

LPs Target Top Talent as They Boost Support for Emerging Managers

Rede Partners, the private markets specialist, today announced the results of its Emerging Manager Survey

NEW YORK, NY, UNITED STATES, October 23, 2024 /EINPresswire.com/ -- [Rede](#) Partners, the private markets specialist, today announced the results of its [Emerging Manager Survey](#) conducted in September 2024. This research surveyed 68 of the most active, predominantly US based, Limited Partners (LPs) investing in emerging managers, offering insights into the current fundraising landscape and investor expectations. Emerging Managers are defined as GPs between Fund I-III and less than US\$1bn in fund size.

Key Findings:

- Robust Commitment to Emerging GPs: 100% of surveyed LPs plan to either maintain or increase their allocations to emerging managers over the next year. Amongst the predominantly North American based LPs surveyed, the US is unanimously the most attractive geography for emerging GPs with LPs also selectively considering Europe and Canada but appetite for Asia is dropping with the exception of India.

- Clear differentiation is critical in a competitive market: Industrials, healthcare, and software are the top sectors that surveyed LPs are interested in, with a preference for buyout from a strategy perspective. LPs are looking to identify top talent with a definable edge and exposure that is complementary to their current line up.

- High Return Expectations: 66% of LPs are underwriting new commitments to emerging GPs with a target of at least a 2.5x net return, reflecting their confidence in the potential for alpha generation but LPs prefer to see multiple strong proof points (exits) before investing.

The findings underscore a vibrant environment for emerging GPs, driven by LPs' strong belief in their ability to deliver competitive returns. The survey reveals that LPs are particularly focused on identifying top talent in the United States, which is viewed as the most attractive market for emerging managers; 100% of respondents expressed interest in investing in this region.

As investors seek opportunities for alpha, the demand for emerging GPs is characterized by a nuanced understanding of market dynamics. LPs are prioritizing sectors that demonstrate resilience and growth potential, with industrials (86%), healthcare (83%), and software (80%)

emerging as the leading areas of interest.

Despite the strong interest in emerging GPs, LPs are seeking clear differentiation in the strategies presented. The survey indicates that while LPs are open to various investment approaches, they remain sceptical of sectors perceived as lacking unique value propositions. Only 18% of respondents expressed interest in growth equity and venture capital, emphasizing the need for emerging GPs to present compelling and differentiated investment theses.

Moreover, LPs are looking for GPs with proven track records, (74%) as well as a strong team pedigree (51%) and strategy (68%) are critical when considering investments in emerging managers. The expectation for high performance is underscored by the 66% of LPs targeting at least a 2.5x net return on their new commitments, with many emphasizing the importance of multiple strong proof points before investing.

Alexandra Bazarewski, Partner at Rede Partners, stated: "The survey demonstrates a resounding and robust appetite for backing emerging managers. LPs are looking for a distinctive edge an attributable track record, and the right pedigree team when assessing emerging GPs"

About Rede Partners

Rede Partners is a leading private markets specialist that partners with top General Partners to deliver integrated multi-disciplinary advice across primary fundraising capital solutions and strategic consulting. With over a decade of expertise and a global network, Rede has successfully raised over €100 billion for its clients. The firm operates with a commitment to excellence, focusing on private equity, private credit, and climate & impact investments, with offices in London, New York, Hong Kong, and Amsterdam.

John Thompson
Rede Partners
+44 7951 060859
[email us here](#)

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