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BEYOND THE CAYMAN ISLANDS: HOW LUXEMBOURG AND IRELAND ARE SHAPING JAPAN'S OFFSHORE STORY

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Beyond the Cayman Islands: How Luxembourg and Ireland are Shaping Japan's Offshore Story

Japan's asset management landscape is undergoing structural change. Record household savings, renewed policy support for investment, and a growing appetite for private markets exposure are reshaping how global asset managers design, structure and distribute their products into one of the world's largest economies.

As Japanese capital continues to globalise, it is also broadening the range of jurisdictions through which it flows. What began as a Cayman Islands-led story is now evolving into a multi-domicile model, one that increasingly connects the Cayman Islands, Luxembourg and Ireland in delivering private-markets strategies to Japanese investors.

This evolution has emerged organically from Japan's distribution channels, regulatory expectations and the globalisation of product design.

[Cayman Islands: The Primary Access Point for Japanese Capital](#)

Cayman Islands unit trusts remain the core offshore structure for Japan-facing private markets distribution, accounting for around two-thirds (approximately 65–70%) of Japan's overseas fund investments and foreign investment trust registrations. Japanese distributors continue to favour the unit trust because it:

- is familiar and trusted by end investors;
- qualifies as a securities investment trust for Japanese tax purposes;
- works cleanly with semi-liquid and evergreen formats; and
- avoids balance-sheet consolidation issues for domestic institutions.

This is why Cayman Islands unit trusts are used as the access vehicle for many of the world's leading semi-liquid private-markets funds, including

flagship platforms from Blackstone, KKR, Apollo, EQT, Carlyle and others.

Given market forecasts that Japanese retail and high-net-worth individual ("HNW") allocations to alternatives could exceed US\$100 billion by 2027 — aligned with the government's goal to double household investment income by that year — Cayman Islands' central role is expected to strengthen further.

[Europe's Twin Hubs: Luxembourg and Ireland as the Next Stage of Japan's Globalisation](#)

Alongside the Cayman Islands, Europe is becoming increasingly important as Japanese investors broaden their exposure to global private markets. Luxembourg and Ireland now host many of the world's largest fund platforms, and both are seeing growing — though still early stage — engagement from Japan.

While most Japan-facing flows still enter through Cayman Islands unit trusts, many global semi-liquid and evergreen platforms are manufactured in Europe and both Luxembourg and Ireland offer the significant advantage of their pan-European distribution network. Luxembourg anchors several of the largest private equity, private credit and infrastructure master funds as well as major Undertakings for Collective Investment in Transferable Securities fund ("UCITS") products, while Ireland is recognised for its governance standards, Irish unit trust structure, exchange-traded funds ("ETF") expertise and growing reputation as a private funds domicile—characteristics that resonate strongly with Japanese distributors and financial institutions.

Market commentary has also drawn attention to Japanese investors increasingly turning their attention to European infrastructure debt, with Irish and Luxembourg vehicles providing the structuring solutions for the establishment of the corresponding investment funds.

Across both jurisdictions, several themes are emerging:

- early-stage engagement from Japanese institutions in European private credit, infrastructure and private equity strategies;
- rising interest from Japanese managers raising EU capital—a trend likely to accelerate as Japan's domestic population declines; and
- a shared recognition that Japan's long-term reallocation to private markets will increasingly intersect with both European domiciles.

As Japanese institutions and distributors globalise, they will rely more heavily on Europe's regulatory frameworks, governance standards and established manager platforms—whether through Luxembourg, Ireland or both.

In short, Europe represents the next phase of Japan's cross-border evolution. These developments are complementary rather than competitive: the Cayman Islands remains the primary access point, while Europe provides the infrastructure, regulatory alignment and scale behind the underlying strategies.

Japanese Managers Expanding Abroad: Europe as the New Growth Frontier

Japanese financial institutions are increasingly looking overseas to diversify their revenue base and access new pools of capital. With a mature domestic market and a shrinking population, Japan's largest banks and asset managers are turning to Europe and the US as the next growth frontier for investment-management opportunities.

Several major groups—including MUFG and Mizuho—have publicly stated that they are exploring acquisitions and partnerships with overseas asset managers to strengthen their global investment platforms and gain exposure to foreign investor flows.¹ This reflects a broader strategic shift away from reliance on a declining domestic investor base.

A clear example is Nomura Holdings' April 2025 agreement to acquire Macquarie Asset Management's US and European public investments business, covering approximately US\$180 billion in client assets.² The transaction represents one of the most significant cross-border expansions by a Japanese manager in recent years and underscores the growing ambition of Japan's financial institutions to build a presence in global markets.

Demographic pressures reinforce this outward shift. Japan's population, currently around 125 million, is projected to decline to roughly 99 million by 2048 and 87 million by 2070, according to the National Institute of Population and Social Security Research. As the domestic investor base

¹ Reuters article (25 August 2025) 'Mizuho, MUFG join race by Japan's banks for money manager deals overseas': <https://www.reuters.com/business/finance/mizuho-mufg-join-race-by-japans-banks-money-manager-deals-overseas-2025-08-25/>

² Nomura Holdings press release (22 April 2025): <https://www.nomuraholdings.com/en/news/nr/news20250422.html>

contracts, the incentive for Japanese managers to expand internationally—including through European domiciles—will only intensify.

Conclusion: Japan's Growth Is Activating a Multi-Domicile Future

Japan's private-markets expansion is still in its early stages. The Cayman Islands will continue to serve as the principal access point for Japanese investors allocating to global funds, while Luxembourg and Ireland provide the global infrastructure, governance and product platforms supporting many of the underlying strategies.

At the same time, Europe is becoming increasingly important as a capital-raising hub for Japanese financial institutions. As leading banks and asset managers pursue overseas investors, Irish and Luxembourg fund vehicles offer the regulatory credibility, investor familiarity and cross-border distribution channels needed to attract EU capital.

Together, these developments are expected to drive sustained growth in the use of Luxembourg and Irish fund structures over the coming decades.

Further Assistance

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