

## MEMORANDUM

**To:** NAIC Members

**From:** Robert L. Greene, President & CEO

**Date:** September 10, 2021

**Subject:** NAIC Institutional Investor Virtual Roadshow with Georgetown University, Howard Hughes Medical Institute, and the Smithsonian

On April 21, 2021, NAIC held its third Institutional Investor roadshow of the year, which was hosted by Georgetown University and included two other Washington D.C. area-based allocators, Howard Hughes Medical Institute and the Smithsonian Institution. Thirty NAIC member firms attended and participated in a general session and private meetings with senior members of each allocator's investment staff. The roadshow participants and relevant contacts, with email addresses, are included below:

### **Georgetown University**

Michael Barry, CFA, CIO – [mkb89@georgetown.edu](mailto:mkb89@georgetown.edu)  
Kristi Craig, CFA, Director – [kwc5@georgetown.edu](mailto:kwc5@georgetown.edu)  
Chris Gill, Director – [cg907@georgetown.edu](mailto:cg907@georgetown.edu)  
Verna Kuo, Director – [vernahkuo@gmail.com](mailto:vernahkuo@gmail.com)  
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Ben VanGelder, Associate Director – [bv147@georgetown.edu](mailto:bv147@georgetown.edu)  
Teresa Sproul, Associate – [tjs265@georgetown.edu](mailto:tjs265@georgetown.edu)

### **Howard Hughes Medical Institute**

Meera Patel CFA, Director, Private Investments – [patelm2@hhmi.org](mailto:patelm2@hhmi.org)

### **Smithsonian**

Michael Giovenco, Investment Officer – [giovencom@si.edu](mailto:giovencom@si.edu)  
Allen Rumanyika, Director – [rumanyikaa@si.edu](mailto:rumanyikaa@si.edu)

### **NAIC Leadership & Staff**

Robert L. Greene, President & CEO – [rgreene@naicpe.com](mailto:rgreene@naicpe.com)  
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Nia White, Capital Access Advisor – [ngandy@naicpe.com](mailto:ngandy@naicpe.com)

Thirty NAIC member firms and their respective representatives were selected to participate in the event: **Academy Investor Network**, Sherman Williams; **Argand Partners**, Kay Blackwell; **Ariel Investments**, Malik Murray; **BKCoin Capital**, Kevin Kang; **Brasa Capital**, Alexis Lewis; **Brickell Opportunity Partners**, John Hall; **Chicago River Capital**, Dwight Skerrit; **DigitalDx Ventures**, Michele Colucci; **Dominus Capital**, Michael Smart; **DPI**, Joanne Yoo; **Elizabeth Park Capital Management**, Craig Cimatoroni; **GCM Grosvenor**, Jason Howard; **GPI**, Philip Lo; **Griot Management**, DC Moore; **Heard Capital**, William Heard; **IMB Partners**, Tarrus Richardson; **Jacmel Growth Partners**, Nick Jean-Baptiste; **KAH Capital Management**, Donna Sims Wilson; **Lumos Capital Group**, James Tieng; **Madryn Asset Management**, Avinash Amin; **Nile Capital Group**, Mel Lindsey; **Ocean Park Investments**, J. Dennis Jean-Jacques; **Otundi Ventures**, Elenna Iannaccone; **Pharos Capital Group**, Adam Persiani; **Recast**, Sara Zulkosky; **Standard Real Estate Investments**, Jerome Nichols; **Stellex Capital Management**, Courtney Mehrotra; **Three Line Capital**, Vincent Thompson; **V-Square Quantitative Management**, Mamadou-Abou Sarr; and **WM Partners**, Vanessa Gabela.

Bob Greene welcomed each of the participants to the virtual roadshow session. He described how Michael Barry, CIO, and Kristi Craig, Director, of Georgetown University have partnered with NAIC over many years. He then introduced Meera Patel, Director, from Howard Hughes Medical Institute, and Michael Giovenco, Investment Officer, and Allen Rumanyika, Director, from the Smithsonian.

Greene introduced the NAIC team and walked through the agenda for the general session, which he said would be followed by one-on-one meetings. Bob described how the NAIC Institutional Investor Roadshows began eight years ago and have connected NAIC members with over 96 allocators representing over \$3 trillion in the aggregate. Greene then handed the floor to Michael Barry to provide host remarks.

Barry thanked NAIC for putting the roadshow together and David Smith for managing the process to bring 30 NAIC managers to the event. He said the entire Georgetown investment team was participating in the event and “excited to go through the sessions.” Barry said that Georgetown has placed an increased emphasis on diversity within the investment office and across the university over the last few years.

Barry described how Georgetown University would soon be releasing its third annual study on the diversity of its endowment and summarized its findings. Barry said 24% of the endowment’s managers are diverse, but that women and Asian managers account for most of the diversity. He added, “we are woefully underrepresented by African-American and Latino representation.” He said the study provides transparency of the endowment’s effort to improve the diversity of the managers within its portfolios. Additionally, Barry said Georgetown explores team diversity within its own hiring practices and due diligence of existing and potential new managers. Barry said the endowment has an open Director of Operations position and that the two search firms working on their behalf “have only produced one African-American candidate.”

Barry continued that focusing on diversity is “all-encompassing for us at this point.” On a broader level, he stated that diversity and inclusion have been part of the university’s identity for many years in connection with its Jesuit principles of inclusion and cultural understanding. Barry said it is important for the investment office to “amplify the university’s own identity to continue that good work” and then thanked Michael Giovenco and Meera Patel for joining the roadshow event, turning it over to them for introductions.

Giovenco provided a few insights into the Smithsonian Institution endowment. He said the Smithsonian currently has \$2.2 billion in assets and that it is addressing some of the same issues with respect to diversity that Barry shared earlier regarding Georgetown's challenges. The Smithsonian, Giovenco stated, has "tried to bring in best practices and measure things in similar ways." He said the proportion of diverse managers has increased from under 5% in 2014 to over 20% of total AUM today. Giovenco said the Smithsonian has made "good progress" with respect to diversity and attributed it to the institutional buy-in across the investment committee, staff, and management.

Giovenco continued describing how the Smithsonian's investment staff is focused on outreach to diverse managers and welcomes opportunities to participate in programs like the NAIC Institutional Investor Roadshows. He said the Smithsonian aims to prioritize getting more diverse managers "in the pipeline and give them a fair chance." Giovenco shared that 40% of new manager hires have been diverse and that the institution evaluates the diversity of its management teams and the diverse hiring practices within its own investment staff. He said the endowment reviewed a diverse pool of candidates for a recently completed search for a Director of Operations and offered to continue the discussion with the Georgetown team offline. Giovenco concluded that over the last 10 years and "since they let him in," all of the Smithsonian's investment team hires have been diverse and that diversity is a real priority.

Meera Patel then introduced the Howard Hughes Medical Institute. She said HHMI has \$25 billion in assets under management and is headquartered in Chevy Chase, Maryland. HHMI's mission, she described, is to advance basic science and medical research. Patel continued that HHMI has labs and institutions across the country and numerous programs at the foundation level to increase diversity and inclusion from grade school through post-graduate levels. She said there is no specific mandate to have a certain number of diverse managers at the endowment level.

Patel described how the HHMI investment team has been leveraging the size of the portfolio to influence managers around diversity and push them on that topic. She said a review of the diversity of the managers is part of their due diligence process, and they believe it is "important in generating top investment returns." Patel shared that HHMI has not yet done a study to analyze the diversity of the managers across their portfolio, but she expects to embark on something similar in the coming months. She added that there were Director-level positions available within their organization, including her team. Greene and Ortiz-McGhee thanked Patel for her remarks and welcomed her back from maternity leave.

Greene then provided an overview of NAIC. He opened with the enormous positive benefits diversity has on performance and the overall culture of an organization or team. Greene shared his hope—that one day, diverse managers would not need special programs or events like the NAIC Institutional Investor roadshows, because they would have broader market receptivity among investors who recognize their strong performance. Until then, he said NAIC is "happy to engage with institutional investors and share the story of how diversity does not come at a cost of performance."

Greene shared how NAIC is a tenured organization with a 50-year history and 115 member firms managing approximately \$224 billion in assets. He shared how NAIC is the largest network of diverse managers in the alternatives from both the number of members and AUM. Greene stated that NAIC's managers span ethnic and gender diversity and invest in a broad spectrum of industries. He added that NAIC managers have 873 global portfolio companies with \$96 billion of aggregated top-line revenue and nearly 700,000 employees, including roughly 14,000 across the District of Columbia, Maryland, and Virginia area.

Greene also covered key-takeaways about the diverse manager marketplace:

- 1) There is a vibrant and growing population of diverse-owned firms;
- 2) The track record and ongoing performance is competitive with the broader market and does not require a lowering of underwriting standards; and
- 3) A growing number of institutional investors are allocating increased capital to diverse-owned managers, evidenced by frequent oversubscription.

Greene described NAIC's membership across asset classes. Greene emphasized that there is a need to distinguish "diverse" from "emerging" managers, based on the significant amount of investment experience NAIC members obtain at firms that are better-known, household names. He also discussed the research he said is central to the diverse manager marketplace: first, the *Diversifying Investments* Study (2020) and second, the *Examining the Returns* NAIC Performance Study (2019). He described how the first study, *Diversifying Investments*, led by Harvard Business School professor Josh Lerner, documented three key findings: (1) diverse managers perform as well as their general market counterparts, (2) there is a deep pool of diverse managers, and (3) one would be reasonable to assume a portfolio of diverse managers would outperform the standard industry benchmarks.

Greene highlighted how one could attribute diverse manager outperformance to the 29 oversubscribed funds led by diverse managers since 2015 via member examples. He described how Siris set out to raise \$1 billion and closed a \$1.8 billion oversubscribed fund in 2015. Greene summarized how many diverse managers "have generated high conviction from their existing LPs" to raise subsequent oversubscribed funds.

Greene went on to talk about NAIC's programs and initiatives. Greene described how NAIC's programs, initiatives and resources fall into three categories: (1) increasing access to capital for members and the broader diverse manager universe, (2) delivering market education, and (3) addressing industry challenges. Examples Greene provided of NAIC's efforts to increase the access diverse managers have to manage capital included this roadshow, the *Managers in the Market* quarterly distribution, and the NAIC LP Meet-Ups, which he described as similar to a large roadshow with 40 to 50 capital allocators across 250 meetings. Greene also mentioned the F.A.S.T. (Fundraising Advisory Support Tracker) used to introduce new NAIC members to capital allocators whose investment criteria they meet. Next, Greene explained how NAIC delivers market education and mentioned Intelligent NAIC, the data aggregation resource used to showcase NAIC member firm demographics and analytics in aggregate form.

Greene continued with the third area of focus for NAIC, addressing industry challenges. He mentioned NAIC's MBA Fellowship Program, which provides MBA students with exposure to the alternatives space. The other industry challenge Greene said NAIC was extremely focused on is the advancement of women in alternatives. The NAIC Women in Alternatives mission he said was a three-pronged strategy— *In, Up, and Beyond* —NAIC's strategy to help women enter the alternatives industry, move up the continuum and beyond their firms as experienced alternative investment professionals.

Greene then turned to the U.S. map, which visually represents the NAIC Institutional Investor Roadshow stops, held onsite and virtually since 2014. He described how NAIC members have engaged with capital allocators along the eastern seaboard and the west coast, highlighting many institutional investors in Texas and Illinois. He described the roadshow experience as an opportunity to provide market education and facilitate introductions. He then summarized his presentation:

- NAIC member firms offer a wide range of private equity and hedge fund strategies;
- The market is recognizing that emerging managers are experienced investors;

- Several emerging and diverse managers, including NAIC members, are outperforming their larger, well-known peers;
- Some of the highest-performing and oversubscribed funds are those of diverse managers; and
- Many sophisticated institutional investors are expanding their allocations to high-performing emerging and diverse managers.

Kristi Craig then discussed Georgetown University's sourcing process. She described it as a "combination of top-down and bottom-up" analysis. Craig said Georgetown has "a very well built-out and concentrated portfolio with only a handful of new managers in any given year." She shared how the team aims to be thematic, focusing on market forces or other tailwinds, and marry those with exceptional managers. She provided examples of investment themes over recent years, such as DevOps tools, biotechnology, and the 5G build-out.

Craig shared how Georgetown sources managers via a variety of methods, including peer networks, primary research, and a handful of things come in through the "over the transom way", she said which is not the best way to access the team. Craig continued that their team inputs all of their ideas into Salesforce, where they may be prioritized and tracked as they move through the funnel. She described track record, stability, and strategy as the typical criteria one would expect and then added that they are "always looking for ethical, honest partners." Craig said the Georgetown investment team is "excited to co-invest with managers that are core on their rosters" and will invest in first-time funds to be highly aligned partners and make introductions to other investors.

Craig referred to Barry's earlier comments about the importance of diversity and inclusion to achieve better returns and said the focus is on proactively expanding funnel for each member of their team. She said the team seeks diversity, not just "by headcount but a culture that celebrates diversity where diverse professionals can see a path to the top." Craig said the diversity considerations have been a focus for both new and existing managers. Craig described how the team also seeks to maintain flexibility and won't invest in an opportunity in the privates without thinking through how to potentially access similar exposure in the public markets.

Michael Giovenco then discussed the Smithsonian's manager-selection process. He shared that the sourcing process was similar to that which Craig described at Georgetown. Giovenco said the Smithsonian team is looking for the "same things, in terms of tops-down and bottoms-up" and that the team transacts on a limited number of opportunities each year. He shared how there are ongoing discussions taking place about reducing the level of manager concentration. Giovenco described how the Smithsonian prioritizes investment themes, considers opportunistic investments, and follows standard endowment and foundation investment philosophies. Greene said that members with questions for Meera Patel from Howard Hughes should follow up with her directly.

Greene then shared a question for Georgetown from one of the NAIC member firms regarding additional themes that represent potential areas of investment. Craig said that the 5G build-out and life sciences continue to be investment themes, along with an interest in increasing the endowment's activity in China.

Greene then transitioned to instructions for the private meetings to follow a ten-minute scheduled break. David Smith provided details to access and participate in the one-on-one meetings. Greene thanked everyone from the Georgetown, Howard Hughes Medical Institute, and the Smithsonian

Institution teams for giving NAIC and its members their time. He added a special thanks to Michael Barry and Kristi Craig for their efforts and friendship with NAIC. Greene then concluded the meeting.