

KEYNOTE INTERVIEW

Helping mid-sized GPs punch above their weight



*Experienced and well-resourced GP stake investors can bring large-cap tools and skills to smaller GPs, positioning them for long-term success, say Investcorp's **Anthony Maniscalco**, **Ravi Thakur** and **Amir Rezvani***

Q What makes mid-market GP stakes a compelling investment opportunity?

Anthony Maniscalco: Mid-sized private market firms – GPs with assets under management between \$1 billion and \$10 billion – offer several compelling investment characteristics. First, investors here benefit from highly attractive supply-demand dynamics. We estimate that there are more than 1,000 investable GPs, but there's limited capital focused on this market segment.

Second, selling GPs typically prefer informal, direct engagement, as opposed to the broad auctions that are standard in the large-cap GP

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stake market. This allows more time to conduct deep due diligence, build chemistry and agree on a partnership plan.

Third, mid-sized GPs provide multiple paths to exit, primarily given the more manageable investment size for potential buyers.

And perhaps most importantly, the mid-market offers a powerful opportunity to drive value creation by assisting portfolio GPs in broadening their client base and in developing their infrastructure.

Q With that in mind, how does value creation factor into mid-market GP staking?

AM: Value creation sits at the heart of the investment opportunity in mid-market GP stakes. First and foremost, it's a key driver of returns to investors. The proper support for GPs makes a meaningful difference to business outcomes, profitability and equity value creation.

As an investor in this space, our aim is to bring the tools and resources typically available only to large-cap GPs to mid-market GPs, enabling them to capture the key trends and opportunities shaping private markets today.

Q What trends do mid-market GPs need help to capture?

AM: Private markets are going through a generational shift. Capital formation was once the exclusive domain of institutions, but that is now being reshaped by demand from growth regions like the Middle East and new channels like private wealth and insurance. Those trends start with the very largest firms. But by delivering the tools available to those large-cap firms to mid-market GPs, it is possible to significantly amplify their ability to adapt and position them to thrive in a new era for private markets.

Q What might a practical value creation strategy look like here?

Ravi Thakur: For our part, we seek to address three broad value accretion areas.

First, we provide targeted, high-impact solutions to help GPs punch above their weight when fundraising in key regions like the Middle East, or in private wealth. These are segments in which mid-market GPs typically have less coverage than larger firms, meaning a GP stakes investor can act as a force multiplier in a highly competitive market. We don't believe in deploying our own distribution team in a GP's core US or European institutional channels, where that could create conflicts with the GP's own resources. However, a firm like ours can use its resources and capabilities in areas where mid-sized GPs typically do not have the bandwidth to build their own coverage.

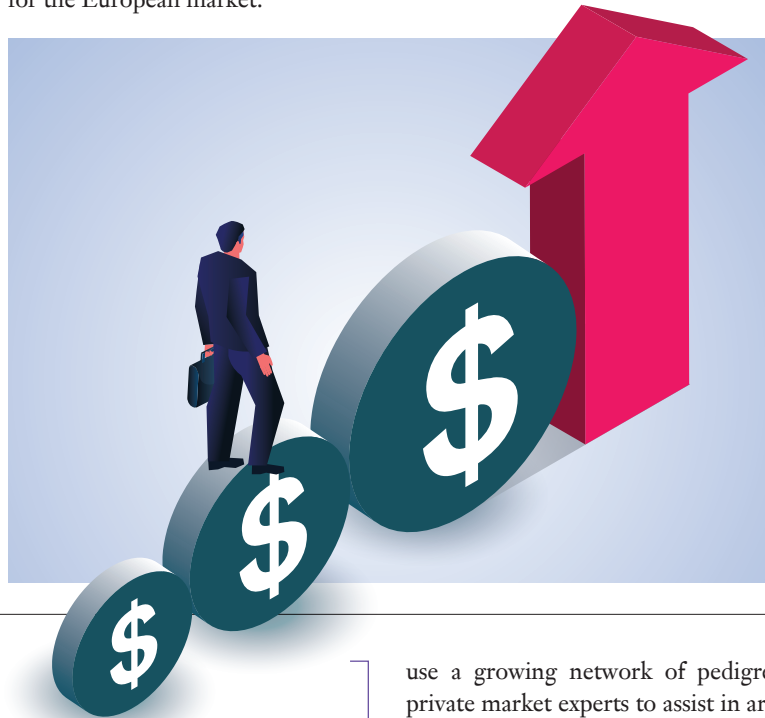
Second is providing support for the GP's strategy and product development, such as developing a practical playbook to help mid-sized GPs engage with the wealth channel. We can help the GP build a strategic framework to enable product design and scalable access to that capital.

Third is building out the GP's own firm infrastructure. For instance, we

Q How important is it to focus on the wealth channel? And how can mid-market GPs be supported here?

RT: The scale of the opportunity in wealth is really staggering. In 2024, private wealth represented about 20 percent of global fundraising – double what it had been 10 years earlier. Wealthy households control about \$150 trillion globally, yet their percentage allocations to private markets are still in the single digits.

Having experts in wealth coverage and wealth product design is key here. It begins with understanding where a mid-market GP is today, which wealth segments it wants to reach, and which structures or partnerships are required to succeed. In many cases, a white label solution, a feeder platform, a co-investment SPV or syndications will make sense before moving on to more robust wealth wrappers like interval funds or ELTIFs for the European market.



“Value creation sits at the heart of the investment opportunity in mid-market GP stakes”

ANTHONY MANISCALCO

use a growing network of pedigreed private market experts to assist in areas like technology and AI, or incentive planning.

Q How does capital formation in the Middle East differ from other parts of the world?

Amir Rezvani: The Middle East has firmly established itself in private markets, both as an active investor and significant allocator of capital. Investment priorities and programmes vary according to whether you are dealing with sovereign wealth funds, institutional investors, family offices or high-net-worth individuals. However,

certain overarching characteristics are common across the entire Gulf Cooperation Council (GCC) area, which requires a more nuanced approach, as well as cultural intelligence, particularly for mid-market GPs that are not yet on the radar of larger investors in the way their large-cap counterparts are.

For instance, investor relations are predominantly non-transactional in the Middle East, especially at the outset, and then remain highly relationship driven. GCC investors have transitioned from being passive providers of capital to sophisticated, active allocators with a long-term orientation. They favour meaningful partnerships over opportunistic capital deployment. For example, a partnership with a mid-market GP may be structured either at the GP level or at the portfolio company level.

Q What distinguishes a good GP presence in the Middle East, and how can that help mid-market GPs with capital formation?

AR: It must be authentic and substantive rather than conveyed through token offices established solely for fundraising, add-on acquisition narratives or sporadic travel that coincides with fundraising cycles. In our case, we are native to the region, headquartered in Bahrain, and have the longest track record of any alternative investment manager from the region. This position is not easily replicable from the outside.

Fundamentally, you must have a very strong grip on the investor base and a clear view of the regional landscape. You need to maintain and nurture those investor relations. When we introduce one of our mid-market portfolio GPs to a GCC-based investor, we do so as a principal investor that has already committed capital to that GP. That commitment enhances credibility and facilitates meaningful introductions that can develop into long-lasting relationships.

“[Where] mid-market GPs typically have less coverage than larger firms, a GP stakes investor can act as a force multiplier”

RAVI THAKUR

There are three core pillars to capital formation in the Middle East. The first is preparation that goes beyond the standard material reviews or data room readiness. A one-size-fits-all approach is ineffective. You need a deep understanding of each investor and to tailor the GP's value proposition accordingly to enhance and accelerate meaningful dialogue.

Next, execution centres on targeted investor roadshows across the GCC, potentially in conjunction with regional conferences. It is essential to facilitate high-quality introductions and support GPs in moving beyond conventional pitching towards differentiated, dialogue-driven engagement aligned with the investor's priorities.

The last part, the relationship management, really extends beyond the initial or formal engagement. The goal is to achieve regular interaction and touch points with the investor, which helps build trust and create the foundation for a long-term partnership and repeat capital.

Q Going back to other areas of value creation, how can those tools help a mid-market GP to differentiate?

RT: When we talk about large-cap tools for mid-market GPs, one of the key things is that curated network of experts – highly pedigreed individuals who have cutting-edge skills and who have worked for the biggest and best firms. Their expertise can be essential to the development of mid-market GP infrastructure in areas like technology, operations and compensation.

For example, our experts on technology and AI are former CTOs with decades of large-cap private markets experience. We retain them to provide advice to our portfolio GPs and help them develop and enrich the GP's AI and tech infrastructure. We have been providing AI solutions and leadership for more than two years, since the beginning of the LLM revolution.

AI and technology are key strategic levers for GPs, and while some mid-market firms have pieces of the puzzle in place, the role of a GP stakes investor like us is to deploy large-cap skills and experience to help a GP reconfigure these and succeed in a more holistic way, rather than just looking at what can be done with AI on the margins.

Q How will today's mid-market GPs thrive over the long term?

AM: Ultimately, we don't believe sustainable GP growth is just about raising capital. It's about building a more resilient, diversified and future-ready firm. The mid-market GPs who succeed will not be the ones that simply replicate the best-known firms. They will be those who adapt their own strengths to today's and future market opportunities. ■

Anthony Maniscalco is managing partner and head of Investcorp's strategic capital group; Ravi Thakur is COO and partner, GP development; and Amir Rezvani is head of Middle East coverage