



# INTEGER WEALTH GLOBAL

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## Practical Level of Comparisons with Pros & Cons of an AIF

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Below is a practical comparison of the pros and cons of each structural level when setting up an Alternative Investment Fund (AIF).

The main trade-offs are cost, credibility, investor access, regulatory burden, liquidity, and time to launch.

### 1. Fund Registration Only

(Basic legal fund structure – private vehicle, not listed, no external ratings)

#### Pros

- Lowest cost and fastest to launch
- Minimal regulatory burden
- Maximum flexibility in investment strategy and asset allocation
- Suitable for small investor groups / family offices / private placements
- Easier to restructure or wind down

#### Cons

- Limited investor pool (mostly professional or known investors)
- Low transparency and credibility
- Difficult to attract institutional investors
- No secondary market liquidity
- May require heavy due diligence from each investor

#### Typical Use Case

- First-time fund
- Club deals
- Private capital pools
- Specialist niche strategies

### 2. Fund Registration + Stock Exchange Listing (ISIN)

(Fund listed on an exchange, tradable security with ISIN)

#### Pros

- Improved credibility
- Tradability (secondary market liquidity)
- Wider investor base (including some institutions)
- Pricing transparency
- Easier cross-border investment



### Cons

- Higher regulatory requirements
- Ongoing listing compliance costs
- Liquidity can be illusory if trading volume is low
- Requires better governance and reporting

### Typical Exchanges for AIF's

Examples include:

- London Stock Exchange
- Euronext
- Luxembourg Stock Exchange
- International Stock Exchange

## 3. Listing + Asset Risk Rating (S&P / Moody's)

(Fund or its assets independently rated)

### Ratings agencies such as:

- S&P Global Ratings
- Moody's Investors Service

### Pros

- Significantly higher credibility
- Easier to attract institutional capital
- Investors get independent risk assessment
- Improves pricing and investor confidence

### Cons

- Costly rating process
- Ongoing monitoring fees
- Strategy restrictions if aiming to maintain rating
- Rating downgrades can impact investor sentiment

### Typical Investors Attracted

- Pension funds
- Insurance companies
- Sovereign wealth funds
- Banks

## 4. Listing + Ratings + Full Governance Panel

(Institutional-grade structure)

### Example firms often involved:

#### Audit:

- PwC
- KPMG

#### Legal:

- Norton Rose Fulbright
- DLA Piper



**Pros**

- Institutional-level credibility
- Meets most investment committee requirements
- Strong governance and risk oversight
- Easier to raise large capital commitments
- Suitable for multi-billion strategies

**Cons**

- **High operating costs**
- Slower decision-making
- Extensive compliance requirements
- Requires robust reporting and controls

**Typical Investors**

- Pension funds
- Endowments
- Sovereign funds
- Large family offices

**5. Full Institutional Structure + Fully Capitalised**

(Fully funded vehicle with complete governance and ratings)

**Pros**

- Maximum credibility and trust
- Can raise very large institutional allocations
- Strong marketability
- Can support complex strategies or large infrastructure projects
- Potentially lower cost of capital

**Cons**

- Very expensive to establish
- Requires significant seed capital
- Heavy governance and reporting
- Less flexibility in strategy changes
- Long launch timeline

**Typical Uses**

- Infrastructure funds
- Private credit funds
- Large real estate funds
- Structured finance vehicles

**6. Quick Comparison Table**

Structure	Cost	Credibility	Investor Access	Speed to Launch
Registration only	Low	Very Low	Very Limited	Fast
+ Listing	Medium	Medium	Broader	Moderate
+ Ratings	Medium-High	High	Institutional	Moderate
+ Governance Panel	High	Very High	Major Institutions	Slow
+ Fully Capitalised	Highest value	Maximum	Global Institutional	Fast



## 7. Key Strategic Question

The **real decision usually comes down to investor target:**

- Private investors / family offices → Option 1–2
- Wealth managers / small institutions → Option 2–3
- Pension funds / sovereign funds / institutional → Option 4–5

## 8. Professional Disclaimer

This comparison reflects high-level regulatory and market characteristics. Final structuring decisions should consider strategy, investor profile, tax advice, and regulatory counsel.