

Buyouts

RedBird veteran Robert Covington unveils Braemont Capital, nabs initial \$300m for Fund I

Due to “early interest” shown by limited partners, Braemont is expected to increase Fund I's target to \$700m from an original \$500m, Covington told Buyouts.

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Robert Covington, a partner with RedBird Capital Partners, left in August to found Braemont Capital and hold a first close of the emerging manager's debut growth equity offering.

Braemont Partners I secured just over \$300 million against an original target of \$500 million, Covington told Buyouts. Due to “early interest” shown by limited partners, the Dallas private equity firm is expected to increase the target to \$700 million, he said.

Initial commitments came from a mix of LPs, including an institution representing endowments, family offices and individual investors.

Covington was with RedBird for seven-plus years. He participated in investments in business and financial services, communications infrastructure and tech-related companies, among them Compass Datacenters, a wholesale data center facilities developer, and N3, a tech-enabled sales solutions provider. N3 was sold last year to Accenture.

Before RedBird, Covington was a managing director at The Stephens Group and a partner at SSM Partners. Early on, he founded and led a technology startup, human resources portal Firstdoor, now part of Infor.

Covington said he wanted to create his own PE shop for some time: “I started my career as an entrepreneur and built a business from scratch. I wanted an opportunity to build something from scratch again, something that had my thumbprints on it.”

Covington said he discussed the idea “for about a year” with Gerry Cardinale, RedBird’s founder and managing partner.

Cardinale and RedBird were supportive of the launch and are likely to play a role in the new firm’s evolution and future investing. If Braemont needs advice or more capital for deals, Covington said, “I can’t think of a better first call.”

All about growth

Braemont’s strategy draws on Covington’s experience at RedBird. It will be a “relationship-driven” investor of growth equity, he said, in defensive growth niches in enterprise (B2B) and consumer (B2C) end markets. This will involve companies that “are not as susceptible to binary risk or cyclical risk” because they either have recurring revenue or reside in durable spaces.

Many opportunities will be sourced in vertical SaaS and tech-enabled services, as “a lot of growth in the US and globally is technology-related,” Covington said.

Other sectors of interest include communications infrastructure, consumer and labor marketplaces, consumer healthcare services/tech, facilities services, food/beverage and consumables, hospitality, insurance distribution and services and residential services.

Braemont will partner with families, founders and other owner-operators of businesses with “a strong organic growth story” as well as the ability to expand through M&A, Covington said. It will write checks of \$25 million to \$200 million to acquire control or minority stakes. In the case of larger deals, it will turn to co-investors.

In addition, the strategy emphasizes flexible investing with a long horizon. Investments are expected to be held for five to seven years on average, providing “a point of differentiation” with other PE firms, Covington said. “It takes time to build great companies,” he said, something that cannot happen if the focus is on “premature sales.”

In hiring mode

Along with fundraising, Braemont is working a full deal pipeline, Covington said. Fund I, which will make about seven to 10 platform investments, is likely to do its inaugural deal before the end of this year.

Covington, the firm’s managing partner, recently assembled a team of eight professionals to help get Braemont off the ground. Among them are partner Jeff Volling, who joined from Bessemer Investors, and partner Herb May, who joined from DH Capital. May will oversee entrepreneur and family office partnerships.

Other hires include principal Beau Allen, formerly with JAM Capital Partners, and senior associate Max Green, who worked with Covington at RedBird.

Braemont, which intends to open offices in Atlanta and New York, is still hiring. It plans to announce further additions to the senior bench in the next 60 to 90 days, Covington said.

RedBird, a high-profile dealmaker in the professional sports world, in March raised \$2.6 billion in the final close of its latest flagship fund, Buyouts reported. The event followed a period of record investing, including a \$7.35 billion deal backing Fenway Sports Group.