pension systems illustrate the scale these programmes can reach. As of June 2025, the systems had $13.02 billion invested with or committed to Emerging Manager firms, alongside $26.5 billion invested with or committed to minority- and women-owned asset managers[1].

The level of consultant involvement can also vary significantly between funds, adding another consideration when determining the appropriate route to market.

Divergence also exists within the US public pension market itself. State-level regulatory and policy environments can influence from investment frameworks down to the language managers use around areas such as sustainability and stewardship. Pension funds operating in states such as California and Texas may sit within the same investor segment but require materially different approaches, including how pitch materials are framed.

European and UK pension markets present different considerations. Consolidation is creating larger pools of institutional capital, such as the pooling of Local Government Pension Scheme assets in England and Wales[2]. European occupational pension regulation and supervision also places formal emphasis on areas including ESG-related risks[3].

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[1] NYC Comptroller: NYC Comptroller Lander Announces Nearly $32B in Pension Investments Allocated to Diverse and Emerging Asset Managers
[2] Gov.UK: Local Government Pension Scheme: asset pooling
[3] EIOPA: Quarterly risk assessment of the occupational pensions sector and Climate stress test for the occupational pensions sector 2022

Governance structures differ too. The composition of investment boards, the role of beneficiaries or employee representatives, the use of consultants and the statutory factors that must be considered can all affect how an investment proposition is assessed.

For managers, this means tailoring the institutional pitch to the individual pension fund, taking account of its location, decision-making structure, regulatory context and investment priorities.

Family Offices: One Channel, Very Different Buyers

Family offices present a different challenge. While the sector is becoming more professionalised, investment decisions can still be highly influenced by the history, structure and generation of the family itself.

The generation, level of professionalisation and continued involvement of the founding entrepreneur can all influence how a family office evaluates investment opportunities. A family office in which the founder remains closely involved may approach opportunities differently from a multi-generational family office with a dedicated investment team, formal asset allocation processes and established manager due diligence.

Regional differences add another layer. Across parts of Asia and the Middle East, investment decisions may remain concentrated with the principal or a small group of trusted advisers. In this case, relationship building is a key part of the fundraising process. In more institutionalised family offices, whether in APAC or across Europe and the US, managers may instead encounter professional CIOs and investment teams applying processes closer to those of endowments, foundations or other institutional investors.

The route to family offices may also be changing. In Singapore, DBS Private Bank's Multi-Family Office Foundry VCC, having launched in 2023, had surpassed SGD1 billion in AuM across 25 ultra-high-net-worth families by September 2025. Structures of this kind could make relationships with private banks and other intermediaries in the FO space increasingly important for managers.

Networks remain particularly relevant within the family office channel. Introductions from other families, advisers and trusted service providers can play a significant role in establishing credibility. For niche and boutique managers, family offices can therefore remain an important source of potential capital. But defining the target simply as "family offices" is unlikely to be sufficiently precise to realise growth potential.

Understanding how wealth was created, who controls investment decisions, how institutionalised the office has become and which relationships influence it can provide a much clearer indication of where a manager should focus their efforts.

Wealth Management: Understand the Gatekeeper

The wealth channel is also expanding as private markets and other alternative strategies become accessible to a broader investor base.

In the US, Cerulli estimates that financial advisers currently allocate approximately $2.2 trillion to less-than-fully-liquid private capital and expects advisor ownership of these investments to increase by approximately $2 trillion over the next five years[4].

Yet adoption varies considerably within the adviser market itself. Cerulli's 2026 research found that one-third of wirehouse advisers allocate at least 10% to less-than-fully-liquid alternatives, compared with 14% of hybrid RIA advisers and 6.7% of independent RIA advisers[5].

This illustrates the wider point: even within one country and one investor channel, the opportunity can vary substantially depending on the intermediary.

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[4] Cerulli Associates: Private Markets Set to Add $2 Trillion in Advisor-Intermediated Assets Over Next Five Years
[5] Cerulli Associates: U.S. Private Markets 2026

Similar differences exist elsewhere. In France, insurers provide an important route to retail investors. In Germany, the savings bank (Sparkassen) network and its securities house, DekaBank, represent a distinct distribution ecosystem alongside the private banking market. In Italy, adviser networks and potential sub-advisory relationships can offer another route.

The UAE presents different considerations again. Its international wealth market means managers may encounter wealth professionals and clients whose expectations have been shaped by the UK, Europe, Asia or elsewhere. Understanding the background of the intermediary can therefore be relevant to how the proposition is positioned.

Across all these markets, education remains particularly important for strategies at the less liquid end of the investment spectrum. Advisers and their clients need a clear understanding of potential returns, liquidity, investment horizons, portfolio construction and the role a strategy is intended to play.

For managers, the focus should be on identifying the most appropriate route to the end investor and understanding what each gatekeeper needs to support the strategy.

From Investor Segmentation to Fund Growth Planning

Investor segmentation remains valuable, but it should be the beginning of fund growth planning rather than the end.

Before committing distribution resources to a particular channel or geography, managers should consider:

- **Who is the real decision-maker?** The investor named on the allocation may not be the person or organisation that determines which managers are considered.
- **What shapes the investment decision?** Governance, regulation, investment policy, family dynamics and adviser preferences can all change the requirements.
- **How should the proposition be positioned?** The same strategy may need different supporting materials, terminology and evidence depending on the audience.
- **Which route offers the greatest alignment?** A smaller but well-matched subset of an investor channel may offer a more realistic growth opportunity than pursuing the segment broadly.
- **What infrastructure is required?** Local representation, intermediary relationships, appropriate fund structures, marketing materials and ongoing investor servicing all influence whether an opportunity can be converted into capital.

This is particularly important for managers with finite distribution resources. Trying to cover every market and every investor type can dilute activity. A more targeted approach focuses resources where the investment proposition, investor need and route to market intersect.

Building a More Targeted Distribution Strategy

Effective fund growth planning requires an understanding of where capital sits and how it can be accessed. By looking beyond broad investor categories and understanding the differences within them, managers can develop a more focused distribution strategy: identifying the investors most closely aligned with their proposition, tailoring the approach accordingly and allocating resources where they have the greatest potential to support long-term growth.

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 approximately 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.

To discuss how Waystone could support your fund growth and distribution strategy, contact your Waystone Relationship Manager or Selma Coffey, Head of Distribution Solutions at Waystone. You can also find more insights from Waystone's experts and join our mailing list on our News & Events page.

As retirement and private wealth markets across Europe continue to evolve, that combination of local market knowledge and cross-border expertise can also support managers looking to build a scalable approach across multiple jurisdictions.

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