



**The Largest Network of Diverse-Owned  
Alternative Investment Firms**

1300 Pennsylvania Avenue, NW, Suite 700  
Washington, DC 20004

## **MEMORANDUM**

**To:** NAIC Members

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

**Date:** December 21, 2022

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

On December 15, 2022, NAIC held its tenth and final NAIC 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 600 limited partner member institutions representing more than \$2 trillion of private equity assets under management (AUM). Six ILPA members participated in the event: **Investure, Los Angeles County Employees Retirement Association (LACERA), Maryland State Retirement System, UAW Retiree Medical Benefits Trust, University of Michigan, and Williams College**. The roadshow was NAIC's first with Investure, University of Michigan, and Williams College and the fourth NAIC Institutional Investor Roadshow hosted by ILPA.

### **Institutional Limited Partners Association**

**Jennifer Choi**, CEO – [jchoi@ilpa.org](mailto:jchoi@ilpa.org)

**Megan Goodman**, Director of Strategic Communications – [mgoodman@ilpa.org](mailto:mgoodman@ilpa.org)

**Benjamin Holt**, Research Associate – [bholt@ilpa.org](mailto:bholt@ilpa.org)

### **Participating Allocators**

#### **Investure**

**Kyle Pope**, Investment Analyst – [kpope@investure.com](mailto:kpope@investure.com)

#### **Los Angeles County Employees Retirement Association (LACERA)**

**David Simpson**, Investment Officer – [dsimpson@lacera.com](mailto:dsimpson@lacera.com)

#### **Maryland State Retirement System**

**Dana Johns**, Senior Portfolio Manager – [djohns@sra.state.md.us](mailto:djohns@sra.state.md.us)

**Michael Klos**, Investment Associate – [mklos@sra.state.md.us](mailto:mklos@sra.state.md.us)

#### **UAW Retiree Medical Benefits Trust**

**Hershel Harper**, CIO

**Emily Bertsche Murto**, Director, Private Equity – [emurto@rhac.com](mailto:emurto@rhac.com)

#### **University of Michigan**

**Allie Levine**, Senior Investment Associate – [alliemi@umich.edu](mailto:alliemi@umich.edu)

**C. Ndu Ozor**, Senior Investment Manager – cnozor@umich.edu

#### **Williams College**

**Ricardo Torres-Garzon**, Investment Analyst – Ricardo.Torres@williams.edu

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The 30 NAIC member firms and their 43 respective representatives selected to participate in the event included: **Albor Ventures**, Diego Molano and Charlie Booth; **Argand Partners**, Kay Blackwell; **Author Capital Partners**, Nick Brand and Duane Jackson; **Avestria Ventures**, Linda Greub and Tracy Dooley; **Bay Street Capital Holdings**, William Huston and Jackie Nguyen; **Brasa Capital Management**, Alexis Lewis; **Clearlake Capital**, Marcelia Freeman; **D4IR**, Tom Soto; **Development Partners International**, Joanne Yoo and Ashley Lewis; **DigitalDx Ventures**, Michele Colucci and Melody Po; **East Chop Capital**, Leonard Allen-Smith and Carrington Carter; **GPI Capital**, Khai Ha; **Human + Machine Rise Ventures**, Diegane Dione; **L2 Point**, Kerstin Dittmar and Danielle Beyer; **Latimer Ventures**, Alana Mann; **Leeds Illuminate Advisors**, Kara McCrossan; **Lumos Capital Group**, James Tieng; **Nile Capital Group**, Stephanie Neruda; **Open Web Collective**, Ronit Klein and Jeff Lavoie; **Pharos Capital Group**, Bob Crants; **Recognize**, Debbie Munfa; **Sagard**, Johnita Mizelle; **Semillero Partners**, Alex Borschow; **Spindletop Capital**, Evan Melrose, MD; **True Equity Growth**, Dehdan Miller and Hugh O'Donnell; **Tuatara Capital**, Al Foreman and Christie Kinney; **Ulu Ventures**, Nancy Torres and Steve Reale; **VamosVentures**, Valeria Martinez; **Visible Hands VC**, Yasmin Ferrine and Daniel Acheampong; and **Visionario Venture Capital**, Keith Levy.

Bob Greene, NAIC's President & CEO, began the meeting introducing himself and welcoming everyone to the NAIC Institutional Investor Roadshow co-hosted by ILPA. He noted it was the tenth roadshow of the year. He shared that NAIC and ILPA have had a strategic alliance for close to three years and that NAIC appreciates the partnership and the important role ILPA plays in the space providing connectivity and awareness. He then thanked Jenn Choi for her work and curating a great list of allocators to participate in the roadshow: Investure, Los Angeles County Employees Retirement Association (LACERA), Maryland State Retirement System, UAW Retiree Medical Benefits Trust, University of Michigan, and Williams College.

Greene then thanked the NAIC team for their hard work: Carmen Ortiz-McGhee, COO; Kristen Perlman, Director of Marketing and Communications; Marissa Mahoney, Director of Partnerships and Alliances, Nia White, Capital Access Advisor; the team from Fruition Media; and Alan Hughes, Chief Content Officer. Greene also acknowledged the NAIC MBA Fellows participating in the event, who work with NAIC over a ten-month period.

Before turning to Jenn Choi to provide host remarks, Greene congratulated her for becoming the CEO of ILPA. Choi thanked Greene and agreed the partnership had been in place for over two years. She thanked Ben Holt, Research Associate, and Megan Goodman, Director of Strategic Communications, for their contributions. She said it has been great to bring NAIC and ILPA members together across the time

NAIC and ILPA have been working together. Choi described that ILPA has a membership of over 600 limited partner institutions. She said ILPA was established 20 years ago and has grown into a global organization. She said the focus of ILPA is to empower members as individual investment professionals in their organizations to maximize their performance as limited partners and that it has been wonderful to partner with NAIC to work towards making the industry more diverse over time.

Choi shared it has been a big year on both the ESG and DEI fronts. ILPA has stepped into the role of Secretariat for the ESG Data Convergence Initiative ([www.esgdc.org](http://www.esgdc.org)), which provides industry benchmarking for ESG metrics for the private equity industry to create useful, comparable data. She said that 200 limited partner institutions have agreed on a minimum set of ESG metrics and how to capture and benchmark data. Choi then described the Diversity in Action Initiative, which ILPA launched in 2020 and has grown six-fold since then to 207 organizations. Choi said they have hosted several Diversity in Action virtual roundtables and held the first in-person roundtable in November around the ILPA Summit in New York City. She said that ILPA would be issuing its DEI Progress Report that week.

Choi then touched on other opportunities to connect. She described how the ILPA Summit in New York was the first in-person summit since 2019 and a “smashing success.” Choi said the first-ever London ILPA Summit would be held in April 2023 and that spaces were filling up. She spoke about how ILPA provides a concierge service during the ILPA Summits to match LPs and GPs based on mutual interest. Choi mentioned ILPA is looking for emerging managers for the London event and that the deadline is February 1, 2023. She also encouraged ILPA members to review the Institute calendar with 54 courses ILPA offers in 14 countries. Choi said ILPA is focused on taking content where the LPs are located. Choi concluded that she was excited to be participating and wished everyone productive and fruitful conversations.

Greene also thanked Goodman and Holt from the ILPA team and invited representatives from each participating allocator to introduce themselves and their organizations. Kyle Pope, Investment Analyst, introduced Investure and said he recently joined the firm following his graduation from Morehouse College. He said Investure is looking to add more diverse managers to the pipeline and is seeking more education on DEI strategies.

David Simpson, Investment Officer, spoke on behalf of the Los Angeles County Employees Retirement Association (LACERA). He thanked ILPA and NAIC for hosting the roadshow. Simpson described that LACERA manages \$70 billion and has a 17% target allocation for private equity. He said DEI is an integral focus for new and existing managers, and that the plan has an emerging manager mandate to invest in fund three or lower fund generations with size constraints.

Dana Johns, Senior Portfolio Manager of Maryland State Retirement System, introduced the plan, which she said has \$64 billion in plan assets. She said Maryland Retirement has a long history of investing in diverse and emerging managers, via the Terra Maria program on public equity side and directly with fund managers on the private side. She said the roadshow included a good list of managers, who she looked forward to meeting.

Hershel Harper, CIO of UAW Retiree Medical Benefits Trust, spoke on behalf of the trust. He said UAW has about \$60 billion in assets and is always looking for talented diverse and emerging managers. He also introduced Emily Bertsche Murto, Director of Private Equity. Allie Levine, Senior Investment Associate from the University of Michigan, spoke on behalf of the endowment. She said the plan has \$18 billion in assets and is active. She said she looks forward to working with NAIC in the future. Levine said

she primarily covers venture capital and private equity and introduced her colleague Ndu Ozor, Senior Investment Manager. Ricardo Torres-Garzon, Investment Analyst of Williams College, provided a brief introduction to the endowment. He said he is an alum of Williams College and shared that DEI and expanding the pipeline are key initiatives of the endowment office.

Greene began the NAIC presentation and said, “in addition to providing an opportunity for LPs and GPs to meet, a primary goal for the roadshow is to provide market education.” He continued, “there are a lot of LPs that are active with diverse managers, but there are still far too few,” and that it is NAIC’s work to expand the number of LPs investing with diverse managers. Greene then described how NAIC is a 51-year-old trade association with 187 member firms who together manage over \$310 billion in assets across the alternative asset class. He spoke about how NAIC members range in size from smaller firms with funds in formation to larger managers with tens of billions of dollars in assets.

Greene discussed about how NAIC members invest in every industry segment. He said NAIC members have invested in 940 portfolio companies globally, which generate \$177 billion in annual revenue. He noted an ILPA statistic that ILPA has grown its membership to over 600 institutions and 7,000 professionals across over 50 countries. Greene then 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.

Greene shared how NAIC’s membership has grown across every asset class from 65 members going into the pandemic to over 187 members today. He noted that NAIC’s digital conversion to adopt virtual programming has helped to drive that growth. Greene described how the largest category of membership has been buyout fund managers in recent years; however, the venture capital category with roughly 40 members has about the same number of members today. He discussed how venture investments have components to fundamentally address the wealth gap where diverse and women business members can build their companies and real wealth. He discussed the increasing number of members across growth and expansion, hedge funds, fund of funds, investment management, real estate, and private credit.

Greene then said he wanted to point out what is not so obvious about diverse managers, which is that they are managers who have gained significant investment experience at larger, more established firms. He emphasized how diverse managers should not be conflated with emerging managers. Greene then spoke about the 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 most principals of NAIC member firms come with decades of investment experience and from firms like The Carlyle Group, Goldman Sachs, Ripplewood, SAC, and Golden Gate. Greene emphasized, “it is really important for LPs to understand where the talent is and that there is as much talent in the diverse manager space.”

Greene continued discussing the documented outperformance of diverse managers. 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 produced over the last twenty years 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 you set outperformance as a goal, you could expect to exceed the overall market by investing with diverse managers.

Greene then touched on the voluminous NAIC member deal activity, stating “many know Clearlake and Vista, but we are also proud of Carrick, Mill Point, and FVLCRUM” as he pointed out their recent transactions in the press. He also highlighted the managers which have generated NAIC Homerun deals with MOICs above 4x, saying that he is not here to promote any one manager and that the deals speak for themselves.

Greene then spoke about the 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 “three of the major pension plans in the space are happy to talk about the outstanding performance they have had with diverse managers.” Greene highlighted the level of oversubscription within recent diverse-led fund offering. He stated 37 diverse-owned firms have raised 64 oversubscribed funds since 2015. Greene said oversubscription has baked within it outstanding returns, very strong teams, very insightful and effective strategies, and high LP conviction.”

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 detailed NAIC’s initiatives to increase access to capital, including the LP Meetup, where NAIC annually arranges over 300 meetings among 50 allocators and 70 NAIC member firms. He spoke about F.A.S.T., where he said each new member is introduced to an average of 25 allocators. Greene also discussed other initiatives including the NAIC Institutional Investor Roadshows, the NAIC *Managers in the Market* (MINT) Report, and the partnership with *Emerging Manager Monthly*.

He spoke about the second area of focus to deliver market education. He described ENGAGE (Educating the Next Generation of Allocators on the Growth of Emerging and Diverse Managers), an educational workshop series designed to educate and expose investment staff and trustees to the merits, best practices, and investment strategies for successful investing in small, emerging, and diverse managers. Greene also discussed the NAIC Membership Survey and the NAIC *Insights* series, monthly virtual conversations that provide timely and relevant insights into the strategies, investments, commitments, and investment plans of industry leaders and prominent investors across the country.

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 some of the NexGen participants completed the program and went on to establish their own firms and raise funds.

Greene then discussed how NAIC is focused on the advancement of women in alternatives. He described how the NAIC’s Women in Alternatives initiative involves a three-pronged strategy—*In, Up, and Beyond*—to help women enter the alternatives industry, advance in their careers, and expand beyond their firms as experienced alternative investment professionals. He shared how Women in Alternatives is NAIC’s largest programmatic investment. Greene also mentioned the NAIC Paradigm Changers internship program, which provides internships in the alternatives industry at NAIC and American Investment Council (AIC) member firms for undergraduate and graduate students, providing a path for

more women to enter the private equity industry. He also touched on the “in” component, where female mid-level professionals are mentored at a time when many are making critical career decisions, including the decision to leave the industry. Finally, he spoke about the “beyond” effort which supports women already at senior partnership levels within the alternatives industry to help 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 bring other female professionals into their firms.

Greene then described how the NAIC Institutional Roadshows have been taking place for over nine years and involved meetings with 158 capital allocators managing over \$13 trillion dollars in the aggregate across 26 states. He shared how the roadshows have helped NAIC members to raise approximately \$25 billion of capital for their funds. Greene commented that it was good to see Dana Johns from Maryland State Retirement System, who has hosted a roadshow and participated in two others, meeting with NAIC and its members about one out of every three years. He said, “that demonstrates the power and the value of the program that we have LPs returning to meet with members.”

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 the NAIC members to share their experiences and strategies to increase allocations to diverse managers with her team and NAIC. She said, “we need real world experience to support LPs on this journey.” Marcelia Freeman of Clearlake commented on the overall anxiety and stress in the market and asked the allocators how they are thinking about their allocations, and specifically, those for diverse managers, given many are small and nimble and can play the market differently. Dana Johns of Maryland State Retirement System said her team has spoken to a number of GPs on the call. She said the private equity portfolio is at 22% of the plan, which is overallocated above its 16% target. Johns said her team continues to allocate each vintage year but has had to reduce commitment sizes. She described how they have been “mainly been re-upping with current managers, which includes a lot of diverse managers.” Johns continued that there is challenging competition to be a core manager. Hershel Harper, CIO of UAW Retiree Medical Benefits Trust, said he thinks this market will be set up for many managers to generate excess returns. He said the trust is focused on smaller and mid-sized private equity firms and lending strategies to become a provider of capital. He said one area of big focus is expanding diverse manages in Real Estate.

Greene then thanked everyone for their time and attention and the ILPA team once again for their partnership. Chris Maeoka then provided the group with technical instructions to access the one-on-one meetings. She referred everyone to their schedules for the 15-minute sessions and asked that everyone join three minutes prior to their meetings. Maeoka wished everyone fruitful meetings, and then Greene reminded everyone be on time. Greene closed out the final roadshow of the year wishing everyone happy holidays.