

Investment Funds Symposium 2026

Key Takeaways



Introduction

The 2026 Simmons & Simmons Investment Funds Symposium reached new heights this year, both in scale and ambition. We were delighted to welcome close to 800 attendees, more than double last year's number, and to host 55 speakers across two keynote addresses and 12 panel sessions. This year also marked a milestone as our first Symposium held in an external venue, reflecting the event's continued expansion and the strong appetite within the funds industry for commercially focused discussion.

A defining feature of the Symposium was its strong international flavour. We were proud to bring together senior representatives from across the globe, including industry leaders, regulators, and clients, to share insights and foster open, candid debate. The in-person format and adherence to the Chatham House Rule encouraged frank and meaningful exchanges throughout the day.

In response to growing demand, the Symposium broadened its agenda and extended its international reach, further enhancing its reputation as a business-led forum where lawyers support, rather than dominate, the conversation. In addition to its substantive content, the Symposium's core objectives remain fostering connectivity and providing valuable networking opportunities for all attendees.

We would like to extend our sincere thanks to everyone who participated - whether as a speaker or as a member of the audience - for making the 2026 Symposium such a resounding success.

For those who were unable to join us on the day, we have set out some of the key takeaways from the Symposium below. Please note that these summaries reflect our own views (rather than those of the speakers), and any errors or misinterpretations are our responsibility.

This year's programme consisted of:

Keynote Speeches

- [Ministerial Address – Lucy Rigby KC, MP](#)
- [Professor Linda Yueh – Professor of Economics at the London Business School, Fellow of St Edmund Hall, Oxford](#)
- [Kanishka Narayan MP – UK Minister for AI & Online Safety & Peter Davies – Partner, Lansdowne Partners](#)

Plenary session

- [Global Regulatory Outlook: Priorities for the year ahead](#)

Panel discussions

Stream A

- [Future Forces: Private capital and defence](#)
- [Capital Conversations: Insights from European investors](#)
- [Competing for Capital: How hedge funds are evolving to raise capital](#)
- [From Crisis to Confidence: Cyber security and reputation strategies for investment firms](#)

Stream B

- [Middle East Momentum: Market entry, capital & regional strategies](#)
- [Derivatives: The new era of digital assets, AI, and quantum computing](#)
- [The GC Agenda: Succession and strategy in times of consolidation](#)

Stream C

- [Actively Managed ETFs: Revolution or evolution?](#)
- [Health Horizons: Investment strategies for a new era](#)
- [Fund Finance: Evolving strategies for GPs and LPs](#)
- [The Energy Transition: Are we at a crossroads?](#)

Ministerial Address - Lucy Rigby KC, MP

Economic Secretary to the Treasury, HM Treasury, United Kingdom

[Video Address](#)

Key issues

- Asset management as a driver of economic growth and infrastructure investment.
- Maintaining the UK's global competitiveness as a place to manage assets.
- Reform of alternative investment fund regulation and venture capital frameworks.
- Increasing retail participation so savers and pensioners benefit from investment returns.
- Strengthening international cooperation, particularly with the EU.

Conclusions

- The government sees asset management as central to its growth and competitiveness strategy.
- Policy direction is towards regulatory reform, international engagement and broader participation in capital markets

Professor Linda Yueh

Professor of Economics at the London Business School, Fellow of St Edmund Hall, Oxford

Executive Summary

Professor Linda Yueh provided a strategic and macroeconomic overview, examining how geopolitical fragmentation, economic uncertainty, and technological change are reshaping the asset management sector. The address highlighted the increasing complexity of the global environment, the need for operational flexibility across jurisdictions, and the opportunities arising from technological innovation and cyclical market conditions. Attendees gained practical insights into the implications of regulatory and geopolitical developments, the potential for AI-driven transformation, and strategies for navigating uncertainty in investment and policy outlooks.

Keynote highlights

Geeconomics and the Macro-Outlook

- The global landscape is increasingly defined by geoeconomic fragmentation and “multi-alignment”, requiring firms to adapt flexibly rather than rely on a stable global consensus.
- Traditional economic forecasting is limited in a volatile environment; scenario planning and strategic resilience are essential.
- Regulatory and geopolitical complexity is impacting investment strategy, structuring, and cross-border operations.

The Investment Cycle and Policy Outlook

- There is potential for less restrictive monetary policy in major economies, with fiscal policy shifting towards investment-led growth.
- Historical trends suggest that firms investing during downturns often outperform in subsequent cycles.
- The current environment, while uncertain, may offer long-term investment opportunities, particularly in technology and private markets.

Technology and AI as Growth Drivers

- AI and digital technologies are expected to be transformative, but real economic impact will depend on practical adoption and integration.
- Productivity gains will accrue unevenly, favouring firms that successfully embed AI into business processes.
- Parallels were drawn with previous technological shifts, emphasising the importance of behavioural change alongside innovation.

Key takeaways

- Regulatory fragmentation poses real challenges but also creates advisory opportunities.
- Geopolitical fragmentation is beginning to affect financial infrastructure, including currencies and payment systems.
- Blockchain based and digital currency initiatives were discussed as potential responses to fragmentation and sanctions, rather than as speculative investments.
- A clear distinction was emphasised between crypto as an asset and digital currencies or blockchain infrastructure used for settlement and payments.
- Financial and technological innovation may reshape traditional systems, though outcomes remain uncertain.

How can Simmons & Simmons help?

- Advising on fund structuring, regulatory reform and cross border operations in a fragmented global environment.
- Supporting clients in navigating AI, digitalisation and other emerging technologies.
- Assisting with scenario planning, risk management and strategic positioning.
- Monitoring geopolitical, regulatory and technological developments affecting asset management and funds.
- Producing sector focused insights and horizon scanning analysis.

Key contacts

- **David Williams** – Partner and Head of Financial Markets - London
- **Andy Hartwill** – Client Insights Lead - London

Moderator Juliet Reingold – Partner, ENRI, Simmons & Simmons (London)

Panel

- Andrew Turner – Chief Executive Officer, Saibre Capital
- Eliza Warner – Investor, IQT
- Jason Calder – Chief Executive Officer, Sumner Capital Management

Executive Summary

The panel examined how rising geopolitical tensions are driving increased defence investment, reshaping markets, and accelerating the role of innovation and technology. It highlighted growing pressure on governments to raise defence spending, while noting that public funding alone is insufficient, creating opportunities for private capital. Despite rapid innovation, the sector continues to face challenges, including long procurement cycles, SME funding gaps, and structural barriers to international collaboration.

Panel Discussion

Geopolitics and defence Investment

- Disruption to the traditional international order and challenges to institutions like the IMF, UN, and NATO have led to renewed calls for increased government defence spending.
- After a period of decline, defence budgets are benefitting from renewed public investment, but governments alone are unlikely to meet the sector's growing investment needs.
- This has created significant opportunities for private capital, with the emergence of new fund vehicles and a notable rise in venture capital activity.
- Despite ongoing challenges, including lengthy procurement cycles, the current environment is generating substantial opportunities for growth and investment in the defence industry.

Technology and innovation

- The sector is witnessing a surge in innovative companies developing emerging defence technologies and actively seeking investment.
- There is a strong focus on ESG, nuclear technology, quantum technology, and artificial intelligence across the industry.
- Persistent challenges remain around procurement processes and the scaling of new technologies.

Investment models and funding

- Despite increased venture capital activity, SMEs continue to face difficulties accessing debt and credit, largely due to protracted procurement cycles.
- There is a clear need for more robust investment to support SMEs as they navigate the 'valley of death' between innovation and commercialisation.

How can Simmons & Simmons help?

- Simmons & Simmons supports clients in navigating complex transactions at the intersection of the public and private sectors within defence, intelligence, and security. The firm advises on commercial structures and legal frameworks for investment in the sector, providing ongoing guidance on regulatory compliance to enable clients to operate confidently in a dynamic market.

Key contacts

- **Juliet Reingold** – Partner, ENRI – London
- **Daniel Faundez** – Partner, FS Funds – Bristol

Capital Conversations: Insights from European investors

Moderator Benedikt Weiser, Partner, Financial Markets, Simmons & Simmons (Frankfurt)

Panel

- Isabella Seidl, Managing Director, Alternatives Capital Formation, Goldman Sachs Asset Management
- Matteo Squilloni, Head of Climate Transition, Equity Investments, European Investment Fund
- Toby Rutterford CFA, Director, Infrastructure Real Estate, M&G

Executive summary

The panel discussed current trends, risks, and opportunities in European private investment markets, highlighting fundraising pressures, manager consolidation, and a growing preference for open-ended and liquid structures. It noted a shift in investment focus away from sustainability towards defence and AI, alongside increased emphasis on infrastructure and private credit at the expense of private equity. The discussion underscored the importance of valuation discipline, careful manager selection, and sector specialisation in navigating the current environment.

Panel discussion**Key Themes**

- **Fundraising and Manager Consolidation:** Fundraising across private markets has become more challenging, with LPs consolidating relationships and favouring larger managers with strong track records. Middle-market funds are struggling to attract capital, despite good performance.
- **Sustainability:** This is no longer the dominant 'big wave'; focus has shifted to defence and AI. Fewer new sustainability proposals are emerging but the sector is maturing, with more focus on operational value creation and less greenwashing.
- **Valuation:** Discipline is critical, especially in sectors that have seen inflated prices. The panel cited regional differences in valuation and exit opportunities between northern and southern Europe by way of example.
- **Geopolitical Risk:** To mitigate geopolitical risk, investors should focus on diversification and understanding the 'risk premium', especially in the US. In Western economies, a continued policy emphasis on sustainability is a key consideration.
- **Investor preferences:** Open-ended and more liquid structures are increasingly in demand, particularly in private credit and infrastructure.
- **Private Market Growth:** Private markets are expected to continue growing, potentially at the expense of public markets. Manager selection and strategic focus are more important now than ever.

Trends in Asset Classes

- **Private Equity:** There has been a significant slowdown in fundraising, concentrated in mega-funds. M&A activity is rebounding, especially in technology, but valuations are a concern—some are seen as too high and may need to rationalise.
- **Private Credit:** This market remains active, with a shift towards evergreen/open-ended vehicles. Liquidity is a key client demand. Some stress is evident, with around 15% of borrowers facing interest repayment difficulties.
- **Infrastructure:** There has been record fundraising, with Europe becoming more prominent due to supportive policy and regulatory initiatives. Digital infrastructure (e.g., data centres) is a focus, but investors should also be looking at logistics, transportation, and the circular economy.

Capital Conversations: Insights from European investors

How can Simmons & Simmons help?

- **Tracking and Updates:** We actively monitor market trends, regulatory developments, and investor sentiment across private markets, making regular briefings and thought leadership available to clients.
- **Client Support:** We can assist clients in navigating fundraising challenges, structuring funds to meet evolving investor preferences (e.g., open-ended/liquid structures), and advising on manager selection and due diligence.
- **Sector and Thematic Expertise:** Our team can provide specialist advice on sustainability, defence, AI, and infrastructure investments, including regulatory and policy analysis.

Key contacts

- **Benedikt Weiser** – Partner, Financial Market – Frankfurt

Competing for Capital: How hedge funds are evolving to raise capital

Moderator Sarah Crabb – Partner, FS Funds, Simmons & Simmons (London)

Panel

- Andrea Vianelli – Chief Operating Officer, Asset Management & Strategic Advisory, Laser Digital
- Ben Murray – Head of EMEA Capital Introduction & Consulting team, Goldman Sachs
- Yan Kytko – Managing Director, CPP Investments

Executive Summary

The panel focused on the central challenge facing hedge funds: how to differentiate, evolve, and attract capital in an increasingly competitive market. Set against a strong start to 2026, ongoing innovation in fund structures and strategies, and shifting investor preferences, the discussion covered capital-raising pressures, geographic considerations, marketing trends, customisation, the rise of SMAs, digital assets, UCITS, and fund tokenisation. While the outlook for hedge funds remains positive, the panel noted that performance benefits are uneven and increasingly dependent on managers' ability to clearly articulate a distinctive value proposition. Success will favour managers aligned with in-demand strategies and able to respond to growing demand for customisation and innovation, while recognising that there is no single path to success—clarity of strategy, investor focus, and differentiation are critical.

Panel discussion

The current landscape

- Hedge funds have seen a strong start to 2026, following an already very good few years in the hedge fund space.
- Whilst asset raising is always difficult and especially so for start-ups, the market is fairly bullish right now. However, whilst many allocators want to increase their hedge fund exposure, net inflows are not evenly distributed—some managers will feel the tailwind of the positive hedge fund landscape while, for many, this will not trickle down.
- The ease of raising funds depends on who the manager is and what it is seeking to do—a lot of capital allocated in 2025 went to big names at the expense of smaller managers.

Desirable asset classes

- Interest in different asset classes tends to follow performance—Asia, especially Japan and China, has done well at attracting interest recently, while commodities (particularly metals) were also of note.
- While private credit has seen a slight tail off and private equity has been slower since 2022, hedge fund demand has stood out, with quant strategies and discretionary macro strategies being particularly in demand.

How to stand out from the crowd when competing for capital

- Experience, pedigree and the team that a fund can attract all matter.
- The use of Separately Managed Accounts (SMAs) and creative partnerships with platforms as well as allocators can make you stand out.
- Those who go against the grain, take risk and put their own money on the table can also stand out to investors.

Does the investment manager's geographic footprint matter?

- Following Covid, we have all improved at operating from a distance with the result that geography now perhaps matters less—see, for example, the migration to the Middle East.
- However, it is important to investors that teams are cohesive and if the team is not in the same place, this can 'spook' investors, particularly in the early days of a fund's life.

Competing for Capital: How hedge funds are evolving to raise capital

- London remains a key hub for talent, despite increasing numbers of launches in EMEA and Switzerland.
- First and foremost, though, decisions on where to be based as an Investment Manager are regulatory driven. Following that, the next consideration is talent. Geography matters in this sense for taxes and lifestyle reasons.
- Finally, capital should be considered—where do allocators want you to be based? On this count, the Middle East is a good place to be based.

The current hotspots for fund marketing

- The Middle East, particularly the ADGM, stands out at the moment, though there is growing demand for digital assets in the US while, in Switzerland, more native investors are looking to invest in liquid strategies.
- Across all regions, the strongest pool of capital is wealth capital—this community is willing to lock up capital and commit to more strategic terms.

Is reliance on big seed investors required for new hedge funds?

- It was felt that launching a fund can be an emotional process and anyone launching a fund needs to be pragmatic, speak to lots of different investors and to create some “FOMO” (fear of missing out).
- Although having a big investor isn’t crucial, once one big investor gets involved, other investors tend to follow. That said, for many new funds it is about family and friends’ investments to start with, and then they can scale up from that base.
- The process is easier if there is a seeder who can help to build a track record. In terms of how much money a hedge fund needs to start up, this will depend on the strategy (equity long-short having fewer barriers to entry than quant or macro strategies). However, three or four years of working capital is required and the key business risk surrounding this are family conversations around mortgages, school fees etc.

The evolution of Digital Assets

- Up to 50% of hedge funds are thinking of investing in digital assets with many wanting at least some exposure. More regulation is creating greater interest and hedge funds with crypto in their portfolio have performed well compared to others.

The resurgence of UCITS

- It was agreed that UCITS is an interesting area to follow at the moment and acts well as a liquidity tool in the private wealth space. Some larger managers are launching interesting products, and it was felt that this commitment will not waiver.

Tokenisation of Funds

- When having a digital representation of the fund, you need to ask what you are tokenising and why? If you believe that finance in the future will be on chain, you must be able to raise finance on chain and funds, therefore, need to have access.

How can Simmons & Simmons help?

- We closely monitor market, regulatory, and product innovation trends in the hedge fund sector.
- We provide tailored advice on fund structuring, capital raising, and regulatory compliance.
- Our team can assist with the establishment and operation of SMAs, digital asset strategies, and tokenised fund structures.

Key contacts

- **Sarah Crabb** – Partner, FS Funds – London
- **Devarshi Saksena** – Partner, FS Funds – London
- **Lucian Firth** – Partner, FS Funds – London

From Crisis to Confidence: Cyber security and reputation strategies for investment firms

Moderator Thomas Marsh – Managing Associate, Disputes & Investigations, Simmons & Simmons (London)

Panel

- Lawrence Brown – Partner, Digital Business, Simmons & Simmons
- Adam Harrison – Managing Director, Cybersecurity, FTI Consulting
- Jaime Broomberg – Senior Director, Crisis Team, Strategic Communications, FTI Consulting

Executive summary

The panel considered the growing cyber and reputational risks facing asset managers, noting the rapid rise in cyber incidents and the sector's attractiveness to attackers due to the value of its data and assets. It examined the evolving threat landscape—including ransomware, business email compromise, and mobile malware—and considered practical approaches to preparedness, response, and risk management. The discussion highlighted the importance of organisational resilience, clear governance, and effective communication, while identifying key risks such as operational disruption, regulatory exposure, financial loss, and reputational damage. Given the pace of change, the panel emphasised the need for firms to assess readiness, update governance frameworks, and regularly test incident response and communication plans.

Panel discussion

The evolving threat landscape

- Ransomware remains the predominant threat, with attacks increasingly focused on data theft and extortion rather than just business interruption.
- Business email compromise and mobile malware are also on the rise, with attackers targeting institutions to commit fraud or gain intelligence on transactions.

Preparation and governance

- Preparation is critical.
- Firms should establish clear governance structures, define roles and escalation thresholds for incident response, and ensure alignment across teams.
- Policy setting should be a group effort, not limited to legal and compliance.
- Effective communication is crucial following an incident; firms should establish incident response playbooks that clearly outline next steps and include pre-approved external communications.

Legal issues in incident response

- Key legal considerations include notification requirements under data protection laws and financial services regulation - these may vary by jurisdiction.
- Firms should understand when and how to notify regulators and affected parties and be prepared for potential follow-up.
- When incidents occur in the supply chain, firms may need to consider cost recovery by way of litigation.
- Vendors may have agreed low liability caps, so contractual terms should be reviewed carefully.

How can Simmons & Simmons help?

- Helping clients prepare for and respond to cyber incidents, with expert advice on incident response planning, regulatory compliance, and contractual protections with suppliers
- Guiding clients through potential regulatory risks and enforcement actions
- Providing comprehensive support in managing litigation and reputational issues arising from incidents, including conducting proceedings where required

Key contacts

- **Thomas Marsh** – Managing Associate, Disputes & Investigations – London
- **Lawrence Brown** – Partner, Digital Business - Bristol
- **Robert Allen** – Partner, Disputes & Investigations - Bristol

Middle East Momentum: Market entry, capital & regional strategies

Moderator Thomas Pointer – Partner, FS Funds, Simmons & Simmons (Middle East)

Panel

- Paul Robbins – Chief Operating Officer, Merlyn Advisors
- Mark Howard – Managing Director & Chief Compliance Officer for International Markets, Kohlberg Kravis Roberts & Co
- Ivo Detelinov – General Partner, Oryx Fund

Executive summary

The panel examined the increasing pressure on asset managers to establish a physical presence in the Middle East, particularly in the UAE and Saudi Arabia, driven by regulatory requirements, investor expectations, and the region's growing significance as a source of capital. The discussion highlighted both the opportunities—such as access to substantial pools of capital and high growth rates—and the challenges, including regulatory complexity, operational hurdles, and talent management. Key issues included the complexities of hiring local staff, nationalisation requirements, talent retention, and the practicalities of building a sustainable local team. Clients considering entry into the Middle East should be prepared for jurisdiction-specific requirements, invest in local relationships, and plan for a potentially lengthy and complex set-up process. Early engagement with experienced advisors and a clear local strategy are essential for success.

Panel discussion

Drivers for Establishing a Presence

- Allocators and investors, particularly in Saudi Arabia and the UAE, increasingly require asset managers to have a local office and staff.

Practical and Regulatory Challenges

- Establishing a presence involves significant administrative and regulatory hurdles: company formation can take weeks, bank account opening may take months, and visa processes are unfamiliar to those used to UK timelines.
- Once initial set-up is complete, ongoing operations become more streamlined, with local fund administrators able to manage aspects such as salary payments.
- The quality of local service providers varies, so careful selection is essential.
- In Saudi Arabia, the process is more complex, with requirements such as healthcare registration and a high proportion of Saudi national employees.
- Each jurisdiction (DIFC, ADGM, Saudi) is business-friendly but operates independently, requiring separate regulatory approvals as there is no regional passport.

Talent and Operational Considerations – Hiring your team

- **Nationalisation Requirements:** Saudi Arabia enforces strict “Saudisation” rules (at least 50% of staff must be Saudi nationals), while the UAE has similar, though less stringent, Emiratisation policies. These requirements are non-negotiable and must be factored into hiring strategies.
- **Talent Pool:** The region boasts a large and growing pool of well-educated local graduates, many with international qualifications, providing a strong base for junior and mid-level recruitment.
- **Cultural Integration:** Retaining firm culture while integrating local hires is important, balancing international staff with the development of a sustainable local team.
- **Cost and Practicalities:** Hiring expatriates remains an option but is more costly due to housing, visa, and relocation expenses, though long-term retention may offset some costs.

Middle East Momentum: Market entry, capital & regional strategies

- **Two-Tiered Approach:** Many firms adopt a two-tiered approach, bringing in experienced staff from home markets while investing in local talent. Selecting the right local candidates, particularly those with relevant experience, can be challenging.
- **Strategic Importance:** Building a strong local team is not only a regulatory requirement but also a strategic advantage, enabling firms to build long-term relationships and gain deeper market understanding.

Opportunities and Risks

- The Middle East offers access to large pools of capital, high growth rates, and a young, internationally trained workforce.
- However, success requires a long-term, locally tailored strategy and strong relationships on the ground.
- Regulatory and operational complexity, as well as the need to manage internal expectations about timelines and processes, are key risks.

Future Outlook

- Other Middle East jurisdictions (e.g., Kuwait, Qatar) are seeking to replicate the UAE's success and attract international asset managers.
- Visa and residency reforms are making the region more attractive for families and long-term expatriates.

How can Simmons & Simmons help?

- Simmons & Simmons has a strong presence in the Middle East, with deep experience advising on market entry, regulatory compliance, and operational set-up across the region.
- We can assist clients in navigating the complexities of local regulations, including nationalisation and Emiratisation requirements, and in developing effective local hiring and retention strategies.
- Our team includes both UK and Middle East-based professionals, ensuring a blend of international expertise and local insight.

Key contacts

- **Muneer Khan** – Partner & Regional Head of the Middle East , Financial Markets - Dubai
- **Thomas Pointer** – Partner, Financial Markets – Dubai

Derivatives: The new era of digital assets, AI, and quantum computing

Moderator Craig Bisson – Partner, FS Funds, Simmons & Simmons (London)

Panel

- Natasha Benson – Chief Operating Officer, Ownera
- Brendan Bradley – Chairman, Tokenovate
- Sonia Chawla – Head of Legal, Investment Transactions, Schroders

Executive summary

This session explored the impact of emerging technologies on financial markets, with a particular focus on digital solutions and Distributed Ledger Technology (DLT). The pace of change since the advent of DLT has been relentless, and firms—especially smaller asset managers—must adapt quickly to remain competitive.

Panel discussion**Distributor Ledger Technology**

- Significant growth in DLT adoption over the past three years, accelerated by the Gilt crisis, which exposed inefficiencies in collateral movement.
- Tokenisation has emerged as a solution, though collateral mobility remains slow. Progress towards T+1 settlement is positive, but full implementation is pending.

Regulatory Developments

- In January 2026, the ECB announced plans to accept DLT assets as eligible Euro system collateral, pending completion of the regulatory process. This signals increasing regulatory acceptance of tokenised assets.

Stablecoins in the US

- The US market has seen major developments, including new guidance from the CFTC and calls for broader adoption of tokenised instruments.

Digital Gilt Instrument (DIGIT) pilot

- In March 2025, the UK Government announced the start of its procurement process for the Digital Gilt Instrument (DIGIT) Pilot. A small consortium was developed to allow the issue of digitally native. The bid has concluded though negotiations with the successful bidder are ongoing.

Interoperability – what is it?

- Interoperability has been defined in the past as the ability to move an asset from one chain to another. For the financial markets world, though, interoperability now means connecting systems. Interoperability is essential in the world of tokenisation.

Quantum computing risks

- Security, privacy, and control over quantum computing are critical concerns. Most firms are adopting multi-chain strategies rather than relying on a single blockchain.

How can Simmons & Simmons help?

- We advise clients on investments in digital assets, fund tokenisation, tokenised collateral and the wider governance and regulatory framework. Do get in touch if you need any support.

Key contacts

- **Craig Bisson** – Partner, FS Funds - London

The GC Agenda: Succession and strategy in times of consolidation

Moderator Ania Rontaler – Partner, Corporate, Simmons & Simmons

Panel

- Rosie Sears – General Counsel, Legal & General Asset Management
- Rupert Rossander – General Counsel EMEA, Invesco
- Thomas Danton – General Counsel, W1M Group Limited
- David Hicks – Partner, Corporate, Simmons & Simmons

Executive summary

The panel looked at key issues currently facing GCs, including the pace of regulatory change—such as the UK Consumer Duty and post-Brexit developments—a growing market focus on scale, increased adoption of passive investment strategies, and the challenges of succession planning as founders retire and new talent is brought in.

Panel discussion

Strategies for growth

- Growth of the ETF business replacing growth through the purchase of managers, with a movement from active to passive
- Building capability through minority partnerships and stakes, with a focus on building products using different capabilities

Culture

- Culture is an issue in M&A, with the principle and the target needing to explain who they are to one another. There are, though, underlying economic issues as well, as has been seen through public and private investments.

Important deal features

- The key issues are around risk and regulation.
- Warranty and indemnity insurance are very important features now, as the market has become far cheaper.

Post-transaction integration

- This is an enormous important feature, which is often not taken into account at an early enough stage. In a time of growth, there is a tendency from the legal/operational side to ignore the difficulties. It can take being ruthless to ensure everything goes well. Post-transaction re-organisations are another key theme that lawyers are required to advise on.

Technology

- Passive investment is an example of how technology can change growth – this is also seen in the neo-banks.

How can Simmons & Simmons help?

- Specialist advice on navigating complex regulatory developments, including the UK's Consumer Duty.
- Guidance on growth execution, including ETF launches, minority investments, and capability building.
- Support with M&A transactions, including cultural integration, risk management, and the use of warranty and indemnity insurance.
- Advice on post-transaction integration and reorganisation, ensuring operational and legal challenges are addressed early and effectively.
- Insights into technology-driven investment trends, including passive strategies and neo-banks.
- Support with succession planning and talent management to ensure long-term resilience.

Key contacts

- **Ania Rontaler** – Partner, Corporate – London
- **David Hicks** – Partner, Corporate – London
- **Thierry Somma** – Partner, Corporate – Luxembourg

Actively Managed ETFs: Revolution or evolution

Moderator Ivy Yam, Partner, Financial Markets, Simmons & Simmons (Hong Kong)

Panel

- James Cullinane, Managing Associate, Financial Markets, Simmons & Simmons (Ireland)
- Adam Leonard, Director, Global Sales Strategy, Man Group
- Danny Dolan, Managing Director, Market Access Asset Management
- Victor Bonnacarrere, Head of ETF & Alternatives Legal, UBS Asset Management

Executive summary

The panel discussed the rapid growth of actively managed ETFs, noting that global assets have reached around USD 1.4 trillion, with Europe representing approximately 5% but seeing accelerating adoption in line with earlier US trends. It explored shifting investor demand towards technology-enabled, intraday ETF structures, including for long-term and traditionally illiquid strategies. The discussion considered whether this growth reflects a structural shift or a gradual evolution from passive ETFs and active mutual funds, highlighting opportunities such as improved liquidity, operational efficiency, and broader investor access, alongside challenges relating to European distribution, regulatory and tax considerations, and portfolio transparency.

Panel Discussion**Opportunities**

- Strong growth in sectoral, thematic, and fixed-income active strategies, including defence, AI, sustainability, options-based products, and credit.
- Expansion of non-benchmark-constrained (“true active”) ETFs as investors move away from closet index tracking.
- Increased adoption by younger, tech-savvy investors and platform-based distribution.
- Active ETFs offer intraday liquidity, improved balance sheet treatment, operational convenience, and higher revenue potential compared to passive ETFs.

Main Risks

- Portfolio transparency requirements may raise concerns around front-running, IP protection, and reverse engineering.
- Launching without a credible distribution strategy risks product failure.
- European market fragmentation (multiple jurisdictions, regulators, exchanges, languages) complicates scaling.
- The need for genuine active management to avoid “closet indexing”.

Market Trends

- The US leads in active ETF adoption, with Europe lagging in AUM and product diversity but rapidly catching up.
- There is a shift towards more innovative and thematic strategies, including sustainability, defence, and synthetic structures.
- The market is at an inflection point, with strong growth expected as European retail adoption increases and the ETF ecosystem matures.
- Active ETF uptake is expected to rise over the short to medium term, particularly in sectors and fixed income.

Why should an active manager consider an ETF wrapper?

- Intraday liquidity allows real-time entry and exit, rather than waiting for NAV pricing.
- ETFs are classified differently from mutual funds, often resulting in lower capital charges and more efficient risk budgeting.
- Ease of access: no subscription documents, AML onboarding delays, or account-opening friction.
- Demographic shift: younger investors and platform-based users often only have access to ETFs.

Actively Managed ETFs: Revolution or evolution

Market growth and revenue considerations

- Active ETFs command higher fees than passive ETFs, supporting revenue growth.
- Scalability is superior to traditional funds once distribution is established.
- Europe lags the US by an estimated 10 years, but growth is accelerating.
- Conclusions
- Active ETFs represent a high-growth opportunity, particularly for managers with scalable strategies.
- Europe offers long-term upside despite slower initial adoption.

Structuring Considerations When Launching an Active ETF

- Distribution planning is critical and must be addressed at the outset.
- Choice of jurisdiction (Ireland vs Luxembourg) affects tax efficiency, regulatory processes, and operational setup.
- Tax considerations (including withholding tax and treaty access) are often decisive, particularly for US equity exposure.
- Regulatory convergence has reduced friction between jurisdictions, but local nuances remain.

Portfolio Transparency and Disclosure

- Active ETFs must choose between daily or periodic portfolio disclosure (quarterly with a time lag).
- Concerns include front-running, reverse engineering, and protection of proprietary strategies.
- Transparency must be designed deliberately, with strong contractual protections and trusted AP/market-maker relationships.

Distribution Realities in Europe vs the US

- The US model of retail-led growth does not translate well to Europe due to market fragmentation.
- European ETF success requires local distribution expertise, institutional engagement, customised reporting, and operational integration.

Investor Demand and Product Design

- Investors increasingly demand genuine active strategies, seamless operational integration, and the repackaging of existing strategies into ETFs.
- Managers must clearly articulate the value proposition and why an ETF wrapper is the optimal solution.

What Steps Should Clients Be Taking?

- Assess whether existing active strategies genuinely benefit from an ETF wrapper.
- Build distribution and market-maker relationships before launch.
- Decide early on portfolio transparency and align it with strategy design.
- Ensure the product delivers clear differentiation and a compelling client value proposition.
- Focus on distribution strategy, tax structuring, and regulatory requirements from the outset.
- Carefully consider portfolio transparency and IP protection, with robust contractual arrangements.

How can Simmons & Simmons help?

- Ongoing monitoring of:
 - Active ETF regulatory developments
 - Portfolio transparency regimes
 - Cross-border distribution requirements
 - Market practice in Ireland, Luxembourg, and beyond
- Advising on:
 - Structuring and launching active ETFs
 - Jurisdictional selection and tax efficiency
 - Portfolio disclosure frameworks
 - Distribution strategy and cross-border marketing

Key contacts

- **Ivy Yam** – Partner, Financial Markets – Hong Kong
- **James McKnight** – Partner, Financial Markets – Dublin
- **James Cullinane** – Managing Associate, Financial Markets – Dublin

Health Horizons: Investment strategies for a new era

Moderator David Brangam – Partner, Corporate & Commercial, Simmons & Simmons (Dublin)

Panel

- Roel Bulthuis – Managing Partner, Syncona
- Jacob Comer – Partner, Seward & Kissel
- Joseph Katz – Partner, Healthcare M&A team, PWC

Executive summary

The Health Horizons session provided a comprehensive overview of the current state and future direction of healthcare investment. The discussion addressed market dynamics, regulatory developments, LP priorities, and strategic themes shaping the sector in 2026. Attendees received practical insights into capital deployment, transatlantic differences, sectoral momentum, and emerging scientific and commercial opportunities, with perspectives from both venture capital and healthcare M&A specialists.

Panel discussion**Market Dynamics & Investment Trends**

- Investment activity in therapeutics is rebounding, driven by renewed US investor interest and a stabilising market environment.
- The US market, which experienced overheating during the COVID period, is now seeing more disciplined capital deployment, while Europe is benefitting from healthier capital flows and a greater ambition in company building.
- Valuation resets, particularly sharp corrections in contract research and services, are creating attractive entry points for investors but also require greater caution and selectivity.
- Macro factors—including regulatory changes, political developments, and reimbursement pressures—are increasingly determining where investors believe sustainable returns can be achieved.
- Biotech, therapeutics, gene and cell therapy, precision medicine, and oncology continue to attract strong investment, reflecting both high levels of innovation and clear commercial potential.
- Digital biology, biosensors, and later-stage biopharma are emerging as new areas of focus, offering opportunities for growth and differentiation.
- Tech-enabled healthcare remains an attractive segment in Europe, but challenges around achieving investable scale and consistent cash flow continue to limit private equity participation.
- AI-enabled drug discovery is a prominent theme, but there is a need for realistic expectations regarding development timelines and commercialisation.

Regulatory & Policy Considerations

- The regulatory environment in the US is characterised by significant FDA uncertainty, with shifting standards and approval expectations impacting investment decisions.
- Drug pricing policy remains a critical factor, particularly for early-stage investments in small population or paediatric indications, as it directly affects the commercial viability of new therapies.
- Europe is experiencing increased availability of venture capital, supporting the growth of innovative healthcare companies, although the number of specialist healthcare funds remains lower than in the US.
- Differences in market access, pricing power, and regulatory timelines between Europe and the US continue to shape cross-border investment strategies, with investors carefully weighing the relative advantages and risks of each region.

Health Horizons: Investment strategies for a new era

Opportunities for LPs & Portfolio Construction

- Limited partners are prioritising capital efficiency, robust risk mitigation, and clear, realistic communication from general partners regarding time to exit and return profiles.
- There is a growing appetite among LPs for European specialist healthcare funds, reflecting a desire for diversification and a response to ongoing uncertainty in the US market.
- The reopening of the US IPO window is expanding exit opportunities beyond traditional trade sales, providing additional liquidity options for investors.
- The pharmaceutical sector is facing a significant wave of patent expiries (approximately \$35bn), which is driving demand for pipeline-enhancing acquisitions and reinforcing the importance of early-stage science translation.
- Europe's strong university-based innovation ecosystem offers a robust source of early-stage science, but the region continues to face a shortage of early-stage capital to fully realise this potential.

Strategic Themes for Investors

- Regional dynamics are diverging, with the US returning to growth and Europe gaining momentum in company formation and innovation.
- Translational science and early-stage risk-taking are critical to bridging the “missing middle” in European venture capital, enabling more innovations to progress from research to commercialisation.
- Regulatory uncertainty, particularly in relation to the FDA, is a key factor influencing investment timing and portfolio allocation decisions.
- A therapeutic agnostic approach—targeting opportunities across fertility, cardiovascular, oncology, rare disease, and other areas—can deliver value where scientific advances materially improve patient outcomes.
- Increasing volume of opportunities in Middle East and Asia as investors seek to address geo-political concerns around the US.

How can Simmons & Simmons help?

- Simmons & Simmons offers deep expertise in the health and life sciences sector, supporting clients across the full investment lifecycle. The firm provides:
 - Specialist advice on structuring and executing investments in healthcare and life sciences, including venture capital, private equity, and M&A transactions.
 - Regulatory and policy analysis tailored to the unique challenges of the sector, including cross-border considerations and evolving market access requirements.
 - Guidance on navigating complex legal and commercial frameworks for innovative healthcare technologies, therapeutics, and digital health.
 - Support for both investors and companies in capital raising, portfolio construction, and exit strategies, leveraging the firm's experience in both European and US markets.
 - Ongoing monitoring of sector trends, regulatory developments, and emerging opportunities to ensure clients are well-positioned in a rapidly evolving landscape.

Key contacts

- **David Brangam** – Partner, Corporate - Dublin

Moderator Jen Yee Chan – Partner, Banking, Simmons & Simmons (London)

Panel

- Jonathan Pugh-Smith – General Fund Counsel, BU Bregal Unternehmerkapital
- Tom Glover – Managing Director, Crescent Capital
- Joseph Wren – Partner, FS Funds, Simmons & Simmons

Executive summary

The panel explored the rapidly evolving landscape of fund finance, highlighting how geopolitical and macroeconomic volatility is driving innovation in financing strategies for both GPs and LPs. The discussion focused on the increasing complexity of fund structures, the growing use of hedging, and the development of new solutions to meet the needs of a changing market environment. Attendees gained practical insights into the latest trends in fund finance, the impact of market dynamics on GP and LP requirements, and the legal and regulatory considerations shaping the sector.

Panel discussion

Evolution of Fund Finance Solutions

- The fund finance market is undergoing significant transformation, driven by the increased use of continuation vehicles (CVs), new fund structures, and the rise of separately managed accounts (SMAs), co-investments, sidecars, and evergreen funds.
- Continuation vehicles now account for approximately 20% of private equity M&A activity, reflecting their growing importance as a tool for liquidity and portfolio management.
- As fund structures evolve, GPs' requirements from fund finance lenders are also changing, with a greater emphasis on flexibility and tailored solutions.
- GP commitments have increased and the absolute size of commitments is rising as fund sizes grow.

Fund Structure, Talent, and Due Diligence

- The market is seeing the next generation of managers being equitized, which is having a positive impact on both fundraising and talent retention.
- LPs are applying more rigorous due diligence to avoid the risk of manager insolvency, with particular scrutiny on the funding of co-investments and the financial stability of the GP "house".

Hedging Strategies

- The panel discussed the growing use of hedging as a tool for funds, including the adoption of currency sleeves and strategies tailored to the specific needs of different funds (from transaction/event led hedging, such as contingent derivatives, to systematic fund-level risk management).
- For managers of semi-liquid (evergreen or "perpetual") funds, there is increasing focus on how hedging can be implemented at the asset level as well as the share class level, with approaches varying between funds.
- In the FX space, significant innovation is taking place with a current hot topic being whether accelerated payment mechanics could be used to generate liquidity.
- The heightened interest in hedging is seen as a response to LP demands as well as macroeconomic uncertainty.

Legal and Regulatory Considerations

- The legal and regulatory consequences of hedging strategies must be carefully considered, particularly as derivatives are subject to varying degrees of regulation across jurisdictions.
- While regulation in this area is increasing, the rules are generally well understood by market participants.

Market Dynamics and Outlook

- The biggest challenges in the current market are the evolving nature of fund structures, increased costs, greater complexity, and the need to manage stakeholder expectations.
- The panel concluded that the current environment is a buyer's market, with high competition among lenders and significant opportunities for buyers to secure favourable legal terms and pricing. The same is true for hedging.

How can Simmons & Simmons help?

- Simmons & Simmons offers deep expertise in fund finance, advising both GPs and LPs on the full spectrum of financing solutions across private funds. The firm provides:
 - Specialist advice on structuring and negotiating fund finance transactions, including subscription lines, NAV facilities, continuation vehicle financing, GP and coinvest financing and bespoke financing solutions for complex fund structures.
 - Guidance on hedging strategies at asset and fund level, regulatory optimisation and compliance, and the legal implications of implementing arrangements across multiple jurisdictions.
 - Support for both established and emerging managers in navigating the evolving fund finance landscape, including due diligence, risk management, and stakeholder engagement.
 - Ongoing monitoring of market trends, regulatory developments, and innovation to ensure clients are well-positioned in a competitive environment.

Key contacts

- **Jen Yee Chan** – Partner, Banking – London
- **Joseph Wren** – Partner, FS Funds – London

The Energy Transition: Are we at a crossroads?

Moderator Andrew Petry, Partner, ENRI, Simmons & Simmons (London)

Panel

- Matthew Taylor, Managing Director, Green Giraffe
- Roger Pim, Managing Director of Strategy & Capital Formation, NTR
- Amer Baig Director, Department of Strategic Investment Partnerships & Co-Investments, Green Climate

Executive Summary

The panel explored whether investment in the clean energy transition is at a crossroads, set against political volatility, including US policy uncertainty and the UN's acknowledgement that the 1.5°C target is likely to be missed. The discussion covered regional differences across Asia, Europe, and the US; the shift in investment focus from generation to grid stability, storage, and broader decarbonisation; the role of public and private capital, particularly in emerging markets; and the outlook for technologies such as storage, biogas, nuclear, and water infrastructure. Key risks included geopolitical volatility, interest rate sensitivity, and misalignment of perceived and actual risk in emerging markets, while opportunities were identified in grid modernisation, energy storage, biogas, and the "blue economy," reflecting a move towards a more rational, infrastructure-focused approach. Despite the US's withdrawal from climate commitments, global momentum continues, particularly in Asia and emerging markets, with the coming years seen as critical as the market resets and new opportunities in resilience and storage emerge.

Panel discussion**The impact of US policy and global volatility**

- The US's withdrawal of GCF funding was anticipated and did not disrupt programming to 2027.
- Volatility is a constant, but emerging markets are disproportionately affected due to the gap between perceived and real risk.
- Despite US rhetoric, investor interest remains strong globally, especially in Asia, the Middle East, Africa, and Latin America.

Regional differences

- **Asia:** China and India are driving global growth in renewables; other Asian economies are progressing more slowly, often driven by energy security rather than decarbonisation.
- **Europe:** Europe is not at a crossroads but is experiencing "noise" and shifting drivers (energy security, increased demand). Still significant coal dependency in some markets.
- **US:** Activity continues, but with less overt focus on climate; deals are still being done if risk is mitigated.

Evolution of investment focus

- The market has shifted from generation (wind, solar) to grid stability and storage ("Renewables 2.0").
- Hybrid projects (wind/solar + storage) are now common, aiming for smoother energy profiles and grid stability.
- Decarbonisation is broader than power generation – includes supply chain, agriculture, water, and resilience.

Technological developments

- Battery and long-duration storage are seen as the most exciting near-term opportunities.
- Biogas/biomethane is attractive for European investors due to proven technology and multiple revenue streams.
- Nuclear is acknowledged as part of the zero-carbon mix, but private capital involvement is limited and government support is required.

The Energy Transition: Are we at a crossroads?

Financial headwinds

- Interest rate sensitivity is a major headwind, affecting returns and capital flows.
- The market is adjusting to a new “rhythm” with more realistic expectations and alignment between buyers and sellers.
- Returns remain attractive for experienced investors, especially in development-stage projects.

Water and the blue economy

- Water is a top concern in emerging markets, but private capital involvement is limited due to scale and risk.
- Public and quasi-public funding is needed to build pipelines and de-risk investments before private capital can scale up.

Known unknowns

These include

- The pace of technological advancement in storage and grid solutions.
- The impact of future political changes, especially in the US.
- How quickly private capital can be mobilised for water and resilience infrastructure.

How can Simmons & Simmons help?

- Tracking global policy developments, especially around US, EU, and Asian energy transition policies.
- Monitoring technological advancements in storage, grid modernisation, and decarbonisation solutions.
- Advising on risk mitigation strategies for emerging market investments, including structuring and blended finance.
- Advising on structuring investments in renewables, storage, and hybrid projects.
- Supporting clients in accessing and deploying capital in emerging markets, including risk mitigation and blended finance.
- Guidance on regulatory developments, ESG reporting, and compliance.
- Advising on opportunities in water infrastructure and the blue economy as the market develops

Key contacts

- **Andrew Petry** – Partner, ENRI – London

Moderator Niamh Ryan – Partner, Financial Markets, Simmons & Simmons (Dublin)

Panel

- Nike Trost – Head of Department, Wholesale Buyside – Market Analysis and Policy, FCA
- Laurent Van Burik – Head of Unit Regulation/ Legal/International/Enforcement and ESG - Collective Investment Schemes, CSSF (Commission de Surveillance du Secteur Financier)
- Gerry Cross – Director, Capital Markets, Central Bank of Ireland
- Chee Hao Lam - Chief Representative London, Monetary Authority of Singapore

Executive Summary

The panel addressed key regulatory issues facing the global funds industry amid regulatory reform, market volatility, and technological change across jurisdictions. Bringing together senior regulators from the UK, EU, and Singapore, the discussion focused on supervisory priorities for 2026, the implementation of AIFMD II—particularly liquidity management tools—digital assets and tokenisation, and expanding retail access to private markets. Regulators emphasised a shared objective of supporting growth and innovation while maintaining investor protection and financial stability, with a strong focus on simplification, outcomes-based supervision, and preparedness for market stress rather than additional prescriptive rules.

Panel discussion

Regulatory priorities and supervisory approach

- Regulators described a shift towards outcomes focused supervision, with less emphasis on rule proliferation and greater focus on whether regulatory objectives are being met in practice.
- Core supervisory risks remain consistent: liquidity risk, valuation, leverage, ESG disclosures, cyber and operational resilience.
- Overall, there is broad alignment across regulators on supervisory priorities.
- Simplification does not mean deregulation; rather, it reflects a desire for clearer, more proportionate frameworks and more mature regulator–firm engagement.

AIFMD II and liquidity management tools

- Regulators stressed the importance of LMTs being not just available, but operationally usable in periods of stress.
- Firms should expect a supervisory focus on:
 - The preselection and disclosure of LMTs
 - Board level engagement with liquidity and fund costs
 - Timely regulatory notifications when tools are activated or deactivated
 - Liquidity management is viewed as central to mitigating systemic risk and avoiding fire sale dynamics.

Tokenisation and digital assets

- The tokenisation of fund interests and financial assets offers potential efficiency and distribution benefits but faces obstacles around standardisation, settlement assets and infrastructure.
- Stablecoins and other settlement mechanisms raise questions of regulation, financial stability and cross border coordination.
- Legal and regulatory frameworks are increasingly being put in place (particularly in the EU), but market adoption remains gradual.
- Regulators are supportive of experimentation and innovation, provided investor protection and system integrity are maintained.

Retail access to private markets

- Policymakers see expanded retail participation as important for economic growth and capital formation.
- At the same time, private market products present risks around liquidity, valuation and investor comprehension.
- Regulators are cautiously supportive of broader retail access, provided this is underpinned by
 - Clear eligibility criteria and product design safeguards
 - Improved investor communications and financial literacy
 - Simplified but robust regulatory frameworks
- Perspectives in the EU and UK to date have emphasised simplification, confidence and investor outcomes, with reform progressing incrementally.

What should clients be doing now?

- Finalising AIFMD II implementation plans, including board level oversight of liquidity, valuation and costs.
- Monitoring developments in tokenisation and stablecoin regulation across key jurisdictions.
- Reviewing retail distribution strategies for private market products in light of evolving regulatory frameworks.

How can Simmons & Simmons help?

Tracking and thought leadership

- Monitoring AIFMD II implementation and supervisory expectations across the UK, EU and Asia.
- Ongoing analysis of tokenisation, digital assets and stablecoin regulation.
- Regular client briefings on retail distribution and private market developments.

Client support

- Advising on AIFMD II compliance, including LMT frameworks, governance and disclosures.
- Structuring and regulatory advice for tokenised funds and digital asset strategies, including stablecoin considerations.
- Supporting clients on retail access strategies for alternative and private market funds.

Key contacts

- **Niamh Ryan** – Partner, Financial Markets – Dublin
- **Catherine Weeks** – Partner, FS Regulatory – London
- **James Wallace** – Partner, FS Regulatory – London

Moderator Daniel Faundez – Partner, FS Funds, Simmons & Simmons (Bristol)

Panel

- Kanishka Narayan MP – UK Minister for AI & Online Safety
- Peter Davies – Partner, Lansdowne Partners

Executive Summary

The panel considered the UK's ambitions to become a global leader in AI and related sectors, set against strong government support for AI-driven economic growth and increasing private capital flows into technology and science-based industries. The discussion covered HM Government's vision for AI, the role of private capital in scaling innovation, the commercialisation of university IP, international collaboration, and the future of work, as well as opportunities beyond AI, including biodiversity and geoengineering. The panel also highlighted the strengths of the UK's IP ecosystem and the need for more creative approaches to unlocking and sharing information to de-risk investment and support further growth.

Panel discussion

Government vision and infrastructure

- HM Government's aim is to use AI to increase growth in the UK but doing so in a way that maintains people's trust.
- There is a threefold vision: scaling infrastructure, ensuring UK capability in key parts of the AI stack, and building public trust in AI deployment.
- The UK is not aiming to be a frontier in data protection but is focused on rapid infrastructure scale-up for strategic use cases and startups.
- Building "salience" by ensuring AI tools are relevant to daily life and productivity is a priority.

Role of private capital and universities

- The UK's universities are seen as a unique, world-class asset, with increased receptiveness to private capital.
- There is a shift towards commercialising foundational research, with greater opportunities now than in the past.
- The challenge is to unlock this potential at scale, with capital increasingly interested but sometimes unsure how to engage.

Commercialisation and IP

- The UK's IP richness puts it in a strong position, with a new wave of companies building on foundational models.
- The rapid pace of innovation requires frequent "spinning off" of new IP and British founders are seen as having a strong science-to-commercialisation ratio.
- Diffusion of innovation across the economy, though, needs to be improved, learning from successful regional clusters.

Scaling up and capital challenges

- The UK lags behind the US in scaling up capital and taking investment risks.
- There is a need for a "leap of faith" among investors and for government and large organisations to act as early customers and share information to de-risk investments.
- The UK must be more creative in how it shares information with investors, particularly in sectors such as defence and healthcare, where informational advantages exist but are not fully leveraged.
- Creating safe forums for sharing sensitive information could unlock significant capital by reducing perceived risks.

Talent and mindset

- The UK is reaching a critical mass of experienced founders, with growing ambition and aspiration among young people.
- There is a mindset shift towards linking purpose and economic growth, but more needs to be done to encourage risk-taking.
- Mentorship is important, as is the increasing exposure of young people to entrepreneurial role models and content.

Sectoral opportunities beyond AI

- AI underpins many sectors, but the UK also has global leadership potential in biodiversity and geoengineering with neither the US nor China likely to dominate this area.
- There is a significant opportunity to commercialise biodiversity, whether through regulatory or voluntary models, and to build world-leading teams in this evolving industry.
- The current AI data centre boom is expanding the market, as data centre developers are increasingly concerned with biodiversity and the private sector is providing more of the funding for conservation initiatives.
- The biggest challenge is marrying governmental and private sector needs; the best outcome would be a consistent policy environment which allows innovation to flourish.

International collaboration

- The UK has strong partnerships with the US, Europe, Japan and India, with significant foreign investment in UK AI.
- In just over four months, approximately £56 billion of capital investment has flowed into the UK, with a large share coming from the US.
- The UK's universities are a key draw for international collaboration and investment
- The UK is increasingly seen as a safe harbour for global partners seeking to engage with the US, EU, and APAC markets.

Future of work and job protection

- HM Government has announced free AI training for all UK citizens
- Its aim is to train 10 million workers in AI by the end of the decade - the training has been put together by 12 of the country's largest tech companies.
- HM Government has also announced a national curriculum revolving around AI, where students will learn, for example what accurate information is, and how to sift out hallucinations.

Profit and sustainability

- Profit is essential for sustainable investment and scaling
- Celebrating profitable outcomes is important for attracting further capital.
- Profit should be seen as a civic good as it enables further investment and innovation.

How can Simmons & Simmons help?

- Advising on structuring and executing investments in AI, technology, and science-based sectors.
- Providing regulatory guidance on the UK's evolving AI and technology landscape, including compliance with data protection, IP, and sector-specific requirements.
- Supporting clients in forming strategic partnerships between private capital, universities, and government to accelerate innovation and de-risk investment.
- Assisting with IP protection, licensing, and collaboration agreements to unlock and share innovation while managing risk.
- Advising on international collaboration, cross-border investment, and market entry strategies, leveraging the UK's position as a global hub for technology and science.
- Supporting clients with talent management, incentive structures, and governance as they scale and adapt to AI-driven change.

Key contacts

- **Daniel Faundez** – Partner, FS Funds - Bristol