

## **MEMORANDUM**

**To:** NAIC Members

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

**Date:** July 29, 2022

**Subject:** NAIC Institutional Investor Virtual Roadshow hosted by BlackRock

On July 21, 2022, NAIC held its sixth NAIC Institutional Investor Roadshow of the year hosted by BlackRock, an NAIC Corporate Partner. The event was the second NAIC Roadshow hosted by BlackRock. Eleven members of the BlackRock investment team from across BlackRock Private Equity Partners, BlackRock Private Credit, and BlackRock Alternative Advisors joined the event to meet with 34 NAIC member firms. The roadshow participants and relevant contacts, with email addresses, are included below:

### **BlackRock**

#### **Multi-Asset Strategies and Solutions Representatives:**

**Rowena Carreon**, Managing Director, Americas Head of the Client Fulfilment Team –

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**Rose Evans**, Director, Manager Research – Rose.evans@blackrock.com

#### **Private Equity Team Representatives:**

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#### **Alternative Advisors Team Representatives:**

**Nas Noorizadeh**, Managing Director, European Head of Hedge Fund Research –

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#### **Alternative Solutions Group Representatives:**

**Paul Braude**, Managing Director, Portfolio Manager – Paul.Braude@blackrock.com

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### **NAIC Leadership & Staff**

Robert L. Greene, President & CEO – rgreene@naicpe.com  
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The 34 NAIC member firms and their respective representatives selected to participate in the event included: **3CC (Third Culture Capital)**, Julien Pham; **Act One Ventures**, Alejandro Guerrero; **Advaita Capital**, Gayatri Sarkar and Brandon Celestin; **Advent Capital**, Alex von Ziegesar; **AIN Ventures**, Sherman Williams and Emily McMahan; **Ardinall**, Maria Jelescu; **BKCoin Capital**, Kevin Kang; **Black Ops VC**, James Norman and Sean Green; **Blueprint Capital Advisors**, Dwayne Warren; **Chicago River Capital**, Edward Finn; **Chingona Ventures**, Samara Mejia Hernandez; **DigitalDx Ventures**, Michele Colucci; **Dux Capital**, Daniel Santamarina and Jose Luis Silva; **Dynamk Capital**, Daniella Kranjac; **Elizabeth Park Capital Management**, Craig Cimatori; **Include Ventures**, Tina Hahn and Keith Spears; **L'ATTITUDE Ventures**, Kennie Blanco; **L2 Point Management**, Kerstin Dittmar and Danielle Beyer; **Leeds Illuminate Advisors**, Kara McCrossan; **Lumos Capital Group**, James Tieng; **Macellum Private Capital**, Daniel Balzora; **Nile Capital Group**, Melvin Lindsey and Stephanie Neruda; **Ocean Park Investments**, J.Dennis Jean-Jacques; **Pilot Growth Equity**, Neil Callahan; **Recast Capital**, Courtney McCrea and Sara Zulkosky; **Relentless Venture Partners**, Boris Moyston and Irina Moreno; **Semillero Partners**, Alex Borschow; **SkillBridge Capital**, Olu Beck; **Standard General**, Jerry Bright; **Trident**, Eric Taylor and Aron Betru; **True Equity Growth**, Dehdan Miller and Hugh O'Donnell; **Ulu Ventures**, Nancy Torres and Miriam Rivera; **Valor Equity Partners**, Joseph Haslip; and **VeriStar Capital Management**, Kenney Oh.

Bob Greene, NAIC's President & CEO, began the meeting welcoming everyone to the NAIC Institutional Investor Roadshow hosted by BlackRock. He said he was delighted to have each of the participants in attendance, acknowledging that 34 NAIC members were participating along with the BlackRock team. Greene continued with his appreciation for the hard work of several individuals from BlackRock and thanked Rowena Carreon for participating and serving as an outstanding partner. He shared how NAIC began thinking through partnership possibilities with BlackRock, the largest asset manager in the world, two years ago. He said since then BlackRock had launched a fund focused on Diversity, Equity, and Inclusion (DEI) and has demonstrated an interest in making direct and fund investments in DEI.

Greene also thanked the NAIC team, including Diana McCaskill and Kristen Emery of Fruition Media; Carmen Ortiz-McGhee, COO, Nia White, Capital Access Advisor; Kristen Perlman, Director of Marketing and Communications, and Marissa Mahoney, Director of Partnerships and Alliances. He then turned the floor to Rowena Carreon to provide host remarks. Carreon thanked Greene and everyone at NAIC for working with BlackRock to execute the roadshow and all of the NAIC managers for joining the event.

Carreon introduced herself as a Managing Director within BlackRock's Multi-Asset business and Chair of its Diverse Manager Program Steering Committee. She said she was happy to be here and has been in dialogue about working with NAIC members as LPs, co-investors, or other types of partners. Carreon described how BlackRock Alternative Investors (BAI) encompasses private equity, private credit, the Multi-Asset Strategies and Solutions business (MASS), and hedge funds. She described how BlackRock is constantly striving to do things better, noting that earlier this year, the firm launched its DEI approach and multi-year strategy.

Carreon described the firm's focus on DEI across three key areas: talent, clients, and communities. She spoke about talent and BlackRock's desire to have a diverse pipeline of talent and future firm leaders. Carreon described how the firm is constantly thinking about how to provide its clients with DEI opportunities and developing new products to meet their interests. She then discussed how BlackRock seeks to be a good and responsible partner across the communities in which it invests.

Carreon spoke about BlackRock's diverse broker program, which she said has been around over a decade and had a record year in 2021. She said the program includes 21 diverse brokers. She said that of the \$132 billion investment portfolio, \$9 billion dollars has been invested with diverse firms and \$11 billion with partially diverse firms, representing 14% of assets in the aggregate. She described how she and her colleagues are in active dialogue, not only with clients but also peers and competitors on the topic of DEI. She said those discussions led to the launch of the BlackRock Impact Opportunities Fund. She also said the private equity team is raising a global fund while there is another active raise for first-time, emerging hedge fund managers.

Carreon shared how earlier in the day representatives from BlackRock rang the bell during the NASDAQ opening to introduce BlackRock's women initiatives, including those to address the women income gap, earnings gap, and longevity. She said she was cognizant of the fact there is more to do and motivated by it. Carreon said she appreciated the partnership with NAIC. Greene thanked Carreon for her remarks and transitioned to the NAIC Overview presentation.

Greene introduced NAIC describing how it was founded 51 years ago and is the oldest and largest organization in the diverse asset manager marketplace. He introduced NAIC's membership of 165 firms who together manage \$275 billion in assets across the alternative asset class. Greene discussed how NAIC provides education, advocacy, and events with a focus on increasing the flow of capital to high-performing managers. He discussed how NAIC members invest broadly across the sectors of the U.S. economy and added that NAIC members manage 940 portfolio companies globally, which generate \$177 billion in annual revenue with 16,000 employees.

Greene then reviewed the number of deals completed by NAIC funds in recent years and covered the key-takeaways from his presentation: (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. He touched on his frustration with articles and conference speakers, which mention how difficult it is to find diverse managers. Greene said NAIC's membership supports the opposite.

Greene continued, "scrolling through our membership gives one the opportunity to find best-in-class manages we have curated." He described how member firms are active across private equity, venture capital, growth equity, hedge funds, real estate, as well as credit platforms. Greene said NAIC's membership includes a majority of buyout fund members. He discussed the significant growth in hedge funds to 20 members. Greene spoke about his excitement regarding the growth in the category of growth and expansion, noting the number one economic concern to address the wealth gap is achieved by providing diverse business owners with venture capital and growth capital. Greene said NAIC now has 30 members in each of the venture capital and growth and expansion categories. He then discussed real estate members noting firms like Brasa Capital Management and Asland Capital Partners before covering the service provider members, including law firms, consultants, and placement agents.

Greene then spoke about the growing population of diverse managers with track records and ongoing performance that is not only competitive with the marketplace, but in many cases is outperforming the marketplace. Greene pointed out how it is very important to note “most of these people have 15 years of solid performance and track records and have come from the best-known firms,” explaining an emerging manager is not a new investment professional, and diverse managers are not new investment professionals. He shared how most principals of NAIC firms come with decades of investment experience and from firms like The Carlyle Group and Goldman Sachs. Greene encouraged the BlackRock team to think about where the NAIC managers came from and how that illuminates what they are doing today.

Greene shared that NAIC spends a lot of time discussing the outperformance of diverse managers. He mentioned that NAIC, in collaboration with Aon and KPMG, produces the only bottoms-up review of the performance of diverse managers in a biennial *Examining the Returns* study. He said the studies have proven that diverse managers not only perform well, but that they can perform at the benchmarks, and in many cases, are exceeding the Burgiss benchmarks. Greene also mentioned the research Harvard Business School professor Josh Lerner has produced, which documents the outperformance of diverse managers from the private equity, hedge fund, and real estate categories and covers the strong performance of women-owned alternatives firms, noting “it is always good to see independent studies validate that minority firms are delivering returns and achieving success.”

Greene then touched on the high volume of recent NAIC member deal activity and mentioned the NAIC Home Run Club which includes member deals which have generated MOICs above 4x. He then referenced testimonials from Johara Farhadieh, CIO of Illinois State Board of Investments; Michael Trotsky, CIO of Massachusetts Pension Reserves Investment Management (MassPRIM), and Jarvis Hollingsworth, the Chairman of Texas Teachers, adding that they all speak to the positive experiences they have had investing with diverse managers. He noted that Trotsky participated in the NAIC reception held the prior week and has been making great strides with the MassPRIM plan.

Greene then covered the significant oversubscription within recent diverse-led fund offerings, which he said has become an “absolute validator.” He highlighted how 34 diverse-owned firms have raised 61 oversubscribed funds since 2015. Greene added that he was pleased to see newer firms appear on the chart, such as MAC Ventures and Knox Lane along with more established NAIC member firms and continued that even “across a pandemic and a global shutdown they have been able to have more demand because of their expertise and ability to generate top returns.”

Greene then described NAIC’s three primary areas of focus: (1) increasing access to capital, (2) delivering market education, and (3) addressing key industry challenges. Examples Greene provided of NAIC’s efforts to increase the access diverse managers have to manage capital included the NAIC Institutional Investor Roadshows, which he said falls squarely into what NAIC is aiming to do by increasing access to capital; the *Managers in the Market* (MINT) quarterly distribution, which he said is approaching 200 capital allocator recipients; and the F.A.S.T. (fundraising advisory support tracker) introductory process. Greene then explained how NAIC delivers market education and mentioned IntelligentNAIC, the data aggregation resource used to showcase NAIC member firm demographics and analytics in aggregate form, and two types of video series NAIC produces of GPs, LPs, and market influencers, *Perspectives*, a short-form platform; and *NAIC Insights*, a longer form series.

Greene continued with the third area of focus for NAIC to address industry challenges. He began with the Establishing the Next Generation of Private Equity Firms (NexGen), a nine-week symposium designed to help experienced investors launch world-class institutions and raise their first or second institutional funds. He described how the most recent NextGen series included speakers from Kirkland & Ellis, MVision, Park Hill, EY, and other industry-leading firms.

He then shared how NAIC is extremely focused on the advancement of women in alternatives. The NAIC Women in Alternatives mission involves a three-pronged strategy— *In, Up, and Beyond* —to help women enter the alternatives industry, move up the continuum, and expand beyond their firms as experienced alternative investment professionals. Greene mentioned the NAIC Paradigm Changers internship program, which NAIC has led for two summers for young women at the undergraduate and graduate levels from a wide range of academic and professional backgrounds, providing a path for more women to enter the private equity industry. He also described the mentorship program for women currently in the business addressing the “in” component, and that the “beyond” effort is taking women already at senior partnership levels within the alternatives industry and helping them launch their own firms.

Greene then commented on the U.S. map, which visually depicts the locations of the NAIC Institutional Roadshows since 2014. Greene said NAIC has met with over 153 capital allocators managing over \$13 trillion dollars in the aggregate over across 26 states. He described how the roadshows have evolved from being held quarterly in-person to monthly in a virtual format. Greene shared the roadshows “are the most productive work we can be engaged in to help allocators identify high-performing diverse managers.”

Greene summarized the NAIC presentation:

- NAIC member firms offer a wide range of private equity and hedge fund strategies;
- the marketplace is recognizing that emerging managers are experienced investors;
- several emerging and diverse managers, including NAIC members, are outperforming their larger, better known peers;
- some of the top-performing and most oversubscribed funds are those of diverse managers; and
- many sophisticated institutional investors are expanding their allocations toward high-performing emerging and diverse managers.

Greene then added an additional summary point: “whenever the economic cycle shifts and LPs find themselves under pressure, we find that LPs adjustments disproportionately impact diverse managers who are top-performing.” He concluded with his hope that does not happen in near-term. Greene then asked for any questions from the audience.

The first question was from Alex Borschow of Semillero Partners. He asked how BlackRock thinks about emerging managers in terms of sizing and allocations. Carreon responded that the team has eliminated screens based on AUM and looks at the size of a firm relative to allocations on the liquid side. Nas Noorizadeh, Managing Director, European Head of Hedge Fund Research, said she works with Carreon as part of the Hedge Fund Solutions group. She said they are keenly focused on emerging managers since launching the business 25 years ago and added “it makes it more exciting because of the longstanding partnerships you can form with emerging managers who tend to be hungrier, have not made personal wealth, and operate in less efficient markets.”

Noorizadeh discussed how their clients do not have resources to evaluate smaller and emerging managers. She said BlackRock could be 100% of a manager's business and that fund commitments of \$50 million are at the smaller end given they manage \$30 billion. She noted they do not take stakes in the managers.

Greene asked for more information on the various investment sleeves and co-investments. Ladell Robbins, Managing Director and Senior Portfolio Manager for the BlackRock Impact Opportunities Fund, said they look for co-investment partners. In private equity, the team thinks about co-invests as a way to get to know a manager and how to work with managers from an LP standpoint and as a co-investor. He discussed that the venture capital program has less capital than in private equity buy-outs and that BlackRock is raising a late-stage venture and growth fund. He mentioned that BlackRock is a big data collector and said he hoped everyone will be on Aladdin or eFront to see some of the analytics.

J. Dennis Jean-Jacques from Ocean Park Investments asked about structural items and milestones they monitor for smaller hedge funds. Noorizadeh said there is no checklist and that the team looks for strategies that are sufficiently different or better. Jose Luis Silva of Dux Capital asked how BlackRock monitors KPIs regarding DEI for its GPs. Carreon discussed their evaluation of diversity of the ownership, leadership, and the portfolio company management teams.

Bob thanked everyone for their questions and the Blackrock team for their responses. Kristen Emery then provided instructions for the one-on-one meetings. Bob Greene reiterated Emery's request that everyone show up on time. Greene then thanked Carreon, the BlackRock team, and everyone for their participation.