

Buyouts

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FIRMS & FUNDS

Ten emerging managers to keep an eye on in 2024

New faces that are attracting capital in very lean times

The private equity fundraising market of today, described by some as the worst ever, is especially grim for emerging managers.

Because of overallocation and tepid distributions, many LPs have for more than two years been cash poor, causing them to gravitate to existing relationships – above all, large, brand-name GPs with long track records. This has left little capital for anyone else, let alone first-timers.

Last year, fundraising concentration favoring the biggest sponsors reached its highest level in over a decade, according to McKinsey & Company's Global Private Markets Review 2024. Meanwhile, new manager formation dipped to its lowest point since 2012.

With challenges persisting at the start of this year, the near-term outlook is no more

promising. One-third of LPs responding to Private Equity International's LP Perspectives 2024 Study said they are less likely to commit capital to first-time funds, up from 26 percent last year and 15 percent in 2022. Despite the odds, emerging managers continue to brave tough market conditions and successfully close their debut offerings.

So far, half of the 10 firms profiled in last year's Buyouts emerging managers round-up – Bansk Group, Coalesce Capital, Hunter Point Capital, Sandbrook Capital and TruArc Partners – wrapped up funds (as did nearly everyone in our 2022 roster). Several even exceeded their targets.

Success owes to factors like attributable track records – for example, in the case of a deal-by-deal investor now in the market with an inaugural fund – or differentiated

strategies that offer compelling opportunities. The meaningful share of new firms led by diverse principals is another.

A key draw is the pedigrees of founders and other senior team members. Probitas Partners' 2024 Institutional Investors Private Equity Survey found 75 percent of respondents targeting spin-outs, where the team has had significant experience working together. Because of these qualities, there is always a fraction of the investor community willing to back new faces, such as large institutions with dedicated programs.

In our annual review, Buyouts singles out 10 more emerging managers of interest – which we believe reflect some new and important trends. We plan to keep our eye on them in the months ahead.

Valeas Capital Partners

Like other firms on Buyouts' list, Valeas was formed by the sort of veteran GPs most likely to catch the eye of LPs. Rob Little was formerly a managing director and the COO of Golden Gate Capital, while Ed Woiteshek is a one-time senior executive with Hellman & Friedman.

The pair set up Valeas in 2021 to focus on growth-buyout partnerships backing mid-market companies in healthcare, financial services and data and technology sectors. An inaugural fund, targeted to bring in \$650 million, has to date raised more than \$426 million.



Rob Little, Valeas

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