

Wafra's Adel Alderbas

Featured Guest: Adel Alderbas, Chief Investment Officer of Wafra



Preface:

For our next interview, we return to the world of GP Stakes funds. Wafra is a long-standing investor in this space, having begun GP Stakes investments in 2011 through its Strategic Partnerships platform. This platform has two verticals: Established Managers (proven GPs with an established track record) and Capital Constellation (emerging managers with <\$5 billion in AUM).

Despite the Zoom screenshot, Wafra invited GP Stakes News to its office at 345 Park Avenue in New York City. I'm pleased to share my conversation with Adel Alderbas, Wafra's Chief Investment Officer, who has been with the firm since 2007.

What We Already Know:

- Wafra pursues GP stakes from its Strategic Partnerships vertical, which is the largest of its four strategies, representing nearly 50% of its AUM
- Strategic Partnerships has worked on over 500 deals and completed 30 investments since inception
- Wafra has achieved approximately nine exits from its Strategic Partnerships platform so far

Digging Deeper:

Private Credit: A Targeted Approach

We noticed Wafra's portfolio is underweight in private credit and asked Alderbas why, given the asset class' popularity with GP Stakes funds. He clarified that, first of all, it doesn't mean Wafra isn't interested in private credit. He noted that private equity typically offers higher returns than private credit, so Wafra is highly selective, focusing on the best-in-class private credit managers, and mentions Oak Hill Advisors as an example of a private credit manager it has backed.

Established vs. Emerging Managers

Wafra has been extremely active on the Capital Constellation side. Its last five investments—and indeed all strategic partnerships investments since 2023—have been through this platform, raising the natural question of where the Established Manager deals have been.

Alderbas explained that Wafra's opportunistic approach allows the team to consistently evaluate potential opportunities that would benefit from Wafra's value-add, but given the firm's flexibility, Wafra does not have to pursue deals to simply pursue deals. Specifically, Adel shared that while he sees "some congestion" on the Established Manager side, the team is currently working on a potential deal in the Established Manager space, which if finalized, is expected to close by year-end.

Capital Constellation, on the other end of the spectrum, differentiates itself in the Emerging Manager space. While peer firms in this space typically cap LP checks at \$100 million, Capital Constellation usually invests \$150–300 million. This is significant because, in the current environment, senior investment professionals at early-stage funds may wish to raise and deploy capital independently but often encounter fundraising limitations within their current organizations. Capital Constellation gives these "investor-entrepreneurs," as Wafra calls them, the opportunity to start their own shop with an institutional backing, established network and operating framework that is informed by Wafra's expertise. Ultimately, Alderbas views the Capital Constellation strategy as offering more attractive "risk-adjusted reward right now compared to the Established Manager side."

Wafra's Value Proposition

Every GP Stakes fund has a unique value proposition. For Wafra, it's the ability of its LPs to follow it into its portfolio of GPs. Wafra's core group of LPs has invested "over \$11 billion of non-contractual LP capital" into GPs where Wafra has acquired stakes.

For Capital Constellation, Wafra writes a large LP check and generally receives the GP stake or revenue share for de minimis compensation. On the Established side, Wafra invests for the GP stake and may or may not staple LP capital—but the \$11 billion track record indicates strong potential for LP commitments. The first filter for any potential GP stake investment by Wafra is careful examination to determine if the product offered by the GP would be a good fit for its global network of LPs.

On the theme of LPs, we discussed the growing trend of LPs going direct to GPs—buying a GP stake rather than investing through a GP Stakes fund. Alderbas acknowledged that it happens, but questions whether it can be done programmatically. He pointed out that investing via a GP Stakes fund helps diffuse pressure on the LP: if an LP were to buy a GP stake directly but later decline to commit to that GP's funds, it could strain the relationship between the LP and GP.

Value Proposition Part Two: Covalent

Unlike most GP Stakes funds, Wafra actively co-invests with partner managers, including through its Covalent strategy, launched in 2023 alongside the Third Swedish National Pension Fund ("AP3").

Wafra: A Collaborative Partner

In our research from GP Stakes News, it became clear that Wafra is one of the most active GP Stakes funds partaking in these transactions alongside other GP Stakes funds. This was an interesting angle that we discussed with Alderbas—he told us that Wafra is "never passive / junior GP stake investors" behind the GP Stakes funds it partners with on a specific deal. If teaming up with another GP Stakes fund makes sense for a deal, Wafra is more than willing to collaborate.

More specifically, Wafra has co-invested with other GP Stakes funds on nine of its 30 deals. Henderson Park was co-seeded with Stone Point, Arclight co-underwritten with Petershill, NEA co-underwritten with Dyal (now Blue Owl),

and GREYKITE with Leucadia. The remaining five were ones where its peers came into it after Wafra invested (ex. Blue Owl's investments into TowerBrook and TSG Consumer, Investcorp into MML Capital Partners, RidgeLake into Avista Healthcare Partners, and Apollo into Motive Partners). On some occasions where a second GP Stakes fund came into the capital stack of a GP, Wafra liquidated part of its stakes in those deals.

Beyond the Office

We always enjoy learning what members of the GP Stakes community are passionate about outside of work. For Alderbas, skiing tops the list—he carves out a week each year to hit the slopes in the Alps with friends. He values it not just for the sport, but for the rare chance to truly unplug from work (as he jokes, “you can’t answer emails while skiing downhill”). Beyond skiing, Alderbas treasures time with his wife and two sons, whether exploring the outdoors in upstate New York or dining out at standout restaurants—a passion influenced by his wife’s culinary background.

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