THE GROWTH EQUITY PLAYBOOK SERIES — PLAYBOOK 1 OF 5

The Asset Class

Growth equity in sport, media and entertainment: what it is, why it exists, and why KKR just paid one billion dollars to get into it.

What Growth Equity Is

A precise definition and how it differs from venture capital and buyout.

Why This Sector

Four structural reasons why sport, media and entertainment is the natural home for this strategy.

The Market Today

Who is deployed, at what scale, and what the KKR acquisition of Arctos signals for the category.

$1B

KKR acquisition of Arctos, January 2026

$15B

Arctos assets under management

25+

Franchise stakes in the Arctos portfolio

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WHY THIS PLAYBOOK STARTS WITH KKR

In January 2026, KKR paid approximately one billion dollars for a firm that holds minority stakes in sports teams. Here is what that tells us.

What Arctos is

Arctos Partners is the only private investment firm approved to hold equity in teams across all five major North American professional leagues. It manages $15 billion in assets and holds minority stakes in over 25 franchises including the Golden State Warriors, LA Dodgers, Liverpool FC and Paris Saint-Germain.

> "KKR acquiring Arctos is not a sports story. It is a signal that growth equity in sport, media and entertainment has reached institutional consensus."

What KKR bought

KKR did not acquire Arctos because sports teams make good buyout targets. It acquired Arctos because minority growth equity positions in premium sports assets are now a distinct, institutional, high-conviction asset class.

What this playbook covers

This playbook explains exactly what that asset class is, how it works, why this sector is its natural home, and who is already deployed in it at scale.

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SECTION 1 — WHAT GROWTH EQUITY ACTUALLY IS

Growth equity sits between venture capital and buyout. Understanding where it sits explains why it works here.

Venture Capital

Invests early. The business model is unproven. Capital is often existentially necessary. High risk, high failure rate. Hold period: 5 to 10 years.

Growth Equity

Invests in proven businesses. The model works. Capital accelerates growth, it does not save the company. Minority stake, typically 5 to 30%. Hold period: 3 to 7 years. Lower failure rate than VC.

Buyout

Acquires majority control. Uses leverage. Restructures operations. Return comes from transformation, not growth. The business changes fundamentally.

The key distinction in growth equity

The company does not need the capital to survive

It needs it to grow faster. That single distinction separates growth equity from every other private capital strategy.

The investor does not take control

Minority stake. No operational restructuring. Return comes from the business growing, not from the investor changing it.

How sports investments are typically staged: Rashaun Williams, Founder and CIO, Harbinger Sports Partners

Early Stage

New leagues or teams. Revenue is limited. Upside is high but so is the risk. Capital is often existentially important at this stage.

Growth Stage

Established but not yet consistently profitable. Moderate risk. Capital calls are possible. Examples include WNBA and MLS at earlier points in their development.

Late Stage

Mature franchises with stable cash flows. Lower risk profile. Examples include NBA, NFL and MLB franchises.

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SECTION 1 — WHAT THE PERFORMANCE DATA SHOWS

Growth equity has outperformed both venture capital and buyout on median returns while showing lower variability than VC.

Higher Median IRR

Georgetown University research completed May 2025 found growth equity outperformed both VC and buyout on median net IRR.

Higher Median MOIC

Growth equity also outperformed on median multiple of invested capital, reflecting the structural advantage of investing in de-risked businesses.

Lower Return Variability

Materially lower variability than venture capital. The fundamental model question has already been answered before capital is deployed.

Why the data looks like this

Growth equity invests after the business has proven its model. The existential risk that drives VC failure rates is already resolved. Capital goes into acceleration, not survival.

Source

Georgetown University Baratta Center for Global Business, research completed May 2025. Based on analysis of private capital fund performance across strategies.

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SECTION 2 — WHY SPORT, MEDIA AND ENTERTAINMENT

Four structural reasons why this sector is the natural home for growth equity capital.

Owners want capital but not control

Franchise and entertainment business owners want capital for specific growth initiatives. They are unwilling to sell majority control. Growth equity serves this need exactly. No other strategy does.

Valuations have made buyout impractical

NFL average franchise values reached $7.1 billion by 2025. Traditional buyout at that scale is not viable for most institutional investors. Minority growth equity becomes the primary institutional entry mechanism.

The content monetization thesis has replaced traditional valuation models

As Matthew Abbott, global co-chair of M&A at Paul Weiss, stated in ION Analytics January 2026 analysis: investors are not approaching these deals with traditional LBO or DCF models. They are betting on monetizing content.

The regulatory runway is now fully open

MLB opened in 2019. NBA in 2021. NFL in August 2024 with a 10% cap. All five major US leagues now permit institutional ownership. European leagues have been permissive for longer. As of April 2026, the regulatory barrier is gone.

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SECTION 2 — THE REGULATORY OPENING

The five major US leagues opened one by one. As of 2024, all five are open. The barrier that kept institutional capital out no longer exists.

1

2019 — MLB

Major League Baseball becomes the first major US professional league to permit institutional private equity ownership.

2

2021 — NBA

The NBA opens to institutional investors. Private equity firms can now hold minority stakes in NBA franchises.

3

2021 to 2023 — NHL and MLS

The NHL and Major League Soccer follow, each establishing their own ownership frameworks for institutional capital.

4

August 2024 — NFL

The NFL, the most valuable sports league in the world, opens to institutional ownership with a 10% cap per franchise. The final and most significant barrier falls.

5

April 2026 — Full market access

All five major US professional leagues are open. European leagues have been permissive for longer. The regulatory runway is fully clear.

What this means for capital

Institutional investors can now build diversified portfolios of minority stakes across all major US leagues. That was not possible before 2024.

What Arctos built

Arctos was the first firm approved across all five leagues simultaneously. That approval is what KKR paid one billion dollars to acquire.

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SECTION 3 — THREE WAYS GROWTH EQUITY CREATES RETURNS HERE

Returns in this strategy come from three sources. Each one is distinct. All three can operate simultaneously.

Asset Appreciation

Franchise values have compounded at rates exceeding most comparable asset classes. Arctos Sports Partners Fund II closed at over $4.1 billion in April 2024. That fundraise reflects institutional conviction in the appreciation thesis.

Commercial Growth Acceleration

Growth equity capital funds specific revenue-generating initiatives. Sixth Street's $125 million in Bay FC funded facilities and fan engagement infrastructure. Bay FC recorded the highest ever NWSL attendance of 40,091 in August 2025. New revenue streams directly increase franchise value.

Multiple Expansion

As assets become more commercially sophisticated, the valuation multiples applied to them expand. A franchise trading at 6x revenue in 2021 that has diversified its commercial architecture may trade at 8 to 10x by 2025. That expansion is itself a return source, independent of revenue growth.

> The three return sources compound. Appreciation, commercial growth and multiple expansion can all operate on the same asset at the same time.

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SECTION 4 — WHO IS ALREADY DEPLOYED

The dedicated growth equity investor landscape in sport, media and entertainment as of April 2026.

Arctos Partners (KKR, January 2026)

$15B AUM. 25-plus franchise stakes. Golden State Warriors, LA Dodgers, Liverpool FC, Paris Saint-Germain, Aston Martin F1, Monumental Sports and Entertainment. The only firm approved across all five major US leagues. Ian Charles continues to lead.

RedBird Capital Partners

Over $12B AUM. Portfolio spans AC Milan, Fenway Sports Group, MARI, Fulwell Entertainment, Alpine F1 and YES Network. One of the most diversified sport and media growth equity platforms globally.

Active Specialist Investors

Sixth Street: Bay FC, Barcelona media rights. Silver Lake: City Football Group, UFC. Ares: Atletico de Madrid. MSP Sports Capital: multi-sport minority stakes. Dynasty Equity and Harbinger Sports Partners: emerging dedicated vehicles.

$12B+

RedBird AUM across sport and media

$4.1B

Arctos Fund II close, April 2024

25+

Franchise stakes in the Arctos portfolio alone

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SECTION 4 — THE SIGNAL THAT THE CATEGORY IS MATURING

When a strategy moves from institutional-only to broader distribution, it has reached a new stage of maturity. That is happening now.

The CAIS Sports, Media and Entertainment Fund

Anchored by Arctos and Eldridge. Designed to productize access for accredited investors. Offers semi-annual liquidity. This is the first structured product giving non-institutional investors access to this strategy.

What this signals

When a private capital strategy moves from bespoke institutional mandates to structured products with defined liquidity terms, the category has crossed a maturity threshold. The infrastructure of a recognized asset class is forming.

The parallel

Private credit in real estate followed the same path. Institutional-only for years, then structured products, then broad distribution. Sport, media and entertainment growth equity is at the structured product stage now.

KKR acquires Arctos

January 2026. Subject to league approvals. Approximately $1 billion. The largest single signal of institutional conviction in this category to date.

What comes next

Playbooks 2 through 5 map the deal structures, the valuation frameworks, the risk dynamics and the execution approach for this strategy in depth.

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SECTION 5 — THREE STRATEGIES, ONE SECTOR

Growth equity, private credit and buyout all operate in this sector simultaneously. They are not competing. They serve different needs.

Growth Equity Minority Investor

Capital purpose: fund specific growth initiatives

Stake: 5 to 30%, minority only

Control: none, partnership relationship

Return source: asset appreciation, commercial growth, multiple expansion

Relationship: long-term partner

Private Credit Lender

Capital purpose: debt financing against contracted cash flows

Stake: none, creditor position

Control: none, covenant-based protections

Return source: interest income, fees

Relationship: creditor

Buyout Investor

Capital purpose: acquire majority control and restructure

Stake: majority, typically 50% or more

Control: full operational control

Return source: operational transformation, leverage

Relationship: owner

All three can exist in the same asset simultaneously

A franchise can carry a private credit facility against its media rights, a growth equity minority investor funding stadium development, and PE involvement in a separate holding entity. The capital stack is layered, not exclusive.

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The Asset Class

Growth equity in sport, media and entertainment is now a defined, institutional, high-conviction asset class. KKR's acquisition of Arctos in January 2026 is the clearest signal that the category has reached that status.

What Playbook 1 established

The definition of growth equity. The four structural reasons this sector is its natural home. The three return mechanisms. The market as it stands in April 2026.

What Playbooks 2 to 5 cover

Deal structures and valuation frameworks. How minority stakes are priced and negotiated. Risk dynamics specific to this sector. The execution approach for a new entrant.

The series

Five playbooks. One complete picture of how growth equity works in sport, media and entertainment, built from publicly available market intelligence and structured for institutional readers.

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SOURCES

Research and Intelligence Sources — Playbook 1

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Market Intelligence and Analysis

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Academic and Institutional Research

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