



## An Exoskeleton Is Better Than Thick Skin

In a private assets investment market currently showing very anemic distributions, leading to thinning investable capital and, consequently, extreme selectivity by LPs, almost all fundraising GPs have to find effective ways to wade through a massive pool of rejections. Seasoned GPs with several fund cycles under their belts will encourage managers currently in the fundraising trenches that “NOs” and rejections are part of the game and help build character and perspective. However, I have heard from a wide variety of GPs, many of whom are relatively seasoned, who swear that this time is different. The positive affirmations are all well and good, and these managers are grateful for the non-cognitive traits such as character and perspective being forged in the realm of intangibles, but they would gladly exchange them for something more tangible, like commitment checks.

The questions I get asked the most these days by GPs revolve around how managers have succeeded in breaking through what these GPs view as an extremely impenetrable selection wall erected by LPs. I get questions like “What made you want to move forward with a GP?”, “Is there anything a GP said or any information they provided that made you favor them over another?”, “Are there any landmines we should be aware of that could derail momentum?”, “What GP traits serve as an x-factor that accelerates assessment?”, etc. My responses usually include my usual spiel about transparency, integrity, alignment, proactivity, EQ, introspection, empathy, and value creation, which, although admittedly, hold many kernels of truth, are becoming baseline (table stakes) expectations within an ultra-competitive industry. Additionally, it would be grandly disingenuous of me to try to lay out any foolproof ways of how a GP could get noticed by LPs because, in my view, the end justifies the means, and I, like many other LPs, have been wrong on many occasions with my manager selections. So, growing weary of my own regurgitated advice to GPs seeking profound insights into how to overcome what feels like an endless carousel of rejections, I have been mentally toying with a simple-to-understand concept that captures the uphill battle of getting noticed by LPs and, eventually, raising capital from them.

Oddly enough, I had an eureka moment while watching a battle rap contest, a cherished pastime and guilty pleasure. It is amazing that an artistic verbal sport that can sometimes be vulgar enough to make a sailor blush and violent enough to make a serial axe murderer wince, can produce moments of illuminating poignancy. In this particular contest, one of the battlers delivered a head-turning and thought-provoking rhyme scheme that acted as the push I needed to get my mental dominoes going. He said, “My trauma is so deep it drowns my next of kin, F\*\*k tough skin, I’ve developed an exoskeleton”. Wow!! Brilliant!! That was the spark I needed. Grit, resilience, and perseverance are positive psychological traits to encourage GPs to embody, but building a response structure that converts pressure into strength carries a deeper message: evolving into an organism built for all that comes next. This is why I say, “An exoskeleton is better than tough skin.” In the new era of private assets investing, GPs must think in a Darwinian manner - don’t just endure rejection, build a structure that converts pressure into strength.

The best and most successful investor relations professionals and placement agents have well-formed exoskeletons that have developed from numerous years of countless rejections. I am listing a few reasons below for why I believe reactions to rejection should be a necessary long-term adaptation rather than just a transient mindset.

- **Rejection is usually based on portfolio construction, not personal judgment:** Liquidity constraints, sector caps, vintage exposure, idiosyncratic expertise, etc., are all factors that lead to a large number of rejections. It is not always personal. The tough skin mindset would say “don’t take it personally and move on,” while an exoskeleton adaptation would position you to examine the prevailing allocation logic practiced by the majority of institutional investors.



- **The bar is higher because the environment is harder, not necessarily because you are weaker:** There is no doubt that expectations have shifted in the current environment. It is clear that exit markets have slowed, multiples have compressed, and distributions have fallen off a cliff, so it is only right that LP scrutiny will increase. During times of excess, a great story can take the place of proof, but when times get tighter, the opposite is true. A GP with a developed exoskeleton will investigate what aspects of their narrative jibe with the new breed of “show me” LPs.
- **Harsh feedback is a stress test that builds institutional maturity:** I think deep down most GPs want to get better. So, if an LP is calling you out over unclear attribution, a disjointed track record, an edge that seems blunt, or a strategy that seems incoherent, an exoskeleton mentality sees this as an opportunity for lasting convincing clarification to prevent any future confusion. Gray areas that keep getting called out must be eliminated.
- **LPs are facing their own pressures:** Internal politics, peer pressure, FOMO, herd mentality, self-preservation, and fiduciary duty perversion affect more LP decisions than GPs are aware of. GPs with well-adapted exoskeletons will make a concerted effort to understand and reduce the risks their LP advocates face if he/she were to recommend their strategy.
- **Pay attention to data:** All feedback is a form of data. LPs usually use their feedback to GPs to fulfill their societal duty within their investment ecosystem. This is a way to be a good citizen, reduce guilt, and hopefully generate goodwill. GPs have two choices when negative feedback from prospective LPs is similar: stay the course and be a renegade to prove them wrong, or tweak things and conform to the best of your ability. There is no right answer, but what you are hearing on an ongoing basis represents data points that must be scrutinized. At the end of the day, you cannot play victim if you have a clear idea of why you are being rejected (whether or not you agree with the reasons). A tough skin mentality would advise a GP to keep going with dogged determination, while an exoskeleton demeanor would honestly ask what structural adjustments could reduce the friction.
- **Shed your ego:** Many GPs think that changing their marketing approach is somehow a sign of desperation, a sign of weakness in their product, or erodes their prestige. Meanwhile, the world's most renowned brands continue to flood the airwaves with reminders of their ongoing improvements and superiority. So, if the most successful brands confirm the importance of continuous reminders of their products and services, why do so many lesser brands choose to refrain from this? In this new era, I believe that all brands that believe they have something unique to offer should find constant ways (newsletters, podcasts, panels, webinars, etc.) to stay in front of their target audience.

In the evolving landscape of private assets fundraising, simply enduring rejection with “tough skin” is no longer sufficient. Building an “exoskeleton” means learning from setbacks, adapting to changing LP expectations, and transforming feedback into actionable improvements. This approach recognizes the broader market forces at play and encourages managers to continually refine their strategies and communications. Ultimately, true progress comes not from resisting adversity, but from evolving through it to become more resilient, insightful, and effective.

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