GP deal activity picking up

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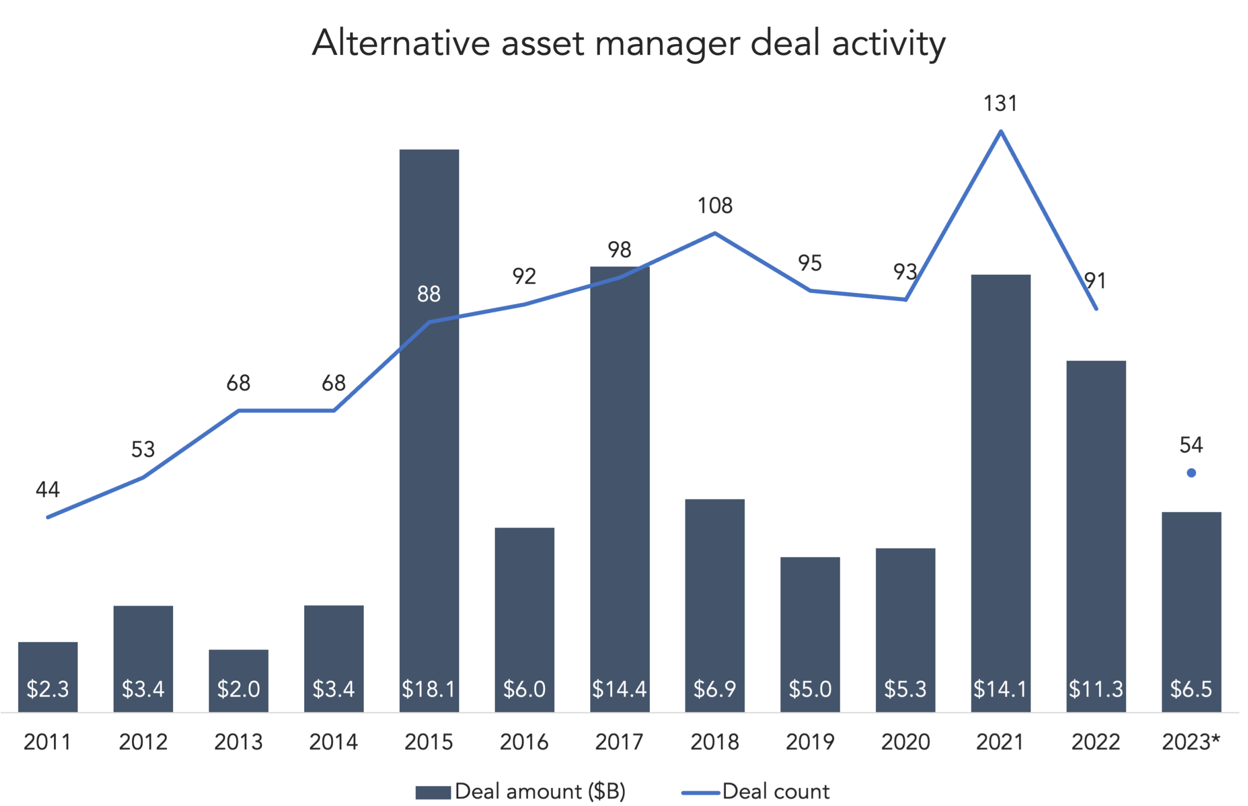

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GP stakes and alternative asset M&A is picking up and features another slate of interesting deals. PitchBook's latest US Public PE and GP Deal Roundup shows another healthy year for move-making among alternative asset managers. Control transactions are making up almost half of all transactions this year. The most notable is TPG's $2.7 billion deal for Angelo Gordon, which managed about $73 billion at the time of the deal. That will bump TPG's AUM over $200 billion when the deal closes in Q4. Among noncontrol transactions, Blue Owl bought a stake in Stonepeak, which specializes in infrastructure and manages almost $56 billion.

One driver of GP stakes investing is liquidity for the firm getting the money. But in order for the deal to be compelling for the investor/buyer, the target firm needs to differentiate itself. That's where the second, and probably more important motivation, comes in. Asset manager M&A largely boils down to diversification, like ordinary M&A—buyers are usually looking at two options: Doing the diversification themselves by making new products or services from scratch, or buying those products and services and getting a head start.

Like other years, 2023 has seen several GP stakes deals for firms that specialize. Real estate credit, consumer-focused buyouts, European secondaries, CLOs, UK-based real assets, the list goes on. As private markets grow in scale and importance, so does the need for diversification. The motivation for sellers might be liquidity, but buyer motivation boils down to diversification.

(Past performance is no guarantee of future results.)