

MEMORANDUM

To: NAIC Members

From: Robert L. Greene, President & CEO

Date: August 10, 2022

Subject: NAIC Institutional Investor Virtual Roadshow hosted by the Institutional Limited Partners Association (ILPA)

On July 27, 2022, NAIC held its seventh Institutional Investor Roadshow of the year hosted by the Institutional Limited Partners Association (ILPA), a global organization dedicated exclusively to advancing the interests of limited partners and their beneficiaries through best-in-class education, research, advocacy, and events. ILPA represents over 500 limited partner member institutions representing more than \$2 trillion of private equity assets under management (AUM). Seven ILPA member institutions and capital allocators participated in the event: AARP, AC Ventures, Manulife Investment Management, Mass Mutual, MetLife Investment Management, Raytheon Technologies Corporation, and Truist Ventures. The roadshow was NAIC's first engagement with AARP, Fifth Third, Manulife Investment Management, Mass Mutual, MetLife Investment Management and Truist Ventures and the third NAIC Institutional Investor Roadshow hosted by ILPA.

Institutional Limited Partners Association

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Participating Allocators

AARP

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The 43 NAIC member firms and their respective representatives selected to participate in the event included: **3CC (Third Culture Capital)**, Julien Pham; **Advaita Capital**, Gayatri Sarkar; **Argand Partners**, Kay Blackwell; **Arkview Capital**, Vijay Mehta; **Avance Investment Management**, Luis Zaldivar; **Avestria**, Tracy Dooley and Linda Greub; **Barings**, Will Scott; **Bay Street Capital Holdings**, William Huston and Jackie Nguyen; **BharCap Partners**, Jim Rutherford, Bharath Srikrishnan, and Ethan Wang; **BKCoin Capital**, Kevin Kang; **BluePrint Capital Advisors**, Jacob Walthour, Keith Thomas, and Dwayne Warren; **Brasa Capital Management**, Alexis Lewis; **Clearlake Capital**, Marcelia Freeman; **Demopolis Equity Partners**, Timothy Greenfield and Wanda Felton; **Development Partners International (DPI)**, Bass Niang; **DigitalDx Ventures**, Michele Colucci; **Dominus Capital**, Michael Smart; **Dynamk Capital**, Daniella Kranjac; **Elizabeth Park Capital Management**, Craig Cimoroni; **GCM Grosvenor**, Renae Griffin; **GenNx360 Capital Partners**, Daphne Dufresne; **GPI Capital**, Philip Lo; **IMB Partners**, Richard Beaty; **Kah Capital Management**, Donna Wilson; **L'ATTITUDE VENTURES**, Kennie Blanco; **L2 Point Management**, Danielle Beyer and Kerstin Dittmar; **Langdon Park Capital**, Malcolm Johnson; **Leeds Illuminate Advisors**, Kara McCrossan; **Lumos Capital Group**, James Tieng; **Macellum Private Capital**, Daniel Balzora; **non sibi ventures**, Sid Smith and Kent Lucas; **Pharos Capital Group**, Kneeland Youngblood and Adam Persiani; **Recast Capital**, Sara Zulkosky and Courtney McCrea; **Red Arts Capital**, Nicholas Antoine and Chad Strader; **Relentless Venture Partners**, Boris Moyston; **Semillero Partners**, Alex Borschow; **Spindletop Capital**, Kelly Huang PhD and Evan Melrose, MD; **Standard Real Estate Investments**, Lindsay Louie and Jerome Nichols; **Trident**, Aron Betru and Ragini Chawla; **True Equity Growth**, Dehdan Miller; **Tuatara Capital**, Al Foreman and Christie Kinney; **Ulu Ventures**, Steve Reale, Nancy Torres, and Kathy Chen; and **Valor Equity Partners**, Joseph Haslip.

Bob Greene, NAIC's President & CEO, began the meeting welcoming everyone to the NAIC Institutional Investor Roadshow hosted by ILPA. He noted nearly record participation with seven allocators and 43 NAIC members and said he would try to make it as efficient as possible. Greene continued with his appreciation for the hard work of several individuals from ILPA and thanked Jen Choi and her team for bringing everyone together. Greene also thanked the NAIC team, including Diana McCaskill and Kristen Emery of Fruition Media; Carmen Ortiz-McGhee, COO, Nia White, Capital Access Advisor; Marissa Mahoney, Director of Partnerships and Alliances, noting she manages the ILPA partnership, Kristen

Perlman, Director of Marketing and Communications; Joseph Haslip, Chairman; and Michael Smart, Board member.

Greene said the NAIC Institutional Investor Roadshows are all about new faces and new places, so he said it is a great opportunity for everyone to meet new folks. He then handed it over to Jen Choi to make host remarks. Choi thanked the NAIC team and shared her excitement for the roadshow. She acknowledged the strong support of Samantha Anders and Ben Holt. Choi said she was also excited to see new ILPA participants and introduced herself as the Acting CEO and Head of DEI. She mentioned the ILPA Fall Summit that will be held in New York City from November 8-10th. She said the summit is ILPA's flagship gathering and will be in its 16th year with 85 GPs and 105 LPs expected to participate. Choi said they try to feature "Must See TV" and invited everyone to attend. Choi discussed the Diversity in Action initiative ILPA launched during the fall of 2020. She said ILPA has 254 signatories to date, who meet at least quarterly. Choi described how the group discusses topics, such as supplier diversity, recruiting for boards, and having authentic conversations.

Greene then identified each of the representatives from the participating allocators: Joshua Burge of AARP; Ana Aguilar from AC Ventures; Jeremy Soares, Charles Wu, and Beth Evans of Manulife; Agata Rzamek of MetLife Investment Management; Diane Henry and Ariana Lucera of Mass Mutual; Georgia Clarke of Raytheon, and Joshua Pulman and Nick Joyner from Truist.

Greene then covered the agenda and introduced NAIC. He described how NAIC is a 51-year-old organization and the oldest and largest organization in the diverse asset manager marketplace. He shared that NAIC's membership consists of 165 firms who together manage over \$290 billion in assets across the alternative asset class. Greene discussed how NAIC member firms invest across the full spectrum of industries across the U.S. economy and added that NAIC members manage 940 portfolio companies globally, which generate \$177 billion in annual revenue. He added that NAIC members have an enormous commitment to investing in diverse markets.

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 shared his frustration with people still claiming they don't invest with diverse market because they can't find them.

Greene then described NAIC's membership broadly covering the alternative space by asset class. He said the largest category of membership is buyout fund managers. Greene mentioned that NAIC has member firms that are fund of funds and a growing category of hedge fund members. He then spoke about how the venture capital and growth and expansion categories have grown tremendously, rivaling the buyout category and how those areas possess "key components to overcome the wealth gap where diverse and women business members can build their companies and real wealth across the continuum." He then discussed the investment management member firms and the dozen real estate members.

Greene emphasized how diverse managers does not equal emerging managers. He said, "while we have some diverse managers that are emerging, there are many where to call them an emerging manager would be a real stretch." He then spoke about the growing universe 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 described how the industry is an apprenticeship business and shared how most principals of NAIC member firms come with decades of investment experience and from firms like The Carlyle Group, Goldman Sachs, Ripplewood, and Golden Gate. Greene added, “we are seeing more investors seeing the link, following the investors, and making investments to the newer firms.”

Greene transitioned, “research is critical” and he went on to discuss the documented 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 diverse managers not only perform well, but that they can perform at the benchmarks, and in many cases, are exceeding the Burgiss benchmarks and encouraged the audience to review the report. Greene also mentioned the Diversity of Asset Managers in Philanthropy report commissioned by the Knight Foundation, which he said Harvard Business School professor Josh Lerner produced and documents that if you set outperformance as a goal, you could expect to exceed the overall market by investing with diverse managers.

Greene then touched on the high volume of recent NAIC member deal activity, stating “the number one reason to invest in this marketplace is the deal flow that diversity generates.” He mentioned several members with recent deal announcements, including Dynamk, Clearlake, Wind Point, One Rock, and Mill Point. Greene then referenced testimonials from Johara Farhadieh, CIO of Illinois State Board of Investments; Michael Trotsky, CIO of Massachusetts Pension Reserves Investment Management; and Jarvis Hollingsworth, the Chairman of Texas Teachers, adding that “our words are very similar to what the LPs are saying.” Greene added, “This is a marketplace that people have had to champion. They are champions announcing they are achieving significant returns.” He continued, “Take a look at what they are seeing. I hope your experience is as positive as theirs.”

Greene then covered the level of oversubscription within recent diverse-led fund offering. He highlighted how 34 diverse-owned firms have raised 61 oversubscribed funds since 2015. Greene said he was pleased to see examples of members who have recently raised oversubscribed funds across asset classes. He said it is “one of the best success stories of the marketplace” and suggested everyone consider what it means about the future growth of the diverse manager industry.

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. Greene described the LP Meetup as an example of a program to increase access to capital. He said, “If you like roadshows, you will love the LP Meetup.” He described how NAIC curates hundreds of meetings among capital allocators and member firms across virtual meeting rooms during the LP Meetup event. 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.

Greene continued with the third critical focus area 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 NexGen has trained over 400 aspiring partners and said many have become members and that “NAIC is super proud many have used what they have learned to successfully raise funds.”

Greene then discussed how NAIC is focused on the advancement of women in alternatives. The NAIC He described how the Women in Alternatives mission, led by Carmen Ortiz-McGhee, 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 shared information about 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 shared his hope that women leading their own firms would do as many others have done and hire team members that look like them to over-index on women.

Greene then commented on the U.S. map, which visually depicts the locations of the NAIC Institutional Roadshow participants since 2014. Greene said NAIC has met with over 153 capital allocators managing over \$13 trillion dollars in the aggregate across 26 states. He described how the roadshows have evolved over the last nine years from being held quarterly in-person to monthly in a virtual format. Greene shared the roadshows have helped NAIC members to raise \$21.5 billion of capital for their funds.

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 invited questions. Jenn Choi of ILPA asked each of the participating allocators to introduce themselves. Ana Aguilar spoke on behalf of AC Ventures. She said she was part of the investment team. Aguilar added that the firm invests in funds and she wanted to meet new partners via the roadshow. Jeremy Soares spoke on behalf of Manulife. He said that the firm set up a \$250 million vehicle in April to deploy in women and minority-led firms (defined as having a minimum of 25% minority ownership). Soares said Manulife is looking primarily at buyouts and growth equity targeting 1 or 2 investments per year. He added that Manulife also has broader strategy targeting funds up to \$750 million. Diane Henry spoke on behalf of Mass Mutual. Henry said Mass Mutual has launched its first fund looking at ethnic minorities and other underrepresented groups raising funds one through three primarily in venture capital.

Agata Rzamek spoke on behalf of MetLife Investment Management. She said MetLife has invested with seven diverse GPs across nine funds and invests in funds from fund one to fund three, that are under \$500 million, or owned by an ethnic minority, LGBTQ, disabled, or veteran manager. She said MetLife follows ILPA’s diversity definition and generally targets allocations of \$40 million to \$50 million. Georgia Clarke spoke on behalf of Raytheon. She said last year the company decided to focus more on diverse managers. She said the typical fund allocations range from \$25 million to \$50 million and that Raytheon’s emerging manager programs are led by GCM Grosvenor and Hamilton Lane with ticket sizes that are approximately \$7.5 million. She said she expects 40-50% of the emerging manager programs will be allocated to diverse managers. Joshua Pulman spoke on behalf of Truist Ventures and said his team’s goal is to bring innovation. He said Truist Ventures has committed capital to five funds that are minority or diverse-led and has an interest in fintech and insurtech.

The first question was from Gayatri Sarkar from Advaita Capital, who asked Georgia Clarke of Raytheon whether they are considering venture capital through the program. Clarke said she is looking at venture capital now through the emerging manager program. She said Raytheon has completed 14 emerging manager investments since last year, one of which was a venture capital fund.

Kelly Huang of Spindletop Capital thanked NAIC for putting these together and asked the team from NAIC what they are seeing in terms of industry focus areas for their members. Greene said the membership includes both generalist and specialist managers and that both approaches have been successful across economic cycles. Boris Moyston of Semillero Partners thanked everyone for the making the introductions. He then asked the Truist representatives and the other allocators whether their venture capital investments are focused on fintech or broader investment themes. Pulman responded that they are focused on insurtech, as the seventh largest insurance company, and investing for impact and to learn from their commitments. Soares of Manulife said his team is only focused on buyouts and growth equity. Henry of Mass Mutual said they look across strategies. Finally, Rzamek from MetLife said they focus on buyouts, growth, and venture.

Kristen Emery then provided the group with logical instructions for the second phase of the roadshow. She referred everyone to their personalized schedules for the 15-minute one-on-one meetings. Emery wished everyone fruitful meetings, and Greene asked that everyone be on time for the meetings. He then thanked ILPA, Choi and her team, and each of the capital allocators for taking the time to hear from “a broad, active, and interested group of managers.”