

LP Perspectives with Onyekwere Randy Ojukwu of Morgan Stanley

Welcome to a new edition of LP Perspectives, an ongoing, mindfully-curated conversation series elevating the voices of asset allocators with meaningful venture investing practices. Created to foster transparency and alignment between limited partners and venture capital managers, each edition highlights the strategic thinking behind capital deployment and long-term relationships.

In this issue, we feature Onyekwere Randy Ojukwu, Partner and Investment Committee member on the Morgan Stanley Private Equity Solutions Team, which provides investors with diversified and thematic multi-manager portfolios, co-investments, and custom solutions. Randy draws on a background that spans management consulting at Bain & Company, investing experience at IFC and CBO Capital, and a multidisciplinary education in economics, public policy, and business. He shares how a solutions-oriented platform navigates shifting dynamics in global private equity, how co-investments complement fund commitments, and what ultimately convinces him to back both specialist and emerging managers. His perspective highlights the importance of rigorous underwriting, thoughtful portfolio construction, and long-term partnership between Limited Partners (LPs) and General Partners (GPs).

Venture's Role

Venture capital sits within a broader private markets program that is the sole focus of what we do. We only invest in private markets, and our clients are primarily institutional limited partners, such as corporate pension funds, endowments, insurance companies, and state and county pension funds, where we are often managing their private equity allocation. We do not invest in real estate or infrastructure. Instead, we allocate across buyout, growth equity, venture capital, and special situations, with a clear view that a healthy allocation to venture makes sense within that mix.

In practice, some clients choose to opt in to venture, others opt out, while a subset actively asks for more. As a starting point, we typically recommend that 10 to 20 percent of a client's private equity portfolio be allocated to venture, with the exact level driven by the client's overall situation and objectives. From there, the core question becomes how to take risks within venture. Our entire platform is focused on the lower middle market because we believe that is where there is the greatest opportunity to create alpha, even though we have invested in large-cap and mega-funds in the past. Most of our capital remains weighted to that lower middle market segment.

Within that context, our venture exposure concentrates on smaller, early-stage funds. Our sweet spot is managers raising roughly \$100 million to \$200 million, though we have backed funds both smaller and larger than that. We focus on pre-seed and seed funds, as well as traditional Series A strategies where valuations are typically in the \$50 million to \$80 million range, and we pay close attention to where managers are actually deploying capital. Across that universe, we look for teams that are highly ownership- and valuation-sensitive, because we see that as the best way to drive returns. Roughly 80 percent of what we do in venture is early stage, with the remaining 20 percent allocated to mid- to late-stage opportunities, and we have seen strong returns through cycles with this balance. While we do work with some sector specialists, for example in areas such as blockchain or digital health, most of the GPs we back are what we would consider generalists, often with a thematic lens rather than a narrow sector box.

Allocation Balance

For co-investments, we are very active on the buyout and growth side, where we complete roughly 15 to 25 deals per year. On the venture side, we admittedly do fewer co-investments. We like backing early stage funds, but early stage co-investing is really hard and does not make sense for us from our position. When we do venture co-investments, it is typically at the later stages, most often around a Series B round. We also will invest in secondaries.

In those co-investments, we want to understand the founding team in depth. That includes the experience they bring, how they came together, what they are trying to do, their motivations, and their right to succeed in the arena in which they operate. Because we are typically co-investing alongside one of our GPs, we also want to understand that GP's thinking and level of excitement about the opportunity. We are happy to back first-time founders when those elements line up.

Evaluating a fund manager is a different exercise. We will invest in emerging managers and are happy to invest in first-time funds, but not in first-time investors. We need to see a referenceable track record, even if it is not formally attributable. In practice, that means we need to be able to call a CEO and have them say, "Yes, this person was on the board, did this work, and was super helpful." That "referenceability" is essential in how we underwrite fund managers, and it is distinct from how we think about individual company investments.

Capital Currents

We believe it is essential to stay closely attuned to what is happening around us. Right now, there is a lot of data pointing to capital in venture moving up-market, with more dollars being concentrated in a relatively small number of funds and less flowing to emerging managers. At the same time, illiquidity is combining with a growing focus on secondaries, with Limited Partners more willing to sell and a significant amount of money being raised for secondary funds.

We are very conscious of these trends, but they influence us only at the margins. We do not want to be mercurial in our investment approach. Instead, we aim to remain consistent in how we show up in the market, and that consistency has served us well across a number of different cycles, including changes in interest rates, periods of limited liquidity, and broader market fluctuations.

Defining Emerging

LPs generally have different interpretations of “emerging manager.” For us, the definition of an emerging manager starts at the highest level with the number of funds rather than the absolute size of the vehicle. We tend to think in terms of Fund I, Fund II, and Fund III when we use the label “emerging,” even if that Fund III is a \$3 billion fund. Fund size does begin to play a role at some point, and with multi-fund platforms we also think about this differently, but the primary lens is still fund sequence. Once a team is raising its fourth fund and beyond, we think of that group as an established manager rather than an emerging one.

First Fund Filters

Roughly one third to one half of our venture capital allocation typically goes to emerging managers. We have a certain area of the market that we like, and we focus on it, which for us means meeting and investing in funds primarily focused at the pre-seed, seed, and traditional Series A stages.

There is not one single thing that we look for in a first-time fund. It is very important that we find teams who share our world view of venture, particularly around ownership being important and valuation being important. It is unlikely you would find us in an early stage fund with 300 positions, because that is not how we think about the world. We ask whether we are aligned with where the manager is focused, and we are not going to allocate to 25 different

Series B funds. Alignment in how you think about the world of venture is foundational, as is the answer to the question, “What makes you special? What makes you differentiated from others in the market?”

From there, we apply four core criteria, and managers have to be really good at all of them while being truly world class at one or two. Can you source investments? Can you win the ones you source? Are you good at helping and adding value? Are you structuring your investments well and managing them through exit in a way that garners strong returns? We have some former operators in our network who are great at helping, and we have lifelong investors who are great at winning competitive deals and having their term sheets chosen. Our GPs tend to spike on different ones of those dimensions. Ultimately, this is really about which groups will appeal the most to founders and about finding the best founders.

Return Resilience

For us, this is the key question, and the answer starts with distinguishing between established and emerging managers. With an established manager, you want to understand and evaluate the track record in detail, and you want to benchmark that performance against the market. It is not simply that a manager created a 3.0x; it is that they created a 3.0x when the market median was 1.8x, which is great. Venture is naturally a hits-driven business. It is common for a small number of investments to drive the track record, and that is acceptable. That dynamic is different from buyouts, where more positions typically contribute to overall outcomes. At the same time, you cannot apply a strict, mechanical evaluation of the track record over time because team composition and firm structure change. You hope that what you see is representative of what will happen going forward, but you need to interpret it thoughtfully.

For an emerging manager, the analysis is different. You need to be able to see a referenceable track record. There has to be something in the deals that the manager led, something you can evaluate and benchmark that shows the ability to source, select, and support great deals. On top of that, there is the added dimension of managing a team, managing an LP base, and starting a firm with all of the operational responsibilities that entails. You also need to understand what market they are investing in. All of those elements are super important.

We also place significant weight on the quality and durability of the relationship. Ideally, these are long term partnerships where you can see working with a manager across 10 to 15 years in each fund. Alongside performance, we spend a great deal of time on terms, operational due diligence, and back office diligence. As an example, one of my first bosses emphasized the

importance of terms we looked at when we were evaluating a fund with super carry, highlighting that although it may happen in situations where returns are really strong, we thought it was important as LPs to fully participate in that upside too. That is not to say that we will not invest in managers with super carry, but that is to say that this illustrative perspective is part of the overall evaluation process of how we think about managers. We look closely at the terms in the limited partnership agreement, including management fees, carry, key person provisions (who is included and how the clause triggers), investment terms, the length and structure of the investment period, and follow on terms.

On the back office side, we care about the practical mechanics of running the fund. Do the check writing policies make sense? Do you have a cybersecurity policy? When these issues come up in real time, they are really important, and they play a meaningful role in assessing whether a manager can generate and sustain consistent returns across cycles.

Engagement Timing

In venture, industries do come in and out of favor, but generally most of the managers we back invest across a wide variety of industries. Against that backdrop, the more relevant question for us is when and how we engage with a manager along the fund formation timeline. We would love to know and meet groups as early as possible. If you are thinking about starting a fund, we want to meet at that point and begin to build the relationship well before a formal launch.

When it comes to actually making a commitment, there is not a hard and fast rule. We will participate in a first close, a final close, and everything in between. It depends upon the situation and what we are looking for. For example, if there is a GP with a strong track record whom we have known for some time and we want an LPAC seat and some influence on terms, then we may come into the first close. If the team is not fully set, we may wait. It really depends upon the team, the fund, and where they are in their process.

Structurally, we invest through commingled funds where we raise capital from third parties and have full discretion, and we also manage separately managed accounts for a small number of typically institutional investors. In those SMAs, the approach can vary. In some cases, we have individual discretion, while in others the role is more advisory, where we bring them relationships and they decide. It is a mix, but most of the capital we deploy is discretionary.

Conviction Builders

We typically approach new GP relationships in two complementary ways. One is more top down. We lean on relationships with placement agents, Morgan Stanley teams, other LPs, other GPs, and founders. Those networks often recommend managers, and they are important sourcing mechanisms for us, especially when the recommendation comes from a trusted relationship. We have committed to many funds that entered our pipeline through that channel.

We also source bottoms up in a more proactive way. For example, in late 2024 we conducted a survey of early stage European venture capital, meeting a large number of managers simply to get a lay of the land and understand who in that market might be worth considering. Over a few months, we met roughly 30 to 40 managers as part of that work, including two managers we had not previously met, such as a Fund II pre-seed vehicle, a £ 75 million fund, that came onto our radar through this process. Proactive outreach of that kind is also very important to our program.

On inbound, we are much more likely to take a first meeting if an introduction comes from a trusted source. Overall, we meet hundreds of managers per year as a team, but we commit to only a single digit percentage of them. Roughly 5 to 6 percent of the groups we meet ultimately become commitments. The process typically involves video and in-person meetings, detailed review of track records, extensive referencing, and operational due diligence. All investments must be approved by our seven member investment committee. We meet many great groups who we believe could create fantastic returns for their LPs, but we only have so much capital, so we have to pick and choose our spots very carefully when we decide to build a long term relationship.

Enduring Advice

Distilling LP&GP relationship building into one principle, be truly long term in how you approach LP relationships. A lot of GPs are too transactional in how they try to deal with LPs. We see this all the time. The pattern is familiar: a GP calls with four months to final close, repeatedly asking, “Are you in?”; if the answer is no, we do not hear from them for three years. That is not how you build the kind of long-term partnerships this business depends on. The easiest LPs to bring into a fund are often the ones you have been talking to consistently over time. Even if an LP did not come into your Fund II, it may make sense to keep talking to them.

Part of the challenge is that a pass can feel very personal. When you turn down a fund, some GPs can take it very personally. One time, we had a GP whom we were passing on tell us, “It’s

not pencils down; it's pencils broken." There can be a fierce reaction, a reluctance to hear feedback, and a sense that the LP will never invest in them, which makes these GPs seem "uncoachable." That is short-sighted. If a GP is difficult to work with, it may not show up when things are going well, but it becomes a real problem when things are going poorly and they are not returning calls, not sharing challenges, and not reporting details. Furthermore, the LP world is smaller than many people think, and LPs reference one another. These are very much long-term relationships, and you should treat them as such, especially because people move around. The CIO of this pension fund today may be in a different seat tomorrow, and your reputation will follow you.

Fundraising Fundamentals

If I could offer one piece of advice, it would be to be genuinely thoughtful about strategy. Oftentimes, managers do not take the time to reason through why they are doing what they are doing. Fund size is a clear example: if you are raising a \$200 million fund and do not have a good answer for how that translates into check size and reserves, that is a problem. The same applies to team size and strategy. If you describe a very hands-on, highly engaged model with portfolio companies, how will you realistically do that with a team of two people and a portfolio of 80 companies? Your strategy needs to reflect what you are telling people you are going to do. You have to take that alignment very seriously.

On the relationship side, always expect that LPs will do both on-list and off-list references. If the second person on your reference list tells us that they would not invest with you, which has happened, that is a major red flag, and you need to ask why. Preparing your reference list thoughtfully and making sure those relationships are strong and current is a critical part of fundraising that many emerging managers underestimate.

About Onyekwere Randy Ojukwu

[Onyekwere Randy Ojukwu](#) is a Partner and Investment Committee member on the Private Equity Solutions team at Morgan Stanley, where he helps lead manager selection, due diligence, and portfolio construction across multi-manager portfolios, co-investments, impact strategies, and custom separate accounts. Since joining the firm in 2015, he has brought a global perspective shaped by some prior investing experience, alongside foundational training in strategy and private equity at Bain & Company. Randy holds an A.B. in Economics from

Harvard College, a Master's in Public Policy from the Harvard Kennedy School, and an M.B.A. from Harvard Business School, and he brings that multidisciplinary background to bear in designing thoughtful, long-term private markets programs for clients.

About Morgan Stanley Private Equity Solutions

[Morgan Stanley Private Equity Solutions](#) provides investors with access to broadly diversified and thematic private equity portfolios, spanning primary fund commitments, co-investments, secondaries, impact investing strategies, and custom solutions. Partnering with institutional allocators and sophisticated private investors, the team focuses on constructing resilient, high-conviction programs that reflect each client's specific objectives, risk profile, and liquidity needs. Drawing on deep manager relationships, rigorous underwriting, and the broader resources of Morgan Stanley, Private Equity Solutions seeks to identify and back leading GPs globally while integrating private equity as a disciplined, long-term component of clients' overall portfolios.

LP Perspectives

LP Perspectives is an exclusive, invitation-only series featuring the insights of leading limited partners on capital allocation, venture trends, and what defines exceptional GP relationships. Each spotlight offers a high-touch, thoughtfully crafted profile designed to elevate LP voices while fostering alignment with top emerging managers. Written by [Shea Tate-Di Donna](#), creator of [LP Perspectives](#) and co-author of [The Venture Fund Blueprint](#).

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