Manager Selection in Emerging Markets: Scoring GCC GPs with Short Track Records

How to select private-market managers when the long fund track record the usual methods rely on does not yet exist

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ABSTRACT

Manager selection is the largest driver of private-market outcomes, and the standard methods for it lean heavily on long, audited fund track records. In a younger market such as the Gulf, where many managers are on their first or second fund and the manager base is still forming, that reliance breaks down: the data the usual scorecard depends on is thin or absent. This paper sets out how a family-office or institutional investor should select managers, general partners, in such a market, by adapting rather than abandoning the selection discipline. Drawing on the literature on private-equity performance persistence, manager skill versus luck, and the determinants of fund returns, it advances five propositions concerning how selection should change when track records are short. Using a stylised, clearly-labelled framework, it shows how the selection scorecard should be reweighted toward the dimensions that remain observable, the individual records of the principals, the durability of the strategy, the quality of the process and, above all, alignment, and how the principal's prior-role record should be attributed rather than taken at face value. The analysis finds that a disciplined investor can select younger-market managers rigorously by relocating the evidence from fund history to team, attribution, alignment and operational quality; that alignment is the strongest available substitute for the missing track record; and that the dispersion of outcomes is wide enough that the adapted discipline, not the avoidance of younger managers, is the right response. The paper provides an adapted scorecard, a red-flag list and a selection checklist, and discusses the limitations and avenues for further research.

JEL Classification: G11, G23, G24, G34, O53

Keywords: manager selection, emerging managers, private equity, performance persistence, due diligence, GCC, track record, alignment

1. INTRODUCTION

In private markets the choice of manager matters more than almost any other decision an investor makes, because the dispersion between the best and worst managers is wide and, unlike in public markets, persistent. The standard apparatus for making that choice, the manager-selection scorecard, leans heavily on the manager's track record: a long, audited history of fund performance against which skill can be assessed and persistence judged. In a mature market this reliance is reasonable, because the track records exist. In a younger market such as the Gulf, where many capable managers are raising their first or second fund and the regional manager base is still forming, the reliance breaks down, because the long fund track record the usual method depends on simply does not yet exist.

The temptation, when the familiar data is absent, is one of two errors. The first is to exclude younger-market managers altogether, on the grounds that they cannot be assessed by the usual method, thereby forgoing much of the opportunity in a region where the best managers are, by definition, often young. The second is to abandon discipline and select on relationship, reputation or instinct, in the absence of the data the scorecard would normally supply. This paper argues for a third path: adapting the selection discipline to the younger market, relocating the evidence from the missing fund history to the dimensions that remain observable, so that the investor can select rigorously even where the long track record is absent.

The paper is written for the family-office or institutional investor selecting general partners in the Gulf and similar younger markets, whether as part of a first allocation or in building a continuing programme. Its purpose is not to lower the bar for younger managers but to relocate it: to set out which dimensions of a manager can be assessed when the fund track record cannot, how heavily each should be weighted, and how the evidence that does exist, the principals' prior records, the strategy, the process, the alignment and the operations, should be interrogated. The aim is a selection discipline as rigorous as the mature-market one, conducted with the evidence a younger market actually provides.

The paper makes three contributions. First, it shows how the selection scorecard should be reweighted for a younger market, toward team, strategy, process and alignment and away from fund track record. Second, it sets out how a principal's prior-role record, the most important evidence where a fund record is absent, should be attributed rather than accepted at face value, separating what the individual genuinely contributed from what the prior firm's platform and team provided. Third, it identifies alignment as the strongest available substitute for the missing track record, and catalogues the red flags specific to younger-market managers. Throughout, the figures are modelled and clearly labelled; they illustrate the selection mechanics rather than assess any specific manager, and they are not forecasts.

The remainder of the paper is structured as follows. Section 2 reviews the literature on manager performance, persistence and skill versus luck, and develops five propositions. Section 3 describes the data and the stylised methodology. Section 4 presents and discusses the results, covering the short-track-record problem, the reweighted scorecard, the attribution of prior-role records, persistence, alignment as a substitute, red flags and a worked scoring of three managers. Section 5 reports robustness. Section 6 sets out implementation considerations. Section 7 offers concluding comments, including limitations and directions for further research. A statement of disclosures, the references and appendices follow.

2. LITERATURE REVIEW AND PROPOSITIONS

The analysis draws on three strands of the literature: the persistence of private-market manager performance; the separation of skill from luck in manager returns; and the determinants of fund performance, including team and alignment. This section reviews each and develops the propositions the analysis examines.

2.1 Performance Persistence

A central finding of the private-equity literature is that manager performance shows persistence: managers who have performed well tend to continue to do so, in contrast to the weak persistence found in public markets (Kaplan and Schoar, 2005; Harris, Jenkinson, Kaplan and Stucke, 2023).

This persistence is what makes manager selection worthwhile, since identifying skill that will repeat pays. But the persistence literature relies on a history of successive funds to detect, and in a younger market that history is short or absent, so the investor must infer likely persistence from other evidence. The evolving literature also finds that persistence, while real, has changed over time and varies by strategy, so it should be treated as a tendency to be assessed rather than a guarantee (Harris et al., 2023). For a younger-market manager the implication is that the investor must look for the sources of persistence, durable edge, stable team, repeatable process, rather than for a track record of persistence itself, which does not yet exist; this is the first proposition.

2.2 Skill versus Luck

A related literature addresses the difficulty of separating skill from luck in manager returns, finding that a short record, even a strong one, is statistically weak evidence of skill, because a single fortunate fund can produce an impressive number (Korteweg and Sorensen, 2017). This is precisely the younger-market investor's problem: a first-time manager with one strong fund may be skilled or merely lucky, and the record alone cannot distinguish them. The literature's lesson is that, where the statistical evidence is weak, the investor must rely more on the qualitative evidence of skill, the quality of the team and process, the coherence of the strategy, the discipline of the decisions, that is observable regardless of the record's length. This relocation of evidence from the statistical to the qualitative, forced by the short record, is the second proposition.

2.3 The Determinants of Fund Performance: Team and Alignment

A further literature examines what, beyond track record, predicts fund performance, with consistent emphasis on the quality and stability of the team and on the alignment of the manager's incentives with the investor's (Metrick and Yasuda, 2010; Robinson and Sensoy, 2013). The team is the engine of a manager's returns, and its stability, depth and the attribution of past success to the people who remain are observable without a long fund history. Alignment, a meaningful manager commitment, fair terms and a genuine hurdle, signals conviction and aligns incentives, and the literature treats it as a meaningful predictor of investor outcomes (Robinson and Sensoy, 2013). For the younger-market investor these are decisive, because they are both predictive and observable where the fund track record is not, and alignment in particular serves as the strongest available substitute for the missing record, which is the third proposition.

2.4 Emerging Managers and Dispersion

Finally, a strand of the literature and of practitioner evidence addresses emerging and first-time managers specifically, finding that they can be among the most attractive opportunities, often hungry, aligned and pursuing strategies before they become crowded, but that they carry additional operational and key-person risk and that the dispersion of their outcomes is wide (Lerner, Schoar and Wongsunwai, 2007). The implication is twofold: the opportunity in younger managers is real and should not be forgone, and the wide dispersion means selection among them is both harder and more rewarding. This supports the fourth and fifth propositions, that the right response to the short track record is the adapted discipline rather than the avoidance of younger managers, and that operational diligence must be weighted more heavily where operational maturity cannot be assumed.

2.5 Synthesis and Propositions

Taken together, these literatures imply that, where the fund track record is short, the investor must relocate the evidence of likely skill and persistence to the team, the strategy, the process and, above all, the alignment, all of which remain observable, and must attribute the principals' prior records rather than accept them at face value. From this the paper develops five propositions:

Proposition 1. Where the fund track record is short, likely persistence must be inferred from its sources, durable edge, stable team and repeatable process, rather than from a record of persistence itself.

Proposition 2. A short record, even a strong one, is weak statistical evidence of skill, so the investor must weight the qualitative evidence of skill more heavily.

Proposition 3. Alignment, a meaningful manager commitment, fair terms and a genuine hurdle, is the strongest available substitute for the missing track record.

Proposition 4. The right response to the short track record is an adapted selection discipline, not the avoidance of younger managers, since the opportunity in them is real and the dispersion wide.

Proposition 5. Operational due diligence must be weighted more heavily for younger managers, whose operational maturity and key-person resilience cannot be assumed.

2.6 Cognitive Biases in Backing Emerging Managers

The selection of younger managers is unusually vulnerable to cognitive bias, and the behavioural literature illuminates why an explicit, structured discipline is needed (Kahneman, 2011). Several biases converge on the emerging-manager decision. The halo effect leads a charismatic, articulate founder to be credited with skill the evidence does not establish, a particular danger where the fund track record that would otherwise temper the impression is absent. Narrative seduction leads a compelling story about a strategy or a market opportunity to substitute for evidence of the manager's ability to execute it. Confirmation bias leads an investor attracted to a young manager to gather supporting evidence and discount contrary signals. And the scarcity and excitement of backing a promising new manager early can crowd out sober assessment. These biases are more dangerous in younger-manager selection than in mature-manager selection precisely because the fund track record, which in a mature market provides a hard, quantitative check on the qualitative impression, is missing, leaving the qualitative impression unchecked. The adapted framework functions, in part, as a debiasing device: by requiring the attribution of prior records, the explicit assessment of alignment, the independent operational gate and the review of a written red-flag list, it interrupts the intuitive leaps that bias exploits and forces the qualitative impression to be tested against structured evidence. An investor that selects younger managers without such a discipline is selecting on impression, and impression, in the absence of a track record to check it, is exactly what bias most distorts.

3. DATA AND METHODOLOGY

This study is a framework paper supported by stylised, clearly-labelled illustration rather than an empirical study of Gulf managers. Its aim is to set out an adapted selection discipline and to make explicit how the evidence should be relocated when the fund track record is short, using assumptions stated openly. The figures illustrate the selection mechanics an investor should apply; they do not assess any specific manager and are not forecasts.

3.1 The Adapted Scorecard

The framework adapts the standard manager-selection scorecard, which weights team, track record, strategy, process, terms and operations, by reweighting it for a younger market: increasing the weight on the dimensions that remain observable, principals' records, strategy, process and alignment, and decreasing the weight on fund track record. It also adds two younger-market-specific elements: the attribution of the principals' prior-role records, and heightened operational diligence. The output is a composite score comparable across managers, computed from the dimensions a younger market actually provides.

3.2 Assumptions and Their Justification

The stylised inputs, indicative scorecard weights, attribution decompositions and dispersion figures, are calibrations informed by the persistence and skill-versus-luck literatures (Kaplan and Schoar, 2005; Korteweg and Sorensen, 2017) and by practitioner experience of younger-market selection. They are representative rather than estimates of any specific manager, and are intended to illustrate the mechanics; Appendix A records them. The base-case assumptions are set out in Table 1.

Table 1. Base-Case Assumptions for the Adapted Selection Framework

Parameter	Assumption
Setting	Younger market (GCC) with short or absent fund records
Highest-weighted dimension	Team and principals (~28%)
Track-record weight	Reduced (~8%) and based on attributed prior records
Alignment	Heavily weighted; strongest track-record substitute
Operational due diligence	Heightened; functions as a gate
Attribution	Prior-role records decomposed, not taken at face value
Composite	Comparable score across managers on observable dimensions

Indicative, forward-looking assumptions used to illustrate the framework; not an assessment of any manager or forecast. See Appendix A.

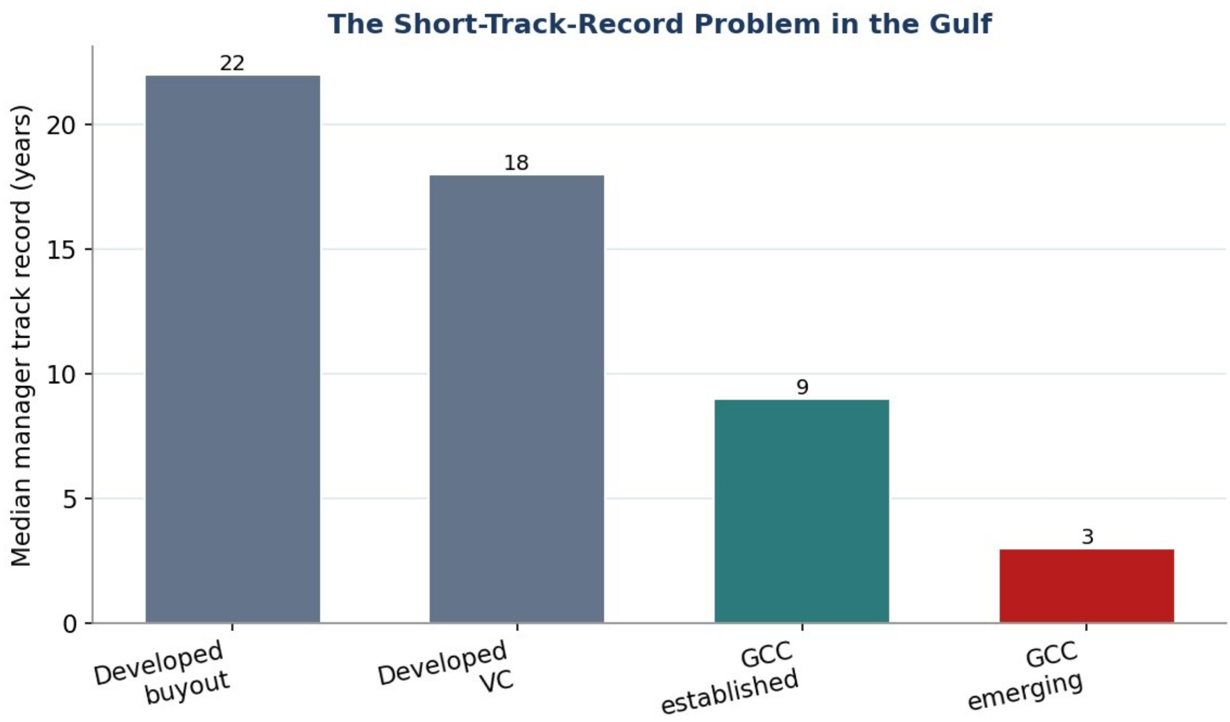
4. RESULTS AND DISCUSSION

This section presents the framework and supporting analysis in the order of the propositions: the short-track-record problem; the reweighted scorecard (Propositions 1 and 2); the attribution of prior records; persistence; alignment as a substitute (Proposition 3); red flags and operational diligence (Proposition 5); and a worked scoring of three managers (Proposition 4).

4.1 The Short-Track-Record Problem

The problem the paper addresses is illustrated in Figure 1, which contrasts the typical manager track-record length in mature and younger markets.

Figure 1. The Short-Track-Record Problem in the Gulf



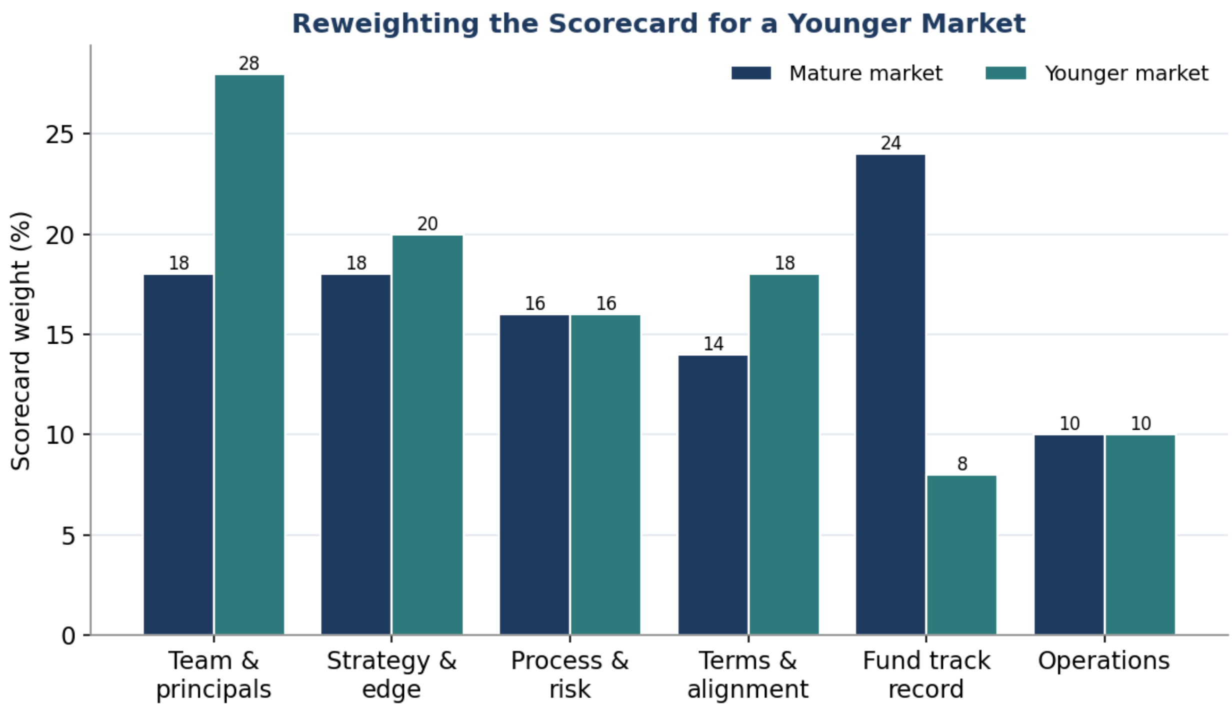
Indicative median manager track-record length; Gulf managers, especially emerging ones, have far shorter histories.

The contrast is stark. Where a developed-market manager may have two decades of audited fund history, a Gulf emerging manager may have only a few years, or none at fund level. The standard scorecard, which derives much of its signal from the fund track record, is therefore data-starved in the younger market, and an investor that applies it unchanged will either reject good managers for lacking the history or, worse, fall back on relationship in the absence of the expected data. The problem is not that younger-market managers are worse, the dispersion literature suggests the best may be excellent, but that the usual method cannot assess them, which is why the method must be adapted rather than abandoned.

4.2 Reweighting the Scorecard

The core of the adapted discipline is to reweight the selection scorecard, shifting weight from the unavailable fund track record to the dimensions that remain observable, as Figure 2 sets out.

Figure 2. Reweighting the Scorecard for a Younger Market



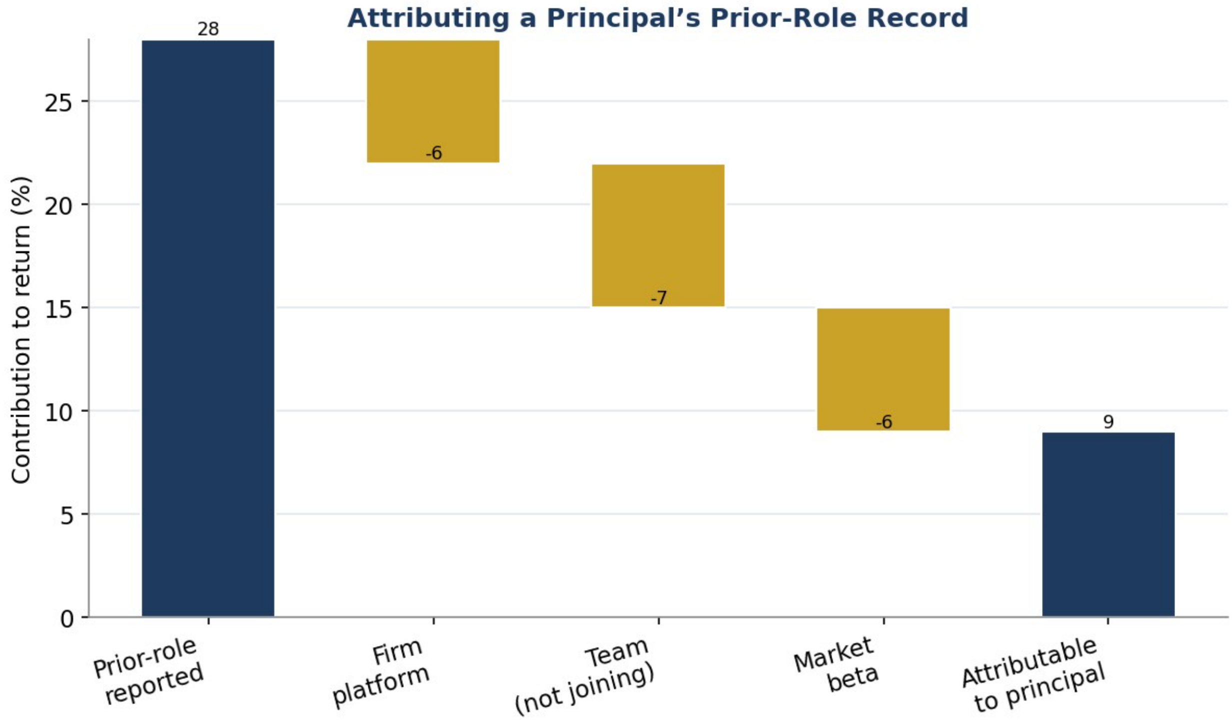
Indicative scorecard weights in a mature versus a younger market.

The reweighting supports Propositions 1 and 2. In a mature market the fund track record carries a large weight; in a younger market that weight is reduced and reallocated to the team and principals, to alignment, and to a lesser extent to strategy. The logic is that, where the statistical evidence of a fund record is weak or absent, the investor must rely on the qualitative and structural evidence that predicts performance and is observable regardless of record length: the quality and stability of the team, the durability of the strategy, the discipline of the process and the strength of the alignment. This is not a lowering of standards but a relocation of them; the adapted scorecard is as demanding as the mature-market one, but it interrogates the dimensions a younger market actually provides. An investor that simply applies the mature-market weights to a younger-market manager will find the manager wanting on the heavily-weighted track-record dimension and will mis-rank it; one that uses the adapted weights assesses it fairly on what can be known.

4.3 Attributing the Principal's Prior Record

Where a fund track record is absent, the principals' records from prior roles become the most important quantitative evidence, but they must be attributed rather than accepted at face value, as Figure 3 illustrates.

Figure 3. Attributing a Principal’s Prior-Role Record



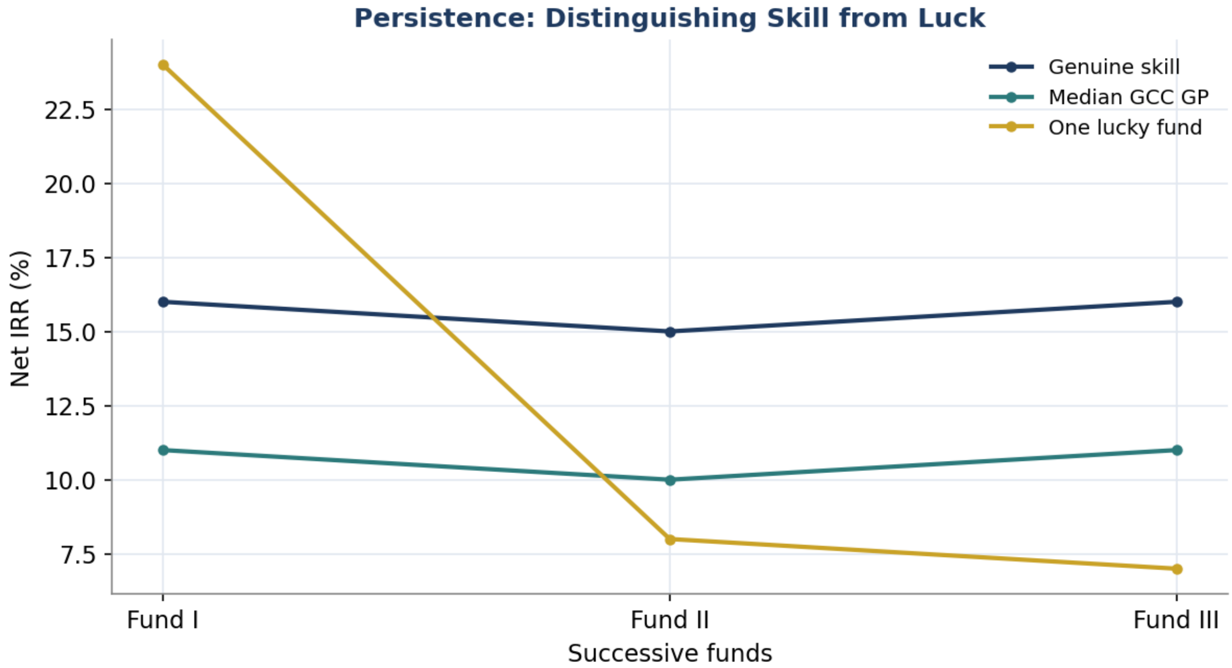
Indicative decomposition of a principal’s reported prior-role performance into its sources.

The attribution is essential because a principal’s reported prior-role performance reflects not only the individual but the platform of the prior firm, the team that may not be joining the new venture, and the market environment. Decomposing the reported record, separating what the principal genuinely contributed from what the prior firm’s brand, resources, team and the market provided, yields a far smaller and more honest estimate of the individual’s attributable skill. An investor that takes a principal’s prior record at face value, "she returned 28% at her previous firm", will overstate her likely contribution at a new venture lacking that platform and team; one that attributes the record forms a realistic estimate. This attribution is the younger-market counterpart to the track-record decomposition used in mature-market selection, and it is the discipline that prevents the most common error in backing emerging managers: crediting the individual with returns that the prior firm, not the individual, largely produced.

4.4 Assessing Likely Persistence

Because persistence cannot be observed directly in a short record, the investor must assess its likely presence from the pattern and sources of performance, as Figure 4 illustrates.

Figure 4. Persistence: Distinguishing Skill from Luck



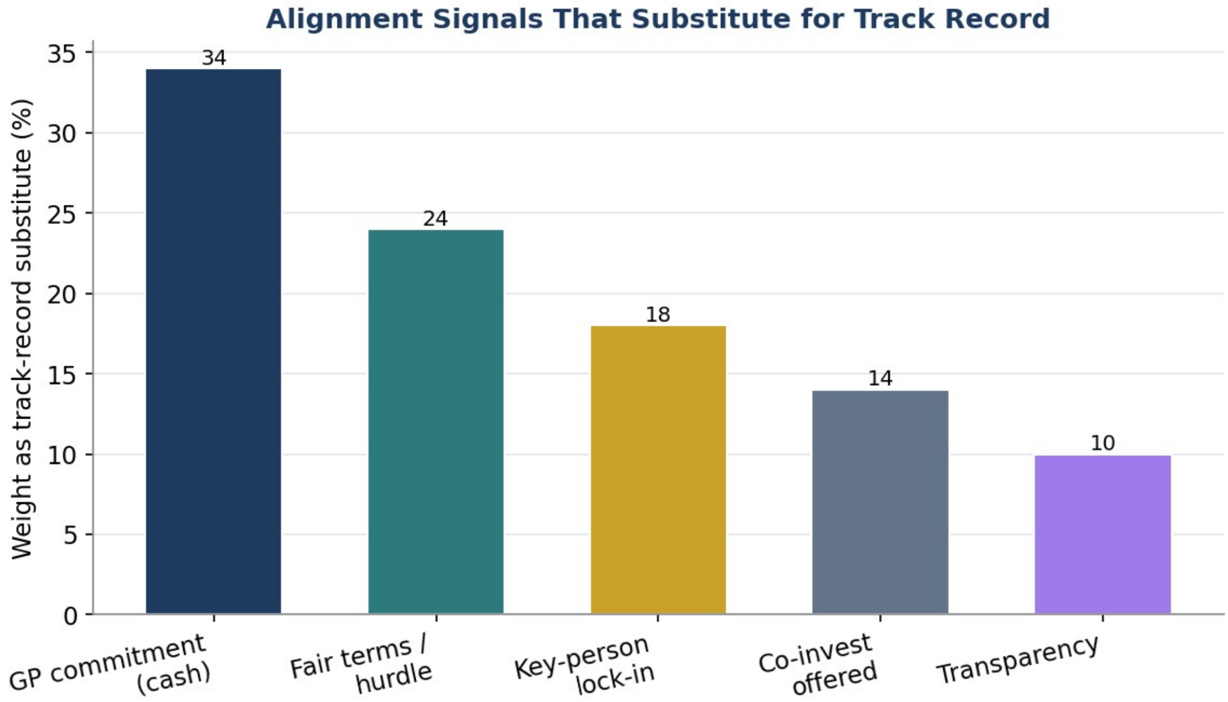
Indicative performance patterns across funds for genuine skill, the median, and a single lucky fund.

The figure shows the patterns an investor seeks to distinguish. Genuine skill produces consistent performance across the few funds or deals that exist, with the dispersion any honest investor shows but a clear central tendency; the median manager clusters in the middle; and the dangerous case is the manager whose single fund or handful of deals was exceptional and is presented as evidence of skill it may not possess. Where the record is too short to establish persistence statistically, the investor must look instead to the sources of persistence, a durable and defensible edge, a stable team, a repeatable process, and to the consistency of whatever record exists at the deal level. This is the practical content of Proposition 1: in a younger market, the investor assesses the likelihood that performance will persist from its drivers rather than from a history of persistence, because that history does not yet exist.

4.5 Alignment as the Strongest Substitute

Where the track record is short, alignment becomes the strongest available substitute, and Figure 5 ranks the alignment signals an investor should weight.

Figure 5. Alignment Signals That Substitute for Track Record



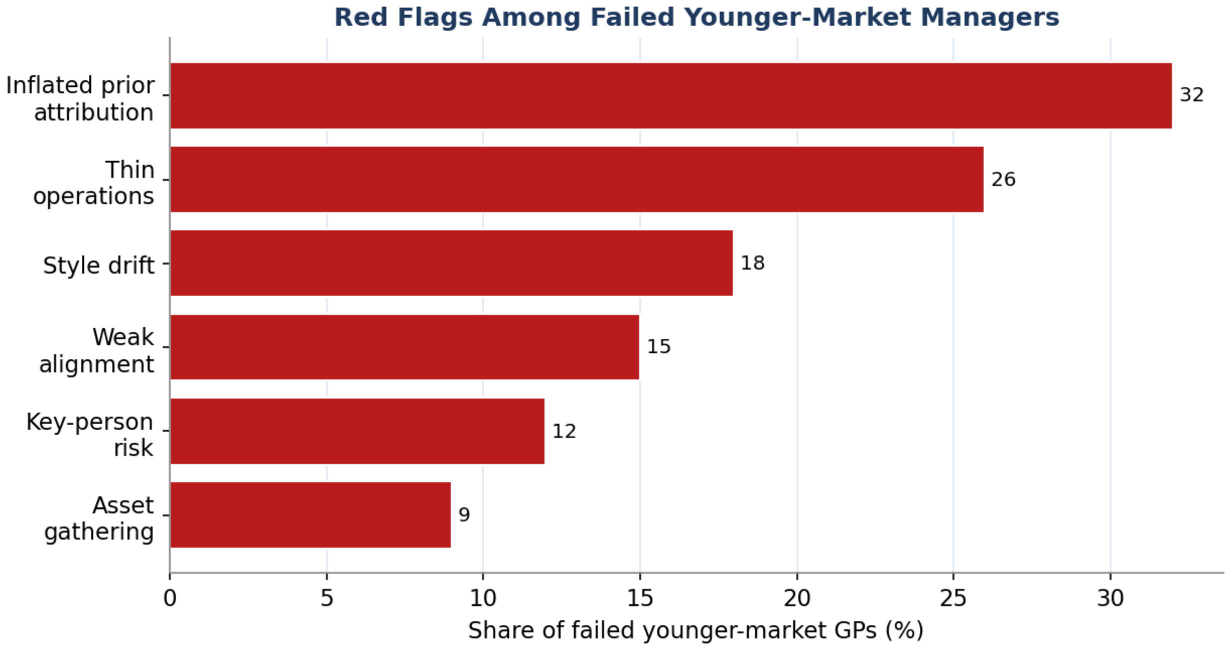
Indicative weighting of alignment signals as substitutes for a missing track record.

Alignment supports Proposition 3 and is, in a younger market, the most valuable evidence an investor has. A meaningful manager commitment, ideally funded in cash rather than waived fees, signals that the manager will lose real money if the fund underperforms, which is the strongest possible statement of conviction from a manager without a record to point to. Fair terms and a genuine hurdle align the manager's reward with the investor's outcome; key-person lock-ins protect against the departure of the principals on whom the thesis depends; the willingness to offer co-investment signals confidence and partnership; and transparency signals an investor-friendly posture. Together these constitute the alignment that, in the absence of a long record, best predicts that the manager will act in the investor's interest. An investor that cannot rely on a track record can rely on alignment, and a younger manager that offers strong alignment is, in effect, substituting conviction and skin in the game for the history it cannot yet provide, which is exactly the substitution the investor should welcome and reward.

4.6 Red Flags and Operational Diligence

The adapted discipline also requires heightened attention to the red flags and operational risks specific to younger managers, as Figure 6 sets out.

Figure 6. Red Flags Among Failed Younger-Market Managers



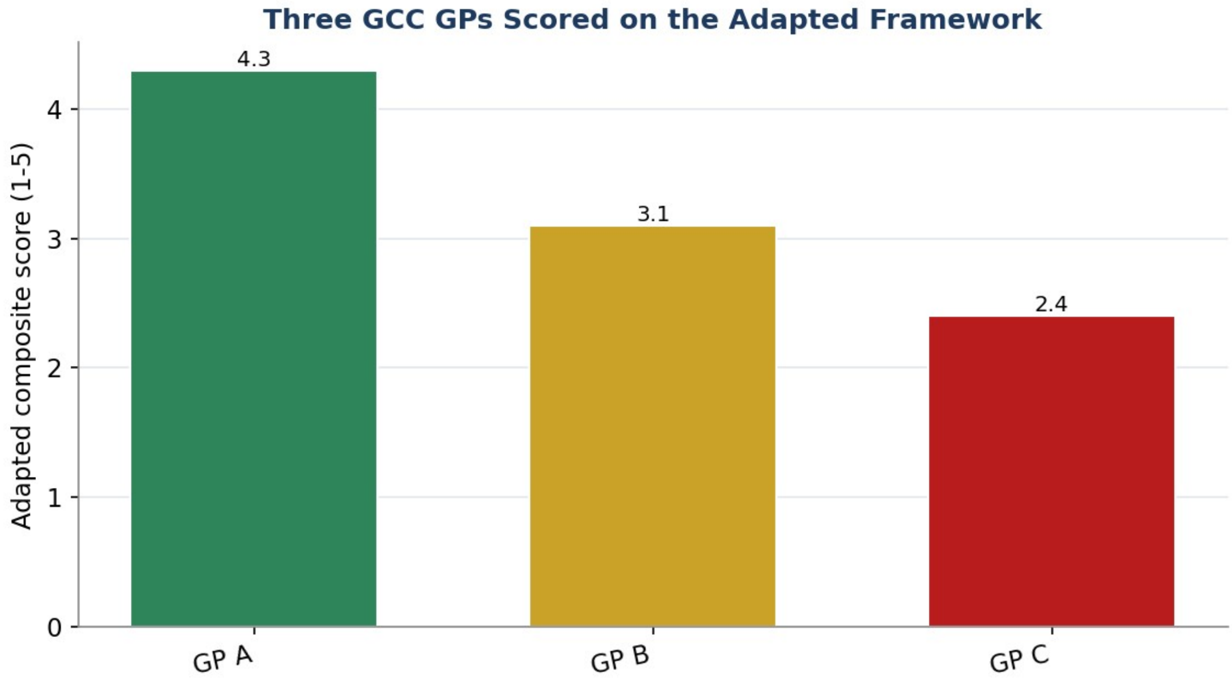
Indicative frequency of warning signs among younger-market managers that subsequently failed.

The most common red flag among failed younger-market managers is inflated attribution of the principals' prior records, the very error the attribution discipline guards against, followed by thin operations, style drift, weak alignment, key-person risk and premature asset gathering. The prominence of thin operations supports Proposition 5: because a younger manager's back office is unproven, operational due diligence must be weighted more heavily, not less, and should function as a gate, independent administration, custody and audit are non-negotiable, and an operational red flag should override a strong investment assessment. The red-flag list also serves a debiasing function, countering the enthusiasm an investor naturally feels for a compelling young manager by directing attention to the warning signs that enthusiasm tends to explain away. An investor that scores a younger manager strongly on the adapted dimensions but finds an operational red flag should heed the flag, because the history of younger-manager failures is, disproportionately, a history of operational and attribution failures rather than of poor investment judgement.

4.7 A Worked Scoring of Three Managers

Figure 7 applies the adapted framework to three GCC general partners, producing a comparable composite for each.

Figure 7. Three GCC GPs Scored on the Adapted Framework



Indicative composite scores under the adapted, younger-market scorecard.

The worked scoring demonstrates Proposition 4: that a disciplined investor can rank younger-market managers rigorously despite the short records. GP A scores strongly, a stable team with well-attributed prior records, a durable strategy, strong alignment and clean operations, and is backable; GP B is mixed, with a compelling strategy but weaker attribution and alignment; GP C scores poorly, resting on an inflated prior record, thin operations and weak alignment, and should be declined. None of these verdicts relied on a long fund track record, because none existed; all relied on the dimensions the adapted framework assesses. This is the paper's central practical message: the absence of a fund track record is not a reason to avoid younger-market managers or to select them carelessly, but a reason to relocate the selection discipline to the evidence that does exist, where a rigorous, comparable and defensible judgement remains entirely possible.

4.8 The Case for Backing Emerging Managers

It is worth setting out positively why an investor should want to back younger managers, rather than merely how to assess them, because the discipline is justified only by the opportunity it unlocks. The evidence and practitioner experience suggest several reasons emerging and younger managers can be especially attractive. They are often hungry, with their reputation and franchise to build, which sharpens their focus and effort. They are frequently better aligned, willing to commit personal capital and accept investor-friendly terms to attract capital, as Section 4.5 discussed. They are typically smaller, able to pursue strategies and deals too small for larger, established managers and therefore less crowded and more inefficiently priced. And they are unencumbered by the legacy portfolios, organisational drift and asset-gathering incentives that can dull an established manager's performance. In a younger market such as the Gulf these advantages are amplified, because the whole market is earlier in its development and the inefficiencies correspondingly greater. An investor that can rigorously assess younger managers therefore gains access to a pool of opportunity, the capable, hungry, well-aligned early-stage manager pursuing an under-exploited strategy, that an investor confined to established managers cannot reach. This is the prize that justifies the adapted discipline: not merely the ability to assess younger managers safely, but access to a category of opportunity that is, in a younger market, where much of the return is to be found.

This positive case also corrects a misimpression that the cautions of this paper might leave. The heavy emphasis on attribution, alignment and operational diligence could be read as a counsel of suspicion toward younger managers; it is not. It is a counsel of rigour, and rigour serves the opportunity rather than opposing it, by enabling the investor to distinguish the capable younger manager worth backing from the unprepared one worth declining. The investor that applies the discipline well will say yes to younger managers, the right ones, more confidently than one that lacks the discipline and therefore avoids the category, and it is this confident, discriminating engagement with younger managers, not their avoidance, that the framework is designed to enable.

4.9 Reference Checks in a Smaller Market

Reference checking takes on particular importance and a particular character in a younger, smaller market, and deserves elaboration. Where a fund track record is short, the testimony of those who have worked with, invested alongside, or transacted with the principals carries more of the assessment than it would in a mature market, because it is among the few sources of independent evidence about the individuals' ability and integrity. The smaller, more interconnected nature of a younger market both helps and complicates this. It helps because the relevant network is concentrated and accessible, so an investor that knows the market can reach informed references efficiently. It complicates because the same interconnection means references may be reluctant to be candid about people they will continue to encounter, and because the manager can more easily steer the investor toward favourable references. The disciplined response is to seek references widely, including off-list references the manager did not provide and that the investor identifies independently, to probe specifically for the attribution question, what did this individual actually contribute, and for integrity and behaviour under stress, and to weight candid, specific testimony over general praise. In a market where the documentary track record is thin, well-conducted reference checking is not a confirmatory formality but a primary source of evidence, and an investor that conducts it superficially forfeits one of the few independent checks available on a younger manager.

4.10 Strategy and Edge Where the Record Cannot Speak

Where the track record cannot establish skill, the assessment of the manager's strategy and edge carries more weight, and it deserves fuller treatment because it is the dimension most often assessed superficially. The question is not merely whether the manager has an attractive strategy but whether it has a genuine, durable and defensible source of excess return, and whether the specific manager is positioned to capture it. In a younger market the candidate edges are recognisable: proprietary sourcing through networks and reputation in a market where relationships matter; genuine operational or sector expertise that a financial buyer lacks; a structural advantage in a niche too small or complex for larger competitors; or first-mover access to an under-intermediated opportunity. The investor must test the claimed edge rigorously: is it specific and defensible, or merely a willingness to pay more or to take more risk, which is not an edge at all; can the manager articulate why competitors cannot easily erode it; and is the edge attributable to the manager rather than to a platform it has left. Because the strategy and edge must, in the absence of a record, bear more of the case for the manager's likely performance, a superficial assessment of it is especially dangerous in a younger market. The disciplined investor probes the edge until it is satisfied either that it is real, specific and durable, or that it is not, and weights the manager accordingly, recognising that in a younger market the edge, more than the record, is the evidence that the manager will perform.

A related consideration is the fit between the edge and the strategy the manager proposes to pursue with the investor’s capital. A principal whose attributable prior success rested on a particular edge, say, sourcing small deals through a specific network, may be proposing to pursue a different and larger strategy in which that edge does not apply, in which case the prior record, even properly attributed, is a weak guide to future performance. The investor must therefore assess not only the edge and the record but their consistency with the strategy now being raised, because an edge that does not match the strategy is of little value, and a record earned pursuing one strategy is weak evidence for success in another. This consistency check, between attributed edge, prior record and proposed strategy, is a further refinement that the absence of a fund track record makes necessary, and it guards against backing a manager for an edge it will not, in its new venture, actually be deploying.

4.11 Team Stability and Key-Person Dependence

The team dimension, the most heavily weighted in the adapted scorecard, warrants closer examination because in a younger manager the team is both the principal asset and the principal risk. A younger manager is often built around one or a few individuals whose skill and relationships constitute the firm; this concentration is a source of the alignment and edge that make younger managers attractive, but it is also a source of fragility, since the departure or incapacity of a key principal can undermine the entire thesis. The investor must therefore assess not only the quality of the team but its stability and the firm’s dependence on specific individuals. Relevant questions include how the principals came together and how durable the partnership appears; how economics and ownership are shared among the team, since lopsided economics predict departures; whether there is depth beyond the founders or whether the firm is entirely dependent on one or two people; and how the team has weathered any prior stress or disagreement. Where key-person dependence is high, as it often is in a younger manager, the investor should both weight the assessment of the individuals heavily and secure key-person protections in the commitment, as Section 6.4 discussed. The team assessment is, in a younger manager, the closest thing to the assessment of the asset itself, and it deserves the depth of attention the scorecard’s heavy weighting implies, conducted through genuine time with the principals rather than through documents alone.

This assessment is also where the investor forms a judgement about character and integrity that no quantitative measure captures and that matters especially where a track record cannot speak. Spending time with the principals, observing how they discuss their failures as well as their successes, how they handle disagreement, and how candid they are about the limits of their record, reveals character that documents do not, and in a younger manager, where so much rests on the individuals, this judgement of character is a central part of the selection. An investor that backs a younger manager has, more than in any other case, backed specific people, and it should know those people well enough to make that judgement with confidence.

4.12 Diversifying Across Younger Managers

A portfolio-level response to the higher uncertainty of younger-manager selection is diversification across managers and vintages, which deserves note because it complements the manager-level discipline. Because any single younger manager carries more residual uncertainty than an established one, even after rigorous selection, an investor building exposure through younger managers should diversify across several rather than concentrating in one, so that the failure of any single manager, through key-person loss, strategy drift or simple disappointment, is not fatal to the programme. Committing across vintages further diversifies the entry timing and allows the investor to incorporate the lessons of earlier selections into later ones. This portfolio approach does not substitute for rigorous selection, diversifying across poorly selected managers merely spreads the risk of loss, but it does allow an investor to capture the opportunity in younger managers while containing the consequence of the irreducible uncertainty that each carries. The combination of rigorous adapted selection at the manager level and sensible diversification at the portfolio level is the complete response to the younger-market selection problem: the first ensures that each manager backed is genuinely worth backing, and the second ensures that the residual uncertainty inherent in younger managers is borne in a diversified rather than a concentrated form. An investor that attends to both will build a younger-manager programme that is both high-quality and resilient, which is precisely what a developing market requires.

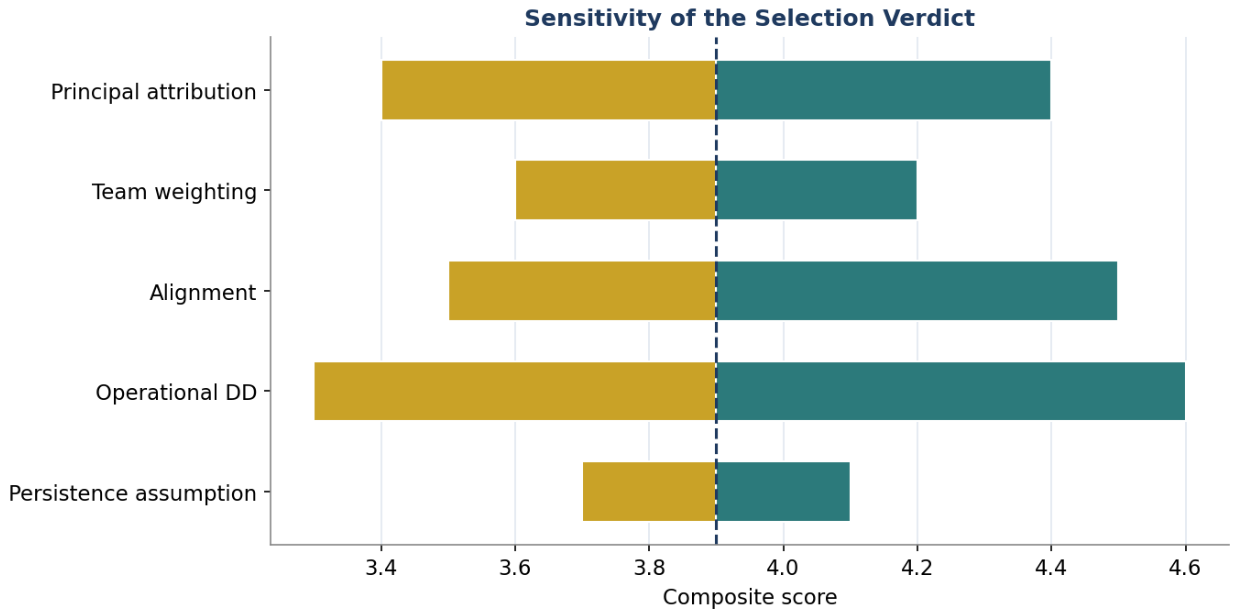
5. ROBUSTNESS AND SCENARIO ANALYSIS

The adapted framework, which relocates the selection evidence, must be tested against its assumptions and across scenarios. This section reports a sensitivity analysis and considers how the discipline holds where the available evidence is even thinner.

5.1 Sensitivity of the Selection Verdict

Figure 8 reports the sensitivity of the composite selection verdict to the principal adapted-framework judgements, each varied around the base case.

Figure 8. Sensitivity of the Selection Verdict



Each bar shows the swing in the composite from varying one adapted-framework judgement around the base case.

The attribution of the principals' prior records and the assessment of alignment move the verdict most, which aligns with the analysis: in the absence of a fund track record, the honest attribution of what the principals genuinely contributed, and the strength of their alignment, are the dimensions on which the most depends. Operational due diligence and the team weighting follow. The prominence of attribution and alignment confirms where the investor should concentrate its effort: on rigorously decomposing the prior records rather than accepting them, and on securing and verifying genuine alignment. The robustness of this ordering across reasonable variations gives the investor confidence that the adapted framework's emphasis, on attribution and alignment above all, is correct in essentially all cases, not merely the base case.

5.2 When the Evidence Is Even Thinner

The hardest case is the genuine first-time fund whose principals also lack substantial individually-attributable prior records, where even the adapted evidence is thin. Here the investor faces a real limit, and honesty requires acknowledging it: some managers cannot be assessed with sufficient confidence to back, and the disciplined response is to decline rather than to substitute hope for evidence. But two mitigations extend the framework's reach. The first is to weight alignment even more heavily, since a manager willing to commit substantial personal capital and accept investor-friendly terms provides, through that commitment, evidence of conviction that partly compensates for the thin record. The second is to size the commitment small and to structure it with strong protections, key-person provisions, robust governance, an advisory board, so that the investor's exposure to the residual uncertainty is contained. Where even these do not suffice, the investor should decline, because the alternative, backing a manager that cannot be assessed, is not selection but speculation. The framework, in other words, extends the range of younger managers an investor can rigorously assess, but it does not eliminate the category that cannot yet be assessed, and recognising that boundary is itself part of the discipline.

6.4 Structuring the Commitment to Manage Residual Risk

Where the evidence on a younger manager is good but necessarily less complete than for an established one, the investor can manage the residual uncertainty through the structure of the commitment as well as through selection. Several structural tools are available. Sizing the commitment modestly, so that the residual uncertainty is contained and a disappointing outcome is survivable, is the most basic. Key-person provisions protect against the departure of the principals on whom the thesis depends, which matters more for a younger manager built around a few individuals. Strong governance, an engaged advisory board, robust reporting, independent administration, compensates for the manager's shorter institutional history. And staging, committing to a first fund with the prospect of a larger commitment to a successor if the manager performs, allows the investor to build exposure as evidence accumulates rather than committing fully on the thinner initial evidence. These structural tools do not substitute for selection, a poorly selected manager cannot be rescued by structure, but they allow an investor to back a well-selected younger manager while containing the uncertainty that the shorter record entails, which is precisely the balance a younger-market programme requires. The investor that combines rigorous adapted selection with thoughtful commitment structuring can engage with younger managers confidently, capturing the opportunity while managing the risk that the missing track record represents.

6.5 Building a Younger-Manager Programme Over Time

An investor active in a younger market should treat younger-manager selection not as a series of isolated decisions but as a programme that builds capability and relationships over time. Each younger manager assessed, whether backed or declined, adds to the investor's knowledge of the market, the manager landscape and the patterns that distinguish the capable from the unprepared, and this accumulated knowledge improves subsequent selection. Backing a younger manager early, moreover, establishes a relationship that can deepen as the manager grows, often on favourable terms secured before the manager is established, and the investor that supported a manager's first fund is well placed to commit to its successors. Over time, an investor that engages systematically with younger managers in a market builds both a superior ability to select them and a network of relationships with the managers it backed early, which together constitute a durable advantage in a market where the manager base is still forming. This is the younger-market counterpart to the vintage-diversification and relationship-building disciplines of mature-market programmes, and it is how an investor converts the adapted selection capability into a lasting position in a developing market rather than a series of one-off bets.

6.6 Common Errors in Younger-Manager Selection

Several errors recur in younger-manager selection, and naming them helps an investor avoid them. The first is accepting a principal's prior record at face value without attribution, crediting the individual with returns the prior platform produced. The second is selecting on the strength of a charismatic founder and a compelling narrative, the halo effect, without testing the underlying evidence. The third is under-weighting operational due diligence on the assumption that a small, new manager poses less operational risk, when the opposite is true. The fourth is treating alignment as a secondary term to be negotiated rather than as primary evidence of conviction. The fifth is failing to check the consistency between the manager's attributed edge, its prior record and its proposed strategy. And the sixth is either excluding younger managers wholesale for lacking a record, forgoing the opportunity, or backing them carelessly in the excitement of an early-stage relationship, taking on avoidable risk. Each error is avoided by the adapted discipline: attribute before crediting, test the narrative against evidence, weight operational diligence up, treat alignment as central, check edge-strategy consistency, and apply the discipline rather than either avoiding or romanticising younger managers. An investor that audits its process against this list will identify where its younger-manager selection is most exposed.

6.7 Governance of Younger-Manager Decisions

Because younger-manager selection is both higher-uncertainty and more bias-prone than mature-manager selection, it warrants particular governance attention within the investing institution. The investment committee should be presented not only with the recommendation to back a younger manager but with the evidence the adapted framework requires: the attribution of the principals' prior records, the assessment of alignment, the operational-diligence findings, the edge-strategy consistency check and the red-flag review. The committee should probe the attribution specifically, asking how much of the principal's prior record is genuinely attributable to the individual, because that is the judgement most prone to optimism. And the decision should be documented, including the residual uncertainty accepted and the structural protections secured, so that the manager's subsequent performance can be assessed against the original thesis. This governance is the institutional counterpart to the analytical discipline of the framework, and it is especially valuable for younger managers because the enthusiasm a promising young manager generates is precisely what good governance exists to temper. An institution that subjects younger-manager decisions to this scrutiny will make better selections and will learn more from those that disappoint, because it will be able to trace the outcome to the original assessment.

6.8 Monitoring a Younger Manager After Commitment

Selection does not end at the commitment, and monitoring a younger manager has a particular character that warrants attention. Because the initial assessment rested on inference, attributed records, assessed alignment, judged character, rather than on a demonstrated fund track record, the early years of the relationship are when the inference is finally tested against reality, and the investor should monitor accordingly. It should watch whether the team remains stable and whether the key principals stay engaged, since key-person risk is the younger manager's principal fragility; whether the strategy is being executed as described or is drifting; whether the early deals validate the claimed edge; whether the operations are maturing as the firm grows; and whether the alignment is honoured in practice. Each successive fund or realisation adds the track-record evidence that was missing at selection, and the investor should update its assessment as that evidence accumulates, treating the decision to commit to a successor fund as a fresh selection informed by the now-emerging record. This is where the younger-manager relationship either confirms the initial inference, justifying a deeper commitment, or contradicts it, counselling withdrawal, and an investor that monitors with this purpose converts its early bet into an increasingly evidence-based judgement over time. Monitoring a younger manager is, in effect, the continuation of the selection process as the missing evidence finally arrives, and it should be conducted with the same rigour as the initial assessment rather than relaxed once the commitment is made.

6. IMPLEMENTATION CONSIDERATIONS

The framework translates into practical steps for an investor selecting GCC managers with short track records.

6.1 Attribute Before You Credit

The first step is to attribute every principal's prior record before crediting it, decomposing the reported performance into the platform, team and market components and the residual attributable to the individual, and basing the assessment on the residual. This requires obtaining deal-level detail of the principal's prior involvement, understanding their specific role and the resources they relied on, and discounting performance that depended on a platform or team not joining the new venture. Attribution is laborious but it is the single most important step in younger-manager selection, because the most common and most costly error is to back a principal for returns that the prior firm, not the principal, produced.

6.2 Make Alignment the Centre of the Assessment

The second step is to place alignment at the centre of the assessment, since it is the strongest available substitute for the missing track record. The investor should require a meaningful, cash-funded manager commitment, fair terms with a genuine hurdle, key-person protections and transparency, and should treat the strength of a manager's alignment as primary evidence rather than a secondary term. A younger manager that offers strong alignment is providing the best evidence it can of conviction and good faith; one that resists alignment, seeking high fees and weak commitment without a record to justify them, is providing evidence of the opposite. Making alignment central both improves selection and, by signalling that the investor values it, encourages managers to offer it.

6.3 Weight Operational Diligence Up, Not Down

The third step is to weight operational due diligence more heavily for younger managers, conducting it independently and treating it as a gate. Because a younger manager's back office is unproven, the investor cannot assume the operational maturity it would take for granted with an established firm, and the evidence shows operational and attribution failures, rather than poor investment judgement, behind a disproportionate share of younger-manager failures. Insisting on independent administration, custody and audit, and on a thorough operational review, is therefore not a formality but a primary protection, and an operational red flag should stop a commitment regardless of the manager's strength on the investment dimensions.

It is worth situating this paper within the broader programme on Gulf allocation. The case for allocating, the analysis of the currency peg, the risk reclassification and the benchmarking and net-of-fee disciplines together establish that the region merits institutional capital and how to judge an allocation to it. But much of the Gulf opportunity is accessed through managers, and in a younger market those managers are often early in their track records, so the ability to select them is a precondition for capturing the opportunity the other analyses identify. This paper supplies that ability. Without it, an investor persuaded of the Gulf case would face a frustrating gap: convinced of the region but unable to assess the managers through whom it would invest. The adapted selection discipline closes that gap, and in doing so it completes a practical chain from the strategic decision to allocate to the concrete ability to deploy through the managers a younger market provides. It is, in that sense, one of the load-bearing pieces of the whole programme, because selection, more than allocation, is where private-market returns are won or lost.

A final reflection concerns the relationship between rigour and opportunity, which runs through the paper. It might seem that the demanding discipline set out here, attribution, alignment, heightened operational diligence, edge-strategy consistency, would narrow the set of younger managers an investor can back, and in one sense it does: it screens out the managers whose apparent promise does not survive scrutiny. But its larger effect is to widen the set the investor can back with confidence, because it gives the investor a rigorous basis for saying yes to a younger manager that it would otherwise have to decline for lack of a track record. Without the discipline, the cautious investor avoids younger managers entirely and the incautious one backs them blindly; with it, the investor can engage discriminatingly, backing the capable and declining the unprepared, and thereby access the real opportunity that younger managers, in a younger market, represent. Rigour and opportunity, in younger-manager selection, are not opposed but allied: the discipline is what makes the opportunity safely accessible, and the investor that masters it gains an advantage in a developing market that neither the over-cautious nor the over-eager can match.

A closing reflection concerns the broader significance of the discipline beyond the Gulf. The challenge this paper addresses, selecting managers where the long track record is absent, arises not only in the Gulf but wherever an investor confronts emerging managers, new strategies or developing markets, all of which are growing features of the investment landscape. The shift toward backing emerging managers, the proliferation of new strategies, and the rise of developing markets all increase the frequency with which an investor must assess a manager that the standard, track-record-dependent method cannot evaluate. The adapted discipline set out here, relocating the evidence from fund history to attributed records, team, edge, alignment and operations, is therefore of general and growing value, and an investor that masters it for the Gulf will find it applicable across an increasing share of its opportunity set. The Gulf is a particularly clear case because its whole market is young, but the underlying problem, and the solution, generalise. In a world where more and more of the most attractive opportunities lie with managers who lack the long records the old methods require, the ability to select well without them is becoming not a niche skill but a central one, and the investor that develops it, in the Gulf or elsewhere, equips itself for the investment landscape as it is actually evolving.

It bears emphasis, finally, that the discipline this paper sets out is fair to younger managers as well as protective of investors, and that this dual fairness is part of its value. A younger manager of genuine quality, with well-attributed principal records, a durable edge, strong alignment and sound operations, deserves to be assessable on those merits rather than excluded for lacking a fund history it cannot yet have, and the adapted framework gives it that fair hearing. Conversely, an investor deserves a rigorous basis for distinguishing such a manager from one whose apparent promise does not survive scrutiny, and the framework provides that too. The discipline therefore serves both sides of the market: it allows capable younger managers to be backed on evidence appropriate to their stage, and it allows investors to back them with confidence. In a developing market such as the Gulf, where the supply of capable younger managers and the demand from investors seeking the region's opportunity must find each other, this fair and rigorous basis for selection is a public good as well as a private discipline, because it is the mechanism by which capital reaches the managers most able to deploy it well. The investor that masters the discipline contributes to that matching even as it serves its own returns, which is a fitting note on which to conclude.

To distil the argument: the absence of a long fund track record changes the evidence an investor uses to select a manager, not its ability to select rigorously. By relocating the assessment from fund history, which a younger market cannot supply, to the attributed records of the principals, the durability of the strategy and edge, the quality and stability of the team, the strength of the alignment and the integrity of the operations, all of which remain observable, the investor can judge a younger-market manager with discipline equal to that it applies in a mature market. The discipline is more demanding, requiring attribution, deeper qualitative assessment, heightened operational diligence and careful structuring, but it is entirely achievable, and it unlocks access to a category of opportunity, the capable younger manager in a developing market, that an investor confined to long track records cannot reach. For the family office or institution pursuing the Gulf opportunity, where the best managers are often early in their records, this adapted selection discipline is not optional but essential, and mastering it is among the most valuable capabilities such an investor can build. The manager is the investment; in a younger market, selecting the manager well, without the crutch of a long record, is the whole of the task, and this paper has set out how it can be done.

7. CONCLUDING COMMENTS

This paper has set out how an investor should select private-market managers in a younger market such as the Gulf, where the long fund track records the standard methods rely on do not yet exist. The findings are consistent across the propositions. Where the record is short, likely persistence must be inferred from its sources, edge, team and process, rather than from a history of persistence (Proposition 1). A short record is weak statistical evidence of skill, so the qualitative evidence must carry more weight (Proposition 2). Alignment is the strongest available substitute for the missing record (Proposition 3). The right response is an adapted discipline, not the avoidance of younger managers, since the opportunity in them is real and the dispersion wide (Proposition 4). And operational due diligence must be weighted up, not down, because younger managers' operational maturity cannot be assumed (Proposition 5).

The implication for the investor is that the absence of a fund track record changes how managers are selected, not whether they can be. By relocating the evidence from the missing history to the principals' attributed records, the durability of the strategy, the quality of the process, the strength of the alignment and the integrity of the operations, the investor can select younger-market managers as rigorously as mature-market ones, and can capture the real opportunity that the best younger managers represent. An investor that excludes younger managers for lacking a track record forgoes that opportunity; one that selects them carelessly, on relationship or an unattributed record, takes on avoidable risk; and one that applies the adapted discipline captures the opportunity while managing the risk, which is the right path in a market where the best managers are often young.

The deeper message connects to the broader case for the Gulf. The region is under-owned and its risk over-stated, as companion analyses argue, and much of its opportunity lies in private markets accessed through managers who are, by virtue of the market's youth, often early in their track records. An investor that cannot assess such managers cannot capture that opportunity, however attractive the region; the adapted selection discipline is therefore not a peripheral technique but a precondition for acting on the Gulf opportunity at all. The investor that masters it is equipped to do what the region requires, to identify and back the capable younger managers through whom much of the Gulf's return will be earned, while declining the ones that cannot yet be assessed. That capability, more than access or capital, is what distinguishes the investor who succeeds in a younger market from the one who either avoids it or stumbles in it.

The study is subject to limitations that also define its contribution. It is a framework paper supported by stylised illustration rather than an empirical study of Gulf managers, whose records and outcomes are not yet available in sufficient depth for robust analysis; the figures show the mechanics, not the region's actual manager performance. The adapted weights and the attribution approach, while grounded in the persistence and skill-versus-luck literatures, are judgements that an investor must tailor to its own circumstances and to each manager. These limitations point to the natural avenues for further research: empirical study of the predictors of success among emerging and younger-market managers; analysis of how attribution of prior records relates to subsequent performance; and measurement of the dispersion of younger-manager outcomes in the Gulf specifically. As that evidence accumulates, the adapted framework can be refined and tested. In the meantime, the contribution is the discipline itself: a rigorous, defensible way to select managers where the usual evidence is absent, which is exactly the situation a Gulf investor faces and must master.

A final word places this paper in the context of the wider programme on Gulf allocation. Earlier analyses establish that the region is under-owned and its risk over-stated, that the currency peg removes the largest emerging-market risk, that an allocation should be benchmarked honestly, that a first allocation should be diligenced systematically, and that managers should be assessed net of fees. This paper supplies a capability without which those conclusions cannot be acted upon in practice: the ability to select the managers, often young, through whom a Gulf allocation is actually deployed. An investor persuaded by the strategic case but unable to select younger managers would be stranded, convinced of the opportunity but unable to access it; the adapted selection discipline removes that obstacle. Together, the analyses describe a complete path for the international or family-office investor, from the decision that the Gulf belongs in the portfolio, through the correct measurement of its risk and return and the disciplined execution of a first allocation, to the selection and fee-management of the specific managers through whom the capital is put to work. Manager selection, the subject of this paper, is the point at which all the strategic reasoning meets the concrete reality of deploying capital, and getting it right, even and especially where the usual evidence is absent, is what ultimately determines whether the Gulf opportunity the broader programme identifies is realised or merely admired.

DISCLOSURES

The author is an independent researcher and transaction advisor who advises institutional and family-office investors on matters including manager selection and due diligence related to the markets discussed in this paper, and may have professional or commercial interests in transactions involving the Gulf region. This paper is provided for information and educational purposes only; it does not constitute investment, tax or legal advice, an offer or solicitation, or a recommendation regarding any manager or fund. The figures presented are modelled and illustrative of selection mechanics, are not an assessment of any manager and are not forecasts, and should be independently verified. Readers should conduct their own due diligence and obtain advice appropriate to their circumstances before acting.

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About the Author

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Kingdom, with particular emphasis on real estate, private credit, alternatives and cross-border capital.

APPENDIX A. THE ADAPTED SCORECARD

Table 2. Scorecard Weights: Mature versus Younger Market

Dimension	Mature-market weight	Younger-market weight
Team and principals	18%	28%
Fund track record	24%	8%
Strategy and edge	18%	20%
Process and risk	16%	16%
Terms and alignment	14%	18%
Operations and controls	10%	10% (and a gate)

Indicative weights illustrating the reweighting for a younger market; tailor to circumstances.

APPENDIX B. A YOUNGER-MARKET SELECTION CHECKLIST

- Have the principals' prior records been attributed, separating individual skill from platform, team and market?
- Are the people who produced the prior performance the ones joining and staying?
- Does the manager have a durable, defensible edge and a repeatable process?
- Is there a meaningful, cash-funded GP commitment and a genuine hurdle?
- Are there key-person protections covering the principals on whom the thesis depends?
- Has independent operational due diligence cleared the manager as a gate?
- Has the written red-flag list, especially inflated attribution and thin operations, been reviewed?
- Is the commitment sized and structured to contain the residual uncertainty of a short record?

APPENDIX C. GLOSSARY

The following terms are used in this paper. Definitions are provided for the general reader and are not intended as formal definitions.

Alignment The degree to which a manager's incentives match the investor's; the strongest substitute for a missing track record.

Attribution Decomposing a reported return into its sources, separating an individual's genuine contribution from platform, team and market.

Catch-up / hurdle Waterfall features determining when and how a manager earns carry; a genuine hurdle is an alignment signal.

Dispersion The spread of outcomes across managers; wide in private markets and wider still among younger managers.

Emerging manager A new or early-stage manager without a long fund track record; common in younger markets.

General partner (GP) The manager of a private fund; the party an investor selects.

Key-person provision A clause protecting investors if named principals leave, important where the thesis depends on specific people.

Limited partner (LP) An investor that commits capital to a fund; here, the selecting institution or family office.

Operational due diligence Independent review of a manager's administration, valuation, custody, compliance and governance; weighted up for younger managers.

Persistence The tendency of a manager's relative performance to repeat across funds; inferred from its sources where a record is short.

Platform effect The contribution of a prior firm's brand, resources and team to a principal's past performance, to be netted out in attribution.

Prior-role record A principal's performance at a previous firm, the main quantitative evidence where a fund record is absent.

Scorecard A weighted framework for assessing managers consistently across defined dimensions.

Skill versus luck The problem that a short record cannot statistically distinguish a skilled manager from a fortunate one.

Style drift A manager moving away from the strategy it is good at; a red flag.

Track record A manager's history of fund performance; short or absent in a younger market.

Debiasing Structuring a decision process to counteract cognitive biases such as the halo effect and confirmation bias.

Halo effect The tendency to credit a charismatic individual with skill the evidence does not establish; acute where a track record is absent.

Off-list reference A reference the manager did not provide, identified independently to obtain a less curated view.

Staging Committing to a first fund with the prospect of larger future commitments if the manager performs, building exposure as evidence accumulates.

Residual uncertainty The irreducible uncertainty about a younger manager that remains after diligence, managed through commitment structure.

Edge A genuine, durable and defensible source of excess return, distinct from a willingness to pay more or take more risk.

Edge-strategy consistency The fit between a manager's attributed edge, its prior record and the strategy it now proposes to pursue.

Proprietary sourcing Access to investment opportunities others do not see, a common and defensible edge in relationship-driven markets.

Under-intermediated market A market with few capital providers relative to opportunities, where returns and access advantages are greater.

Key-person dependence A firm's reliance on one or a few individuals, a source of both edge and fragility in younger managers.

Team depth The presence of capable investors beyond the founders, reducing key-person risk.

Character assessment The judgement of a manager's integrity and temperament, especially important where a record cannot speak.

Founder economics How ownership and carry are shared among a manager's principals; lopsided sharing predicts instability.