



My 2025 Anti List

This time last year, I put out "[My 2024 Anti List](#)", a compilation of actions I hoped GPs would refrain from taking in 2024. I figured I would continue the tradition for 2025 with the same disclaimer of not trying to put coal in the stockings of readers. It won't take a detective's license to realize that most points listed have a personal pet peeve undertone. However, despite the risk that points could be dismissed as just a personal airing of grievances, I believe there are enough nuggets that will hopefully resonate with other LPs. Also, some points will be familiar from my weekly writings, while others are new reflections. These should not be taken as an attack on GPs, but rather as a way to make their interactions with current and prospective LPs more transparent, credible, and genuine.

- **Attributing self-serving actions to LPs:** There have been so many moments when I ask a GP about the motivation behind a large increase in fund size, the creation of a new strategy (other than the flagship), the size of the GP commitment (usually smaller than traditionally expected), etc., and the answer is some version of "our LPs asked us to do it". The subliminal context being put forth is usually not as subliminal as the GP thinks – it is either that "our LPs understand that our skillsets can be applied to other investment segments or stages" or "our LPs understand how constrained/aligned we already are, so they have granted us some leeway". In a capitalist world, I have nothing against giving the people what they want, but when satisfying a demand, somehow also, and sometimes disproportionately, benefits the provider, I have to scratch my chin a little. I promise this is not a soapbox moment, it is merely a plea for increased nuance from GPs regarding actions that add to their revenue streams or reduce general alignment.
- **Overly ostentatious annual meetings:** I believe that the ostentation of managers' annual meetings should match the energy of their funds. If your funds are killing it in all possible ways, please, by all means, go crazy. However, I will not be the first to admit that it feels strange to be at a fancy location, with amazing food, a sought-after guest speaker, and all manner of swag, knowing that the fund I am committed to is underperforming. I know many GPs believe that standards must be kept, and LPs must be made to feel comfortable. However, when some funds are not delivering on promises, I still think that modesty is likely a better course of fiduciary action. All LPs know how lavish events are paid for, so erring on simplicity and fiscal responsibility can go a long way in building trust.
- **No hard-caps during fundraising:** The target size of a fund tells a story in and of itself. Fund size is an important data point in evaluating, categorizing, and benchmarking funds. During fundraising, most LPs want to know how large the pool of capital being sought will be. This number provides some clarity (or adds questions) to the potential size of underlying deals, the manager's bandwidth, possible greed-creep, empire-building leanings, etc. However, some managers choose to keep the upper limit of the target fund size open-ended. This has always bothered me. It always seemed like a way to game the system in a weird "oh, we have not really thought about it too much" way. How? Come on! When you push on the lack of a hard-cap, you will typically receive responses such as "Although there is no hard-cap, we don't expect the fund to exceed \$xxxx" or "If our larger LPs push for a hard-cap we will put one in place" or "It is not a big deal, our strategy will not mathematically allow us to exceed \$xxxx", etc. Okay, but all these excuses could be avoided by just having a hard-cap in place. This seems to be an active game of seeing how far boundaries can be pushed. As an LP who has been burned many times by factors related to too much capital raised by GPs, I cynically and simply see this game as Russian Roulette for higher fee income.



- **Badmouthing peers/competitors:** I have touched on this in the past and will continue to hammer it home as a cautionary tale. Badmouthing peers/competitors is just a bad look all around. Managers who are confident in their strategy will not feel the need to put down their rivals. Let the quality of your deals, the tangibility of your value-add, and your reputation speak for you. I understand that many GPs are irked when compared to others they strongly feel superior to or who they know are executing a very different strategy to theirs, but the urge to go venomous must be subdued. Simply explaining why you are different, with solid proof points, will usually suffice in confirming preeminence.
- **Gaslighting:** This one probably falls dead center in the bullseye of the definition of “oversharing”, but since we have become family, restraint has been somewhat tempered. While this example might seem overly specific, it is not as rare as you might think. When you were an early supporter, there is an implicit grace that you expect from that GP. However, I have been in circumstances when logistics or time constraints do not allow the ability to meet an aggressive fundraising timeline laid out by that same GP who has now become newly popular. Due to this, your expected allocation gets cut back or even totally revoked. As an LP, you are devastated but also now fully awakened to the fact that economics, more often than not, supersedes perceived rapport. Nevertheless, as is common in investing, popularity fades and things eventually come full circle. Then, close to the time of the subsequent fundraising, the GP reaches out and says something to the effect “I know last time your logistics made it such that we could not meet your total ask, but we can start early this go around to make sure it does not happen again”. Wow! Such little ownership. It was all my fault. So, if I get my sh*t right next time, I will have the honor of paying you handsomely for the money I commit? I think this is the epitome of entitlement and it would be great if it never happens again.

Here is to a fantastic and prosperous New Year for all of us. Stay safe!

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