



[Dyal Capital Partners](#) has acquired a minority interest in [HGGC](#), a middle-market firm from Palo Alto that was co-founded by Steve Young, a football Hall of Famer who won three Super Bowls with the San Francisco 49ers. The deal adds yet another notable private equity firm to Dyal's portfolio, which already includes several of the industry's major names.

In conjunction with the new deal, HGGC has unveiled a series of promotions, including naming Les Brown, John Block, Steven Leistner, Harv Barenz and Lance Taylor its five newest partners.

Dyal's move is also the latest sign of a growing industry interest in GP stakes investing, a shift led by Dyal and other big names like [Blackstone](#) and [Goldman Sachs](#). As one of our analyst notes on the subject detailed, surely one significant reason for the developing trend is the prospect of such investments [bringing top-notch returns](#).

While GP stakes are growing more frequent, Dyal—which is a unit of [Neuberger Berman](#), a massive investment manager with more than \$300 billion in AUM—has been pursuing them for several years now. Back in 2014, it acquired a reported 10% stake in [Providence Equity Partners](#), a firm that has [raised some enormous funds](#) and conducted billion-dollar buyouts in recent years. Dyal bought into [Vista Equity Partners](#) at a \$4.3 billion valuation back in 2015 and increased its stake in 2017 at a \$7 billion valuation, per Axios. And also in 2015, Dyal purchased an interest of less than 10% in [Silver Lake](#), another large-market tech investor.

With those deals, Dyal displayed a penchant for firms that raise truly tremendous sums of cash: Silver Lake closed a \$15 billion vehicle in 2017, while it's believed Vista is targeting \$16 billion for its current fund. In recent years and months, though, Dyal's dealmaking has

trended toward slightly smaller firms. Dyal bought into [American Securities](#) last October, about five months after it purchased a stake in [Clearlake Capital](#). The firm's 2018 dealmaking also include the acquisition of an interest in [Golub Capital](#), which typically provides debt to finance other firms' buyouts.

One common thread between many of Dyal's targets—and between many targets of GP stakes deals in general—is the presence of major step-ups in fund size. Clearlake, for instance, closed a fund with more than \$3.6 billion in commitments just a couple months before Dyal's investment, a follow-up to a vehicle that reportedly raised just \$1.38 billion in 2015. American Securities closed a \$7 billion effort last year, several months before Dyal's backing, an increase from a \$5 billion predecessor.

In HGGC's case, the firm hasn't raised new cash since closing a \$1.84 billion fund in 2016, a step-up from \$1.3 billion the year prior. Could the investment from Dyal mean that another new fundraising push will soon be on the way?

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