

DALLAS BUSINESS JOURNAL

New P10 CEO wants to build brand of Dallas financial firm

His long career at Goldman Sachs is a heartening signal to investors, analyst says

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Luke Sarsfield had never heard of P10 Inc. before a recruiter reached out to him after he left Goldman Sachs earlier this year.

During his 24-year career at Goldman, Sarsfield worked in a number of roles as he climbed the corporate ladder. He oversaw the New York-based financial giant's medical device business within the investment banking division, served as co-head of its \$2.5 trillion asset management business and most recently was chief commercial officer of Goldman Sachs Asset and Wealth Management.

He could have gone almost anywhere afterward. He chose to become the CEO of P10 (NYSE: PX), a Dallas-based alternative asset investment management company, and started in late October.

Sarsfield hopes to use his experience to take the company to the next level. He wants to invest in new areas, expand globally and attract more limited partners. It's a strategy that could lead to a breakthrough for the firm and make it a bigger player on Wall Street.

"This is such a hidden gem and frankly, I'd like it to not be so hidden in the future," Sarsfield said. "I think some of it is really getting the proper exposure, the proper recognition and the proper kind of acknowledgement in the wider world."

P10, founded in 1992 by Robert Alpert and Clark Webb, has quietly grown to \$22.7 billion in fee-paying assets under management as of Sept. 30. The firm provides investors – which include pension funds, endowments, foundations, corporate pensions and financial institutions – with access to the private markets. It focuses on private equity, venture capital, private credit and impact investments, with a specialization in the middle and lower-middle markets.

In a sign of investor confidence in the firm, P10 has exceeded a two-year, \$5 billion fundraising target it set shortly after going public in 2021. The firm has raised more than \$6 billion with a quarter still to go.

"We are on a steep, upward trajectory," Sarsfield said. "There are so many opportunities that we're capitalizing on for growth, but there's so much more that we can do."

Alpert said recruiting Sarsfield to lead the firm "was a huge win." Alpert has since transitioned to executive chairman while Webb has become executive vice chairman.

"As an investment banker, he's been in front of investors and public companies and boardrooms for basically 23 years in some capacity or another, so it's a very easy transition," Alpert said. "We brought Luke on from a position of strength, and he is only going to accelerate that."



John Campbell, an analyst at Stephens who covers P10, said the firm has garnered a good reputation within its industry. He added that the firm seems to be "coming on the scene now" with its fundraising haul and the hiring of Sarsfield.

"They're not only performing well, relative to the broader market, but even relative to their own expectations," Campbell said. "Things are going really well there. I think the hiring of Luke was absolutely a play on offense."

The company's shares typically trade at around \$9 to \$10 apiece, which Campbell called a "good entry point." He expects the price to climb as the firm becomes better known.

"I don't think there's a lot of stocks out there, at least in my universe, that there's this wide of a disconnect between the fundamentals, the execution and the stock price and the multiple," Campbell said. "I think with continued execution for those guys, it probably does warrant a higher price over time."

Change of scenery

Sarsfield, who turned 50 earlier this month, grew up in New Jersey, the son of two educators. His mother was a college professor and his father was superintendent of schools.

He studied biological anthropology during his undergraduate years at Harvard University and considered going to medical school or law school before beginning a career in business at Credit Suisse First Boston. There, he quickly fell in love with investment banking and decided to go back to school to get an MBA.

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Clark Webb is a co-founder and former co-CEO of P10 Inc. He currently serves as executive vice chairman.

"I was so excited by the opportunity I had to work with really great companies, to learn so much about business analytics, and the strategic activity around businesses, capital raising, capital formation, mergers and acquisitions," Sarsfield said.

After finishing his MBA at Harvard, Sarsfield took a job at Goldman Sachs as an associate on the financial giant's investment banking health care team. He spent 13 years climbing the ranks of the division while working with pharmaceutical and medical device companies on M&A transactions and capital raises. Eventually, Sarsfield became chief operating officer of the investment banking division.

He later moved to the asset management business. Earlier this year, he was one of a number of Goldman Sachs executives to leave following a company-wide reorganization.

Sarsfield said he has no hard feelings toward Goldman and will always be grateful for the experience he gained while working for the firm.

"I will be a fan and a client forever, and I wish nothing but the best for the firm and for the people," he said. "My decision to leave was about me, right? After 23 years doing anything, I think sometimes maybe you just want a change of scenery and you want a new opportunity and a new challenge."

Bringing on someone with a Goldman pedigree like Sarsfield's lets P10 investors know the company is serious about being a major player, Campbell said.

"Just his Rolodex and his experience in M&A is helpful," Campbell said. "His experience in asset management is helpful. Those things are very relevant for the P10 story. But I just think finding a leader, anybody who can start at Goldman Sachs and move across multiple departments and have upward moves within those departments, is in and of itself going to be passing the test as far as capabilities, wherewithal and knowledge base."

Sarsfield's base salary at P10 will be \$1 million a year with a possible cash bonus of \$1.5 million, plus stock, according to securities filings.



Robert Alpert is a co-founder and executive chairman of P10. He previously was a co-CEO of the company.

Getting noticed

In taking over as CEO of P10, Sarsfield made clear he wants to continue to build upon the investment culture created by Alpert and Webb.

P10 has consistently generated investment returns for its limited partners that have outperformed their benchmarks, Sarsfield said. That success has helped the firm raise more money from clients.

While "the playbook will not change," Sarsfield said, he wants to enhance it. He wants P10 to go after bigger pools of capital and bigger clients than it has in the past. He and other firm leaders think they deserve a seat at the relatively small table when limited partners go looking for somewhere to invest.

"Oftentimes, we're not included in those selection processes," Sarsfield said.

Once potential investors learn more about P10's track record and what the firm has to offer, Sarsfield is confident he can win their business.

The new CEO does not plan a major marketing campaign for P10. Rather, he said the firm will likely attend more industry conferences, have its experts make more appearances on TV and increase its use of social media.

P10 also has an opportunity to grow through acquisitions, Sarsfield said. The firm does not currently have investment offerings for real estate or infrastructure.

Revenue in the third quarter was up 18% from a year prior to \$58.9 million while adjusted pre-tax earnings were up 7% to \$29.6 million. At market close Dec. 28, its market capitalization was about \$1.2 billion.

Alpert said he expects P10 to continue growing its revenue and pre-tax earnings at double-digit clips under Sarsfield's leadership.

"I am extremely excited about having Luke lead P10 and accomplish all the things that we're just talking about here," Alpert said. "I think the future is not only bright, but almost blinding."