

MEMORANDUM

To: NAIC Members

From: Robert L. Greene, President & CEO

Date: August 25, 2022

Subject: NAIC Institutional Investor Virtual Roadshow hosted by Rockefeller Capital Management

On August 11, 2022, NAIC held its eighth NAIC Institutional Investor Roadshow of the year hosted by Rockefeller Capital Management (RCM). Headquartered in New York City, Rockefeller Capital Management is an investment management and wealth advisory firm providing services to high-net-worth individuals, families, family offices, foundations, endowments, and other institutions. The RCM team invited Church Pension Group to participate in the roadshow. Church Pension Group (CPG) is an independent agency of the Episcopal Church incorporated by a special act of the New York State legislature and provides retirement and health benefits for the clergy and lay employees of the Episcopal Church. The event was NAIC's initial engagement with both Rockefeller Capital Management and Church Pension Group.

Rockefeller Capital Management

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The 34 NAIC member firms and their 51 respective representatives selected to participate in the event included: **3CC** (Third Culture Capital), Julien Pham; **Advaita Capital**, Gayatri Sarkar; **AIN Ventures**, Emily McMahan and Sherman Williams; **Argand Partners**, Kay Blackwell; **Arkview Capital**, Pavel Chernyshov and Vijay Mehta; **Avestria Ventures**, Linda Greub; **Barings**, Luis Sued and Will Scott; **Brasa Capital Management**, Alexis Lewis; **Demopolis Equity Partners**, Timothy Greenfield and Wanda Felton; **Development Partners International**, Bassirou Niang and Joanne Yoo; **Dux Capital**, Daniel Santamarina and Susana Espinosa; **Dynamk Capital**, Daniella Kranjac; **Elizabeth Park Capital Management**, Craig Cimoroni and Fred Cummings; **Excel Group**, Shoham Amin and Emma Gad; **GPI Capital**, Phil Lo; **Kah Capital Management**, Adama Kah and Donna Sims Wilson; **L'Attitude Ventures**, Kennie Blanco and Laura Lucas; **L2 Point Management**, Danielle Beyer and Kerstin Dittmar; **Leeds Illuminate**, Mahila Amjad; **Lumos Capital**, Victor Hu; **Macellum Private Capital**, Daniel Balzora; **Muller and Monroe Asset Management**, Gregg Walker; **NextEquity Partners**, Rami Reyes; **Nile Capital Group**, Mel Lindsey and Stephanie Neruda; **Sagard**, Johnita Mizelle; **Semillero Partners**, Gualberto Rodriguez; **Siris Capital**, Jared Nadan; **SkillBridge Capital**, Olu Beck; **Spindletop Capital**, Evan Melrose, MD and Kelly Huang, PhD; **Standard General**, Robert Galeano; **Supply Change Capital**, Noramay Cadena; **True Equity Growth**, Dehdan Miller and Hugh O'Donnell; **Ulu Ventures**, Kathy Chen, Clint Korver, and Miriam Rivera; **WM Partners**, Vanessa Gabela and Anibal Montes.

Bob Greene, NAIC's President & CEO, opened the meeting, welcoming everyone to the NAIC Institutional Investor Roadshow hosted by Rockefeller Capital Management (RCM). He said the roadshow was continuing the theme of "new places and new faces," noting the roadshow was the first one for both RCM and Church Pension Group (CPG). Greene thanked Candice Dial, Director of ESG Investments and Senior Vice President at RCM, and Christopher Rowe, Managing Director at CPG, for participating and coordinating the engagement of their colleagues. Greene then quickly reviewed the agenda to maximize the time for the one-on-one meetings.

Greene shared how NAIC has been executing the NAIC Institutional Investor Roadshows for about nine years. He said he would cover the past roadshow locations and participants later in his remarks. Greene highlighted, "the roadshows have been very efficient and fruitful" and said \$21 billion of capital has been raised by NAIC members following initial meetings held via the roadshow events. Greene then thanked the NAIC team, including Diana McCaskill, Kristen Emery, and the full team from Fruition Media; Nia White, Capital Access Advisor; and colleagues Marissa Mahoney, Director of Partnerships and Alliances; Kristen Perlman, Director of Marketing; and Alan Hughes, Chief Content Officer.

Heather Gelchion, Senior Investment Advisor and Managing Director at Rockefeller Capital Management provided remarks to welcome everyone on behalf of the organization. She described how she and her colleagues work with families and endowments to manage their investment portfolios. Gelchion shared how she joined RCM three years ago from Cambridge Associates and is based in Boston. She discussed how RCM is an independent, privately-owned firm with a global family office providing asset

management and strategic advisory services that was established in 1882 as the family office established for John D. Rockefeller and his family. Gelchion said the firm became a Registered Investment Advisory (RIA) in the 1980's and began working with other families to become multi-family office. In 2018, she said the firm was renamed Rockefeller Capital Management when the CEO, Greg Fleming, and Viking Global, acquired the assets of Rockefeller & Company. Gelchion said, today Rockefeller advises on nearly \$100 billion in assets, with one thousand employees in 40 offices, including a more recent addition in London and New York City, where RCM is headquartered. Gelchion said, "We are excited to partner with diverse managers such as yourselves." She said RCM seeks strategies where female or diverse managers own a minimum 33% active share or a minimum 50% passive share or the strategies are managed by an underrepresented person, defined as ethnically diverse, female, or a non-binary person.

Gelchion introduced several members of her team. She said Barry Wintner, Head of Manager Approval and Managing Director, is the Head of Public Markets. Gelchion introduced Evan Wang, Head of Private Markets Due Diligence and Senior Vice President, and Candice Dial, Director of ESG Investments. The last two colleagues she introduced were Sean Fitzgibbons and Heather White, who are both Investment Analysts on the manager-selection team.

Chris Rowe then spoke on behalf of CPG. He spoke about this history of CPG and how it was established over one hundred years ago to provide retirement income for Episcopal clergy and lay employees with the support of J.P. Morgan, who believed clergy should not retire in poverty. Rowe said CPG had \$18 billion in assets as of March 31, 2022. He said the investment portfolio is diversified across all asset classes, and the investment team is organized by asset class.

Rowe then introduced his colleagues in attendance: Alan Snoddy, Managing Director and Head of Private Markets; Steve Poulos, Managing Director, Private Equity; Sajith Ranasinghe, Managing Director and Head of Real Estate; John Angelica, Managing Director and Head of Fixed Income; Dylan Bochicchio, Senior Associate, Fixed Income; Constanta Lungu, Investment Analyst, Private Equity; and Jackson Campbell, Investment Analyst in Impact Investing.

Rowe shared that CPG views some of its commitments in diversity to be part of the plan's positive social impact. He disclosed the portfolio is currently overweight in private equity and venture capital because of strong performance in those areas. Rowe added that he and his team want to stay apprised of diverse managers in private equity and venture capital and learn about their strategies. Rowe said that CPG does not have a diverse manager program or a targeted amount for diverse managers; however, he said the private pension plan does have a commitment to working with diverse firms.

Rowe continued, "That commitment led CPG to do some soul searching and evaluating the drivers of the lack of diversity in the asset management industry." He described how allocators rely on partners to refer them to potential general partner groups. He said CPG has spent time with NAIC in the past, but he emphasized that he was participating in the roadshow "because of trusted relationship with Candice Dial from Rockefeller." He cautioned, "If you stay within trusted relationships, you might miss opportunities outside your network," and added, "that is why we are here today, to be intentional about expanding the network." Rowe concluded his remarks and said he was grateful to NAIC for hosting the roadshow.

Barry Wintner then spoke about Rockefeller's manager-selection process. He said he has been with Rockefeller for nine years. He said the RCM platform is broad with robust and diversified solutions. Wintner said he and his team are always looking to expand and upgrade the portfolio with established managers, earlier stage managers, and diverse managers. Wintner described some of the attributes RCM looks for during the manager-selection process: a clear invest philosophy, a well-understood and repeatable process, companies they want to do business with, a thorough due diligence process, and an understood approach to portfolio construction and risk management.

Evan Wang then introduced himself and said he joined RCM to head Private Markets from Cambridge a few months ago. He discussed the manager-selection process on the private side. Wang said that RCM "looks at everything within private markets." He reiterated what Wintner touched on earlier regarding the importance of being able to identify repeatable success. Wang said that alignment with and fund terms are also critical considerations.

Greene then began an overview of NAIC and the diverse manager marketplace. He described how NAIC is the oldest and largest organization in the diverse asset manager marketplace. He shared that NAIC prides itself on the fact that "diversity has an enormous impact on the way people think, make investments, and generate returns." Greene stated that NAIC's membership consists of 165 firms who together manage over \$275 billion in assets across the alternative asset class. He noted the tremendous growth in membership and AUM, sharing that just three years ago NAIC had 55 member firms with \$150 billion in total AUM.

Greene discussed how the diverse marketplace is growing and diverse managers are raising large funds. He described how NAIC member firms invest across every industry group and segment of alternatives, either as generalists or specialists. Greene covered the high volume of deals executed by NAIC members. He said NAIC has been actively chronicling the deals of its members and deals are being announced daily.

Greene then described NAIC's membership by asset class. He said the largest category of membership is buyout fund managers, noting that limited partners have been most active in that space. Greene mentioned NAIC has 10 fund of funds members and 16 or 17 hedge fund members, which represents NAIC's exposure to public markets. He then spoke about how the venture capital and growth and expansion categories have significantly grown in recent years. Greene shared that it has been a priority to expand in venture capital and growth equity, because many general partners in those segments are focused on making capital available to diverse, African-American, Latinx, and women founders. He also noted the real estate category of membership has grown from two to 15 firms over the last couple of years.

Greene then spoke about the large and growing universe of diverse managers with track records and performance that is not only competitive with the marketplace but in many cases is outperforming the marketplace. Greene described how diverse managers are talented and experienced investment professionals who have apprenticed at the best firms and chosen to take a bet on themselves to create their own firms. He shared how it takes diverse managers two years to raise a fund versus the one-year industry average. Greene said that is why NAIC's primary focus is increasing access to capital, emphasizing, "there is an inextricable link between our firms and well-known firms." He continued, "If you like the firms that are household names, there is an enormous opportunity to invest with diverse managers that came from them."

Greene went on to discuss diverse manager studies, noting the importance of underpinning views on diverse manager outperformance with documented research. He mentioned the biennial *Examining the Returns* report, which NAIC produces in collaboration with Aon and KPMG and is the only bottoms-up review of the performance of diverse managers. 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. 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 one sets outperformance as a goal, they could expect to exceed the overall market by investing with diverse managers.

Greene touched on the high volume of recent NAIC member deal activity, stating “managers are raising funds and putting money to work with lots of exits.” 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 “the largest checks to diverse managers have been made by the public pension plans who have found that diverse managers contribute in a significant way to their investment portfolios.”

Greene then spoke about the level of oversubscription within recent diverse-led fund offerings. He shared 34 diverse-owned firms have raised 61 oversubscribed funds since 2015. Greene said oversubscription is one of the best indicators regarding expectations for outperformance. He noted how the funds of some firms, such as Vistria and One Rock, have all been oversubscribed and how Clearlake, Siris, and Vista perennially appear on the chart of oversubscribed funds. Greene added, “It is extraordinary and impressive that a broad array of firms has raised oversubscribed funds.”

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. He said the NAIC Institutional Investor Roadshows and the annual LP Meetup are examples of programs to increase access to capital. He said, “If you like roadshows, you will love the LP Meetup.” Greene described how NAIC curates hundreds of meetings among capital allocators and member firms across virtual meeting rooms during the LP Meetup event.

Greene explained how NAIC delivers market education and mentioned E.N.G.A.G.E. (Educating the Next Generation of Allocators on the Growth of Emerging and Diverse Managers), an educational workshop series designed to educate and expose institutional investors and trustees to the merits, best practices, and investment strategies for successful investing in small, emerging, and diverse managers. He also discussed the performance studies he mentioned earlier and IntelligentNAIC, the data aggregation resource used to showcase NAIC member firm demographics and analytics in aggregate form. Greene invited the audience to view the 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 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 create the best prepared general partners and guide experienced investors as they raise their first or second institutional funds. He described how NexGen has trained hundreds of aspiring partners, providing them with content that general partner groups NAIC has surveyed shared they wish they knew prior to fundraising.

Greene then discussed how NAIC is focused on the advancement of women in alternatives. He described how the 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 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 then touched on the U.S. map, which visually depicts the locations of the NAIC Institutional Roadshow participants since 2014. He said NAIC has met with over 157 capital allocators managing over \$13 trillion dollars in the aggregate across 26 states. Greene quickly displayed the list of past capital allocator roadshow participants.

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.

Following his presentation, Greene invited questions from the NAIC members. The first question was from Rami Reyes of NextEquity Partners. He asked Chris Rowe of CPG how he sees his overallocation to private equity and venture capital playing out. Rowe said rebalancing will affect the relative allocations. He added, “Everyone is ‘re-upping’ with the same managers over and over again, and what is required is assessing the pipeline of existing managers and evaluating newer managers to replace them.”

Gayatri Sarkar from Advaita Capital asked the capital allocators how they were thinking about the pacing of deployments. Evan Wang of RCM said that his team needs to understand the manager’s intentions regarding pacing and wants to see deployment consistent with their plans. Gualberto Rodriguez of Semillero Partners asked, “What are you not finding enough of in the set options you wish you had from diverse managers?” Candice Dial of RCM said they were not finding diverse ownership and elaborated saying they see more diverse portfolio managers and fewer diverse-owned firms.

Greene asked the allocators what drives their convictions. Chris Rowe of CPG provided an example. He said he and his team will think about the implications of climate change on opportunities and risks and consider whether a manager has a view on the theme and an opportunity to invest in the theme. He added that CPG considers diversity as a driver of conviction. Barry Wintner of RCM said he agreed with Rowe’s points and added that his team wants to see that the manager is bringing something unique. He said they also evaluate the stage of the firm, the impact they are having, and how they fit within the whole platform. Evan Wang of RCM said he also evaluates how managers help portfolio companies during periods of higher volatility.

Evan Melrose of Spindletop Capital asked what types of ESG policies the allocators look for from their growth equity managers. Candice Dial of RCM said she and her team members evaluate how ESG touches everything a manager does, for example, how it impacts the investment policy, KPIs, and the industries a manager considers. She added that it is important to see ESG integrated across the investment process and firm, including human capital, recruiting, and board diversification, and the ESG function reporting to the most senior management levels. Dial added RCM tries to get diversity profiles at the firm and strategy levels.

Greene then thanked everyone for their questions and answers. Kristen Emery then provided instructions for the one-on-one meetings. She referred everyone to their personalized schedules for the 15-minute private sessions and provided technical instructions. Greene asked that everyone be on time for the meetings. He then thanked the teams from Rockefeller Capital Management and Church Pension Group for their participation and closed the first half of the event.