



## Soft Power/Skills GPs Can Use To Deepen Relationships With LPs

A prevalent complaint I hear from all GPs, regardless of type, is that they find it increasingly difficult to determine what LPs really want. Amidst the loud and sometimes conflicting cacophony of “best practices” advice, even the most diligent and attentive GPs can find themselves chasing their own tails when attempting to please LPs. Emerging managers tend to be the most vulnerable to the seemingly unsolvable puzzle, which has a different solution depending on whom they speak to. I have written extensively about some tried and trusted attributes, such as “transparency”, “trustworthiness”, “impartial treatment of LPs”, “introspection”, etc., that can help build a foundation for a robust investor relations policy, but I have received some feedback stating that the general directions are abstract or too big picture.

Reading between the lines, the ask seemed to be for an actionable plug-and-play panacea-like manual that would magically deepen relationships with LPs. I am sorry to say that snake oil peddling has never been part of my repertoire, so I can't help with that, and anyone who emphatically promises this magical solution might as well have “Swindler” as his/her middle name. Each LP, market environment, and issue at hand varies, so it would be dishonest to suggest a universal solution for all cases. I wish there were an ideological net that could be used to cover all LP subjects and needs, but there isn't one.

To somewhat satisfy the request for more detail, after careful reflection, I have concluded that once an LP overcomes the trust and conviction hurdle with a GP—meaning when investment and operational due diligence are successfully completed—the most reliable way for a GP to deepen the relationship is by dexterously applying soft skills. Below are a few examples of soft skills that GPs have used, which have resonated with me.

- **Listening and hearing:** Feeling heard by a GP you have committed capital to is an exhilarating feeling. GPs are undoubtedly catering to many masters/mistresses, so many of their actions are designed (or hopefully designed) to serve the most common good. However, such actions can sometimes alienate LPs that are smaller, quieter, or less sophisticated. GPs should make it a point to understand the inherent realities or insecurities of factions of their LP base and proactively ease tensions through reassuring dialogue. Feeling seen and heard by a GP quickly shifts the relationship from transactional to one of endearment.
- **Personal touch:** Adding a personal touch to each LP can be a significant challenge for GPs, especially as fund sizes and roman numeral fund designations increase, and the LP base expands. But boy, it makes a huge difference when genuinely applied. A GP accurately remembering or mentioning your name, your family dynamic, asking about a vacation you took, a recent promotion, or a panel they saw you participate on can greatly enhance a relationship. These personal touches cannot be faked – the GP has to genuinely care about what makes their LPs tick. If a GP prioritizes the transactional nature of committed capital, its members should avoid superficially applying a personal touch, as a fake attempt at caring is worse than none at all.
- **Empathy:** Building on the above two points, GPs putting themselves, to the best of their ability, in the shoes of their LP constituents can lead to breakthroughs that will help create the pillars of differentiation among GP peers. LPs have differing return targets, exposure limits, fiscal calendars, asset-class classifications, and so on. As previously mentioned, GPs would have to twist themselves into an unnatural pretzel to cater to each idiosyncrasy of their LPs. However, understanding the individual characteristics,



needs, and expectations of its LPs can help a GP craft language, terms, and policies that are flexible enough to satisfy its diverse LP base.

- **Courteousness:** Although this piece is not meant to be a lecture about manners, I would be doing the audience a great disservice if I did not mention “courtesy” as a soft skill. Many GPs possess as part of their superpowers skills such as hard-nosed negotiating tactics, combative sharp elbows, openness to conflict as a means of pursuing better results, competitive debate, etc. These attributes might serve them well in their organizational management or deal-making, but some forget to turn this side off when interacting with LPs. It is sometimes interesting for LPs to get a glimpse of their GPs in their natural habitat, but GPs should be cognizant of the fact that the GP/LP relationship is very different from the GP/employee or the GP/competitor relationship. Perhaps I am overly sensitive to words and vibes, but I find it challenging to want to spend long periods with a GP who has been rude or inconsiderate during our interactions.

There is no universal solution or manual for GPs to deepen relationships with LPs, given the unique personalities, needs, and dynamics involved. However, genuine application of soft skills—such as active listening, meaningful personal engagement, empathy, and courtesy—can profoundly enhance these relationships beyond transactional interactions. Rather than relying on abstract ideals or one-size-fits-all approaches, GPs should focus on authentic, individualized connections that demonstrate true understanding and care for their LPs. Ultimately, it is these subtle yet powerful human touches that distinguish exceptional GPs and foster lasting trust and loyalty.

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