

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

DIVERSIFYING OPPORTUNITY IN
VENTURE CAPITAL: HOW EMERGING
MANAGERS ARE MAKING ACCESS
TO CAPITAL MORE INCLUSIVE

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11 BAHIIYAH YASMEEN ROBINSON, VC Include
12 JESSICA PELTZ-ZATULOVE, Hannah Grey

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1 P R O C E E D I N G S

2 MS. MCKINNEY: So, I think we're live.
3 I guess, Nick, let me know if we're not, but I'll --
4 I'll go ahead and get started.

5 I'm Jessica McKinney for the SEC's
6 Office of the Advocate for Small Business Capital
7 Formation. We're really happy to have this
8 opportunity to virtually engage with all of you
9 watching today.

10 I'm going to thank you for taking the
11 time to register ahead of time via Eventbrite. We
12 received some really great questions that I look
13 forward to asking our panelists later in the
14 discussion today.

15 All right. So, before we get started
16 I want to go ahead and give the senior disclaimer
17 that covers everybody. When each of us is speaking
18 we're speaking as ourselves and not necessarily on
19 behalf of the organizations that we represent.
20 Including the SEC for myself and each of your firms
21 and other organizations. So, that should clear this
22 up to have a wonderfully clear conversation today.

23 So, over the last few months our
24 office has hosted a series of virtual panel
25 discussions exploring the role of emerging fund

1 managers and their investors lives in the venture
2 capital ecosystem. For our first event we heard
3 from the limited partner's perspective. Panelists
4 discussed why investors are looking to emerging
5 managers as an investment opportunity and how they
6 evaluate the risk associated with such an
7 investment. Our second event we heard from emerging
8 managers themselves about how they're challenging
9 traditional investment models and thinking about
10 creative new ways to raise and deploy capital within
11 the current regulatory framework.

12 So, hopefully you were able to catch
13 those live, but in case you missed them, video
14 archives of each event are posted on our website. I
15 believe the page you're watching us on right now is
16 [SEC.gov/virtualcoffee](https://www.sec.gov/virtualcoffee).

17 So, I'm excited to bring the
18 conversation forward today with our panelists as we
19 discuss how emerging managers and their investors
20 are bringing more diversity to venture capital from
21 investor to capital allocator to entrepreneur.

22 Any time we're talking about
23 diversity I think it's helpful to pause and share
24 exactly what we mean. For purposes of this
25 discussion we're thinking about diversity in a

1 fairly broad sense, diversity in terms of
2 demographics, race, ethnicity and gender,
3 background, investment approach and geography. With
4 that being said, I defer to our panelists to share
5 what diversity means to them as it comes up
6 throughout our conversation.

7 In addition to highlighting how
8 emerging managers are facilitating a more equitable
9 flow of capital through increased diversity, our
10 panelists will also consider how we can support
11 emerging managers and their investors through policy
12 changes, education, investment, et cetera.

13 So, with that being said, I'd like
14 for each of our panelists -- to thank each of our
15 panelists for joining us today for what I know will
16 be a truly insightful conversation. We really
17 appreciate you taking the time.

18 Instead of listening to me run
19 through your backgrounds, which isn't always the
20 most exciting, I think it would be more fun to hear
21 it from you directly. So, to get us started we can
22 go in order on my screen. We can start with you,
23 Stephen, and then over to Bahiyah and -- and then
24 Jessica.

25 I'd like for each of you to take a

1 minute or two to briefly introduce yourself, tell us
2 a little bit more about what you do, who you are and
3 your current role in the venture capital ecosystem.

4 So, I'll pass the virtual mic over to
5 you, Stephen.

6 MR. DeBERRY: Sure. Happy to kick it
7 off, Jessica. And thanks for having me.

8 My name is Stephen DeBerry. I run a
9 venture capital firm called Bronze Investments. I'm
10 based in California in the San Francisco Bay area
11 and what we invest for is social impact. More
12 specifically, we invest in against what we call our
13 Eastside Investment Thesis. So, we're looking at
14 areas of deep structural, historical disparity and
15 building from observation and fact that most of this
16 country's history has been one of segregation. And
17 so, the ideology, the decision-making, the
18 structures, the -- the processes that fall out of
19 that are really artifacts that have added to them a
20 mode of thinking that we've legally departed from
21 that we're still trying to, you know, move away from
22 socially and -- and in all practical matters.

23 So, we look at those disparities and
24 we try to move that to prosperity through our
25 investments. There -- there are a subset of those

1 disparities that can be moved towards prosperity
2 profitably. You can actually make money by making
3 things better for everyone. So, that's our field of
4 play. So, we invest in education, health, financial
5 services and -- and many other categories where we
6 can achieve those.

7 And so, excited to be here. Thank
8 you for having me and -- and looking forward to the
9 discussion.

10 MS. MCKINNEY: Thank you, Stephen.
11 Bahiyah.

12 MS. ROBINSON: Hi, everyone. And
13 thanks so much to the SEC. I really -- I really
14 appreciate looking at opportunities from a number of
15 different lenses from the LP side to the manager
16 side.

17 I'm Bahiyah Yasmeeen Robinson. I am
18 founding partner of the Include franchise which
19 started with VC Include. We have three prongs to
20 our franchise. One is our advisory platform which
21 started in 2018, aggregated best-in-class women and
22 diverse-lead managers in the venture capital and
23 impact space.

24 My quick background is that I was an
25 impact investor really focused on frontier markets

1 in Africa. And then, realized in 2014 that a lot of
2 the ecosystem building and -- and the infrastructure
3 that we were building in Africa actually did not
4 exist in my -- in my country and wanted to make sure
5 that there was bridge building here and ecosystem
6 building. So, I started working with historically
7 underrepresented founders. Typically, black women
8 that look like me.

9 I realized in -- in 2017 after
10 deciding not to go into a fund as a GP that my -- my
11 special skill is to build bridges. And I started
12 the first platform -- advisory platform to, again,
13 aggregate best-in-class managers. And because no
14 one was in the space, I mean, we got an avalanche of
15 fund one, fund two and fund three managers. So,
16 very, you know, proud of -- of being that ecosystem
17 builder.

18 And now, kind of feeling like -- not
19 even feeling, but -- but recognizing that we're an
20 ecosystem of ecosystem builders, we have a -- now an
21 emerging manager program focused on Black, Latin,
22 Mexican indigenous and LGBTQIA+ managers. Right
23 now, fund one managers. So, it's the first emerging
24 manager program focused on BIPOC fund managers and
25 across venture and impact investing. And also, an

1 asset manager firm to be one of the first black
2 women to be an asset allocator and a wealth owner
3 and first generation, you know, asset -- asset
4 manager allocator and wealth generator.

5 So, I'm really, again, proud and
6 honored to -- to be here with you all and happy to
7 share any insights that I've learned over these five
8 plus years of -- of this journey.

9 MS. MCKINNEY: Okay, thank you.

10 Jessica.

11 MS. PELTZ: My turn. Hi, everybody.

12 And thank you, Jessica, and the SEC for having us.

13 My name is Jessica Peltz-Zatulove.
14 I'm the founding partner of Hannah Grey. We are a
15 first check fund focusing on all early stage
16 founders. Really, reimagining everyday experiences
17 to improve work and life. So, primarily looking at
18 themes that make products and services and
19 opportunities just more accessible, more convenient
20 and also more inclusive. And so, really we explore
21 themes across Fintech, education, wellness,
22 commerce, consumer and future growth work.

23 My past life as I spent the first
24 decade of my career on the customer side, I was
25 managing the media strategy for our product Fortune

1 500 brands, Verizon, H&M, Gucci, Fox, and just fell
2 in love with working with emerging technology back
3 in 2009 to '12.

4 So, that really got me interested in
5 working with start-ups. And as a non-technical
6 female very quickly recognized my super power was
7 helping start-ups get their first customers and
8 learn how to commercialize their business through
9 pricing, through content strategy, media strategy,
10 strategic partnerships, community building. Went to
11 a corporate VC for six years. And then, left to
12 start Hannah Grey with my partner Kate Beardsley
13 last fall.

14 Separately I also co-founded Women in
15 VC in 2015 which we've grown into the world's
16 largest community for women investors. We now have
17 over 3,500 women across more than 2,000 venture
18 firms in over 180 cities and 60 countries. So, it's
19 really become the central infrastructure to help
20 women around the world better connect, collaborate,
21 create opportunities because what we really
22 recognize is that it's -- it's -- it's not enough to
23 get more women in venture, which is, of course,
24 important, but we also have to create a sense of
25 community to keep the women we have in venture. And

1 so, part of that comes through resources,
2 connections, confidence and just really feeling like
3 you have that sense of belonging.

4 So, thrilled to be here. Obviously a
5 huge champion of seeing and, in particular, helping
6 more women raise bigger funds faster. So, looking
7 forward to this conversation.

8 MS. MCKINNEY: That sounds great.
9 Thank you, Jessica.

10 And so, I loved hearing your
11 backgrounds and hearing how each of you are
12 contributing to a more inclusive capital raising
13 ecosystem. We can really see how that's done
14 through direct investments, through community
15 building, education, mentorship and advocacy. It's
16 all so important. Thank you.

17 One thing we all see here is that if
18 we want to keep -- maintain the current level of,
19 sort of, the venture-backed innovation and job
20 innovation, more investment dollars need to flow
21 into new markets and communities. Particularly
22 those that have been historically overlooked by
23 traditional venture capital.

24 Now, Bahiyah, given your work with VC
25 Include, really at the intersection of investor,

1 fund manager and entrepreneur, could you talk to us
2 a little bit more about how emerging managers and
3 their investors can help bridge networks and bring
4 new innovations to market.

5 MS. ROBINSON: Absolutely.

6 I mean, I think it's two words and
7 they have to go together. One is ecosystem and the
8 other is investment. I've seen across the value
9 chain for the last 10, 15 years that sometimes when
10 you -- when you focus solely on ecosystem without
11 the investment piece, you end up -- what has
12 happened, kind of now, is that you have these
13 amazing ideas, these amazing, you know, founders
14 and -- and -- and innovators and business builders,
15 but there's no supply chain and access to capital
16 which is really what's the -- the -- the precipice
17 for me building the -- the advisory platform because
18 our mission is to amplify and accelerate investment
19 into historically underrepresented fund managers and
20 founders at scale.

21 And so, the scale piece requires that
22 community piece, but also that investment piece
23 to -- to compliment the ecosystem building. And so,
24 you know, we see it kind of, you know, in every city
25 across the nation again and again. I was just in

1 Miami and Atlanta, you know, holding our -- our
2 annual ecosystem dinners with founders, investors,
3 kind of, you know, asset allocators and on up trying
4 to make sure that the -- both the conversation and
5 the opportunity set is very clear and that
6 there's -- we are providing that kind of hub
7 network, that spoke. Making sure that Miami knows
8 what, you know, Atlanta is doing, knows what Detroit
9 is doing, knows what D.C. is doing. And so that
10 we're able to not just, again, sort of, drive the
11 community aspect, but also the investment aspect.

12 I mean, we're still at this, you
13 know, less than two percent or around two percent of
14 women receive venture capital. It goes up from 2.2
15 to 2.6 down to two point -- I mean, two percent, you
16 know. We're still at the 1.3 or so percent of asset
17 managers are women or people of color. So, we need
18 to really think about, you know, driving innovation
19 at scale in the U.S. if we are going to be
20 competitive globally making sure that we're really
21 harnessing and investing in our best talent. And
22 our best talent looks like the folks that are on
23 this call, right.

24 And that's where we want to make sure
25 that -- that the opportunity set is very clear and

1 the value proposition can be translator --
2 translated to investors that know that diverse
3 teams, diverse founders and diverse fund managers
4 outperform the market.

5 MS. PELTZ: And this is -- if I can
6 just jump in quick.

7 I think you -- you said that so
8 eloquently, but -- but it's also why this
9 conversation is so important is because there's been
10 a lot of attention and a lot of initiatives on the
11 founder level. And -- and that is absolutely
12 important. Nobody is saying it's not, but until we
13 go farther upstream to the fund manager level and
14 change the face and the composition of the
15 allocators of people controlling the capital, that
16 is a more scalable way to get the products and
17 services and entrepreneurs funded downstream.

18 So, having forums like this to talk
19 about just the urgency to have as much attention and
20 awareness and necessity to back women and BIPOC
21 managers is, it's just, that's how we're going to
22 get that two percent to 20 percent.

23 MS. ROBINSON: Absolutely. Couldn't
24 agree more.

25 MS. PELTZ: Oh, Jessica --

1 MS. ROBINSON: You're muted. You're
2 on mute, Jessica.

3 Nope, still on mute.

4 MS. MCKINNEY: There we go. It
5 happens on virtual.

6 Thank you both. I think that's
7 really well said and that's something that's been
8 echoed through -- through this series of events is
9 really just that importance of -- of network and
10 building that network brings investment
11 opportunities. It brings education, exposure to new
12 ideas. It's really helpful to talk about. So,
13 thank you.

14 I think this is a great time to kind
15 of pause too as -- as we -- before we dig a little
16 bit deeper and think about, who is an emerging
17 manager. This series of events has been built
18 around this and throughout the series we've heard,
19 sort of, different interpretations of emerging
20 manager and how it can be empowering and how it can
21 also be limiting in the eyes of certain investors.

22 So, I'd love -- Jessica, I know given
23 your work, as you said, with VC Include, the report
24 from the Untapped Potential of Women-Lead Funds and
25 really at Hannah Grey as ventures are often labeled

1 as an emerging manager, you're all too familiar.
2 You -- tell us a little bit about what comes to mind
3 when -- when you're talking about an emerging
4 manager.

5 MS. PELTZ: Yeah, absolutely.

6 So, last fall we published a report
7 through Women in VC about the untapped potential of
8 women-lead firms. And just to clarify for context,
9 everybody is going to have a different view of what
10 is an emerging manager. We hear defining it as
11 managers that are typically on fund one, two or
12 three. So, really when you're still building your
13 track record, you're still vulnerable, you haven't
14 quite hit the franchise yet. And, typically, those
15 under \$100 million.

16 So, what the research showed us,
17 just, like, painted this really fascinating and --
18 and just this opportunity that is both urgent and
19 really exciting. Because what we saw is that
20 90 percent of women-lead offices are emerging
21 managers which means that those 73 percent of
22 women-lead firms were formed in the last five years.
23 And so, there's a lot of interesting just, like,
24 forcing function that -- that's causing that spike,
25 but what it also tells us is that, number one, this

1 is a really exciting opportunity to get in on the
2 ground floor of these franchisees of this decade.

3 66 percent of these women-lead firms
4 are either raising their first fund which means,
5 they're -- they're trying to get in business or
6 they're on fund one, meaning, they're probably going
7 to be raising fund two in the next 12 to 24 months.
8 So, that's the exciting part of the opportunity.

9 The urgent part of the opportunity
10 is, we're in a really weird fundraising cycle right
11 now. We have been fundraising virtually. And so,
12 if these franchisees aren't able to hit their
13 targets to get in business or to raise a fund two
14 because capital's getting deployed really quickly
15 and they don't necessarily have the market when
16 you're only in business for two to three years to
17 tell those who exit, we could lose all that progress
18 that we've made over the past five years. So,
19 that's -- that's why there's, like, this tension
20 happening in the market right now of, like, these
21 really exciting franchisees that are getting in
22 business, but with the urgency of needing to make
23 sure that they're set up for success and have their
24 capital function.

25 So, these are women that a lot of

1 them are -- are spinouts, which is really exciting,
2 but we're also seeing women that are former
3 operators, that are former -- that have
4 nontraditional backgrounds. So, that -- that
5 typically can pull together 25, 50, 100 paychecks
6 which will unlock the meaningful dollars to build a
7 franchise that are passed down from institutions
8 that wrote the checks that tend to go more the
9 spinout route.

10 So, there needs to be this
11 conversation around how do we unlock the capital out
12 of this multi-trillion dollar industry to be helping
13 to set some of those managers up for success in the
14 next five, ten years to capture that opportunity and
15 make sure that they can see the world and invest in
16 the companies and the products and opportunities
17 that they want. Because it's -- it's very different
18 being a founding partner of a firm and hanging your
19 own shingle as opposed to being a partner at an
20 existing firm. And that's -- that's -- that's a
21 huge disparity for a lot of different reasons we can
22 go into, but -- but that's why I just think it's so
23 important to really stress this exciting opportunity
24 with the urgency to be addressing this theme.

25 MS. MCKINNEY: And I'd love to just

1 ask too if anyone has thoughts on why maybe more
2 women and those in the historically underrepresented
3 group are turning to venture capital and opening
4 their own funds or go the VC route or taking that
5 jump because it's a scary one. And, as we've
6 heard, it's a -- a huge financial commitment,
7 personal time commitment. What are -- yeah. If
8 anyone has thoughts on why we're seeing this
9 increasing number right now.

10 MS. PELTZ: Stephen, why don't you
11 start.

12 MS. ROBINSON: I'm waiting for
13 Stephen, yeah. I'm waiting -- Stephen, I mean,
14 you're -- you're, you know, the sole GP fund -- fund
15 two, right, I mean?

16 MR. DeBERRY: I do, yeah.

17 MS. ROBINSON: Do you have a --

18 MR. DeBERRY: Well, I think there --
19 I think there are multiple things happening. One,
20 the market's loosening up. And so, there's a play.
21 I mean, when I started in the business a long time
22 ago, I didn't have any of this gray hair you see on
23 my face. I was an all right looking guy, you know.
24 Now, I'm like an old grizzled veteran. And most of
25 this gray hair has been from trying to wedge my way

1 into the industry.

2 When I started -- this is -- this is
3 not hyperbole. When I started you could not fill
4 one hand worth of fingers counting black venture
5 capitalists in Silicon Valley literally. I -- I
6 knew them all. And I wasn't a pincher investor. I
7 was -- I was a -- a business development person, but
8 I would follow these guys and 100 percent of them
9 were guys. There was one woman and I didn't have a
10 relationship with her at that time. And I would
11 follow them around and just try to sit at the table
12 and learn from them, you know.

13 And so, I would say venture as an
14 industry is in a lot of ways like the NFL or
15 something like that. I mean, there are just so few
16 slots it's hard to get in. And then when you layer
17 on all of the friction that comes with being a
18 person of color or being a woman or a member of
19 LGBTQIA+ or what have you, the chance of -- of
20 earning lot is vanishingly small.

21 And so, you know, it -- one of the
22 things that I really appreciate about the work that
23 Jessica and Bahiyah are doing is that they are
24 opening the aperture. They're -- they're widening
25 the gate so that young folks who are -- you know,

1 who have the insight to -- who have an angle on the
2 market actually have a path to express that. And --
3 and that's new and that's exciting. So, I -- I
4 think, you know, part of the reason is -- that we're
5 seeing this growth is because people can see the
6 light at the end of the tunnel in ways that, you
7 know, was not obvious in the past.

8 I have to say, I think there's
9 another dynamic here, which is that, I don't know
10 that most people fully appreciate how hard venture
11 is as a business. I think it seems way more
12 glamorous than it is.

13 MS. ROBINSON: Oh, my gosh, yeah.

14 MR. DeBERRY: You know, I think
15 reality -- and, you know, I'll stick with the --
16 the -- the football metaphor, you know. Most folks,
17 you know, who are not die hard fans maybe watch the
18 Super Bowl. They're not there watching in the off
19 season when you're in the weight room. They're not
20 there when you're getting injections or, you know,
21 in the training room and, you know, all the hurt.

22 MS. ROBINSON: Yes.

23 MR. DeBERRY: It is really hard to
24 build a great company of any kind. And to invest
25 specifically in great companies is -- I mean, it

1 is -- the odds are -- are -- are radically stacked
2 against you.

3 And so, I -- I also think, you know,
4 it's a little bit of ying and yang. We have all
5 this great progress, the aperture is widening, but I
6 do wonder if there -- you know, there -- there may
7 be a reckoning because I think a lot of folks might
8 not fully appreciate what they're getting into.
9 It's not as glamorous as I think a lot of folks
10 might imagine.

11 MS. PELTZ: I think you are spot on.
12 I think you are spot on. And I -- I agree that
13 venture has been glamorized a little bit. And don't
14 get me wrong, it's really fun to write checks and to
15 deploy, but it -- there's a -- there's a huge
16 difference between being a deal jockey just
17 investing and being a fund manager.

18 And I -- I love your analogy with the
19 off season 'cause it's -- it's true. I mean,
20 writing checks is one piece of the job, but we're
21 founders. We're founders also running a business
22 and building a firm and that comes from fundraising
23 and LP -- LP management, supporting founders and
24 doing your audits and thinking about portfolio
25 construction and selling off secondaries and when do

1 you divest and how do you match that up with gains
2 and losses for taxes with when are you going to
3 get -- like, there's -- there's a lot of strategy.

4 I mean, Kate, my partner, and I,
5 we -- we talk about it like a chessboard. Like,
6 we -- we love that part of venture when you're in
7 years four, five, six, seven to think about, how do
8 you recycle and -- and how do you match the gains
9 and losses to move the chess pieces you need to to
10 connect with your teams, but that unsexy part of
11 venture is not talked about that much.

12 And so, I -- I think there -- there
13 are a lot of emerging managers now that like to do
14 deals, but you have to have a deep appreciation for
15 permanence that comes with being a fiduciary. So, I
16 think that's also something that LPs need to think
17 about is, like, will this person be around to give
18 me my K-1s in eight years.

19 MS. ROBINSON: Right.

20 MS. PELTZ: Or in ten years. So,
21 just education on that space too.

22 MS. ROBINSON: I want to jump in.

23 MS. MCKINNEY: Go ahead.

24 MS. ROBINSON: So many things to --
25 to say here. Thanks.

1 The reason why, you know, include
2 kind of grew into this franchise as three prongs is
3 because the emerging manager program piece is so
4 important. I think there is a lot of, to everyone's
5 point, kind of myth busting about not just what it
6 takes from the fundraising side, but how do you
7 actually build an institutional rate asset
8 management firm. That's different from being a
9 retail investor who's investing all these great
10 companies.

11 And I think it's totally fine for --
12 and -- and it should be a driver and it is a driver
13 in this kind of, you know, highly liquid, you know,
14 stock market has climbed up. Folks that have been
15 able to have the privilege of, you know, seeing a
16 lot of capital gains can now be the investors. I
17 mean, all of that is so exciting. That doesn't
18 necessarily mean, right, that you really want to
19 start a fund.

20 And I think, you know, to the point
21 of -- of that, we do want to make sure that we are,
22 you know, both supporting and educating the next
23 generations, not just fund ones, but we want the
24 fund ones that are women and -- and BIPOC-lead to be
25 a fund two, three, four, five, six because that's

1 where that institutional rate franchise, you know,
2 starts to grow. And, you know, if we have 1,100 or
3 1,200 funds in this universe, that it's not, you
4 know, 50 or 75 are run by women or people of color.

5 Again, my -- my math might be off,
6 but it is that kind of scale. Like, how can we be,
7 you know, 20, 30, 40 -- I mean, women are half of
8 the population, 50 percent of -- of this pool, but
9 the -- what it gets -- what it takes to get there I
10 think, you know, we -- and I say we, I mean, myself
11 both being, you know, a person from -- from an
12 underserved, underrepresented, undervalued community
13 and a woman, we haven't been part of this education.
14 We haven't been part of or included in or, you know,
15 quite frankly, been excluded from the last several
16 generations of fund and firm building. And so, we
17 don't understand, you know, as a -- as communities
18 that -- what it takes.

19 And I think that's part of both the
20 track record and the pattern matching piece that
21 becomes hard at the top of the chain because it's
22 like, Well, we don't understand kind of where
23 you're -- you're coming from. And this is a -- a
24 market making opportunity. Because as we're
25 continuing to, you know, to -- to -- to educate

1 ourselves and each other around what it takes to
2 build and -- and double down on building
3 institutional grade asset management firms, we're
4 able to see that scale.

5 Last thing I'll say, because there's
6 a lot of different points that everyone made, your
7 original question about emerging managers I think is
8 an important one. And there's a lot of historical
9 context to the term emerging manager which started
10 really in the pension world maybe 30 or so years ago
11 which really was about -- originally around, you
12 know, diversification and making sure there's more
13 diverse teams. And that emerging for certain states
14 that couldn't say diversity or couldn't say women,
15 right, politically and policy-wise. Just, I mean,
16 even the State of California Prop 209, you can't say
17 black, brown or, you know -- you know, Latinx and
18 African American or African diasporan. This was a
19 way, you know -- and I think the original intention,
20 I wasn't there when they said this, but from what
21 all of our -- our data collection and -- and
22 history, kind of, aggregation it was really about,
23 you know, opening that aperture at that time.

24 But again, there was no real
25 education. There was no real opportunity to really

1 build those firms. So, you know, the government did
2 things like the Mezbeth program for, like, black,
3 you know, fund managers, but, you know,
4 externalities kind of took that off line a bit.
5 There's a couple of firms and -- and -- and GPs that
6 have lived to tell those tails, but it was like two
7 or three maybe tops.

8 And so, what ended up happening is
9 because of the -- the pensions couldn't find diverse
10 talent in their emerging manager programs, they just
11 opened up it to funds ones, twos and threes which
12 again, happened to be historically, you know, white
13 male lead. And so, it was one of those, depending
14 on the state, depending on kind of how you look at
15 it, that was by design or not, this is, like, our
16 next wave of opportunity.

17 And again, we are kind of hitting
18 that. We're hitting climate change. You know,
19 we're hitting these things that, you know, if we
20 don't solve for this and if some of the dry powder
21 which just means, you know, capital sitting around.
22 That's what dry powder is for those who don't know
23 that term. That's not being put to work. That's
24 really just, like, in a donor by fund or in a -- you
25 know, a savings fund. If that's not being put to

1 work and investing in our communities now and in an
2 inclusive way, I mean, we're shooting ourselves in
3 the foot long-term. I mean, that's just the facts,
4 right. Because we are, you know, a very diverse
5 country and, you know, 30, 40 percent of us are --
6 you know, are not white guys.

7 So, we -- we have to -- we have to
8 kind of look at some of those stats and -- and I
9 think make some decisions based on, you know,
10 long-term, you know, survival of this nation.
11 And -- and our -- you know, our global positioning
12 as a market leader.

13 MS. PELTZ: And just for a little bit
14 more context on that, when we did our research last
15 year, only 5.6 percent of all venture firms in the
16 U.S. are women-lead. Only two -- I think it was 2.2
17 percent of all founding partners, meaning, you own a
18 piece of the management company, you probably have
19 equal carry, you can make your own investment
20 decisions, you can control the culture of the firm,
21 only 2.2 percent of founding partners were women.

22 And so, if you -- if you just think
23 about that in terms of implications. So, that
24 drilled down into roughly 300 firms. Granted we --
25 I'm sure we missed some. I'm not going to pretend

1 it's all inclusive, but, like, we're pretty well
2 connected globally. So, I would say we -- we
3 captured at least 75 percent of it. So, just
4 thinking about that conceptually with the thousands
5 and thousands of firms that are out there, probably
6 less than 350 are women-lead.

7 And so, just when you think about the
8 macro impact that has on the types of products and
9 the services and opportunities for founders that get
10 founded, you have a very modest group of people that
11 are making those decisions which is why there's just
12 this increased urgency to be backing and paying
13 attention to the allocators, to the managers, as
14 well as, the people building the companies.

15 MS. MCKINNEY: I think that was really
16 well said. And I think that's a great, sort of,
17 seg-way to shift gears a little into how we can
18 support these emerging managers.

19 Thinking from the SEC's perspective,
20 as -- as you touched on, Jessica, a little bit, the
21 emerging managers really fit into two categories and
22 they are subject to -- there are several regulatory
23 regimes. You have the entrepreneur who is building
24 a firm who is looking to raise capital. Then you
25 have the fund manager who's an investment adviser

1 who's looking to navigate that regulatory regime.

2 And then, when -- when we talk to
3 these fund managers they consistently cite that
4 access to capital is -- is really their number one
5 challenge. Similar to many entrepreneurs. So,
6 thinking about from a regulatory standpoint and
7 policy change, is there anything that -- that policy
8 makers or that the Commission could consider or --
9 or tweaks to the regulatory framework that could
10 really open up the opportunity for investors.

11 And I'll open this to the group. The
12 first one to come off mute can go for it.

13 MR. DeBERRY: I'll jump in on that
14 one, Jessica.

15 I mean, there are a range of things
16 that we can think about, but one is certainly the
17 accredited investor rule which, you know, I'll draw
18 a little bit of a caricature, but it's only a tiny
19 bit, you know, and describe it as saying, like, you
20 know, Hey, you can invest in the best deals if
21 you're already wealthy. You know, in -- in a very
22 broad sense that's what it says.

23 And knowing that one of the
24 challenges for emerging managers is establishing a
25 track record, that rule prohibits I'd say most

1 managers from being able to go to the folks who are
2 in their immediate universe and -- and to draw on
3 them as a resource base. Despite the fact that the
4 folks around them in many instances want to support
5 them, are able to support them, but have this, in
6 some ways, inane rule. And I say inane because even
7 if someone has, you know, \$1 million of net worth or
8 has -- meets the, you know, annual income
9 requirement, that doesn't necessarily have anything
10 to do with the invest -- invest -- that investor's
11 sophistication.

12 MS. PELTZ: Yep.

13 MR. DeBERRY: And so, this just seems
14 like a rule that is in today's environment
15 wrong-headed and a specific thing that we absolutely
16 could fix.

17 MS. PELTZ: I couldn't agree more.
18 I -- I think that it -- it implies that if you make
19 a certain amount of money or have a certain amount
20 of net worth then your investment decisions are
21 some -- superior to someone who doesn't have a
22 similar privilege. And so, I agree. I think that
23 that's outdated.

24 The 99 Investor Rule Fund it makes it
25 really challenging because it's so silly. It just,

1 it forces you -- and -- and just to be clear for
2 anybody that's not on this call, if you're raising a
3 fund under \$10 million you can take accredited
4 investors up to 249. If you're only including
5 qualified purchases, which are people that have a
6 net worth over five million, you are not subject to
7 this rule, but if you're taking nonqualified
8 purchasers, which most emerging managers are, then
9 you are subject to 99 slots.

10 And so, that really constrains you in
11 terms of, if you want to raise a certain amount of
12 capital you have to set minimums that then will
13 exclude people that don't have the financial
14 capacity for those larger minimums or it -- it
15 also -- it hinders you too because you have to be
16 mindful of look-through rates which can take up
17 multiple spots. You have to be mindful of transfers
18 which can also take up multiple spots.

19 So, it chisels your universe down in
20 terms of the amount of capital -- the number of
21 people you can take capital from as opposed to
22 broadening that access in terms of really helping
23 people learn and get exposure to a new asset class.

24 MS. ROBINSON: Yeah. I will add --
25 both really, really good points just from a

1 fundraising perspective. I think, you know, from a
2 policy perspective at a high level, you know,
3 public/private partnership is just absolutely key.

4 I think the other thing is
5 incentives, right. I mean, you -- you know, we
6 are -- technology is our reality, you know. We talk
7 about venture and -- and investment. And I think
8 we're also overlooking that everything is
9 technologic. If it's not -- if it's not a tech
10 company, it's becoming technologically enabled. And
11 that's just, that's where we are in our -- in our
12 evolution.

13 And so, you know, all these different
14 kind of pathways to investment needs to be -- needs
15 to continue to evolve. And so, that's why we talk
16 about retail investors. They have a very, you know,
17 important -- play an important role in this as well
18 as institutional investors. Along with kind of
19 accredited investors and other types of limited
20 partners or asset allocators.

21 You know, I -- we -- we think about
22 incentives that have worked. You know, what comes
23 to mind to me is, you know, Ireland that, you know,
24 gives tax breaks to, you know, tech companies to
25 come and -- and if they hire workforce, you know,

1 from Ireland or, you know -- I mean, there's all
2 these kind of sets of incentives. We look at
3 certain state-wide incentives that, you know,
4 encourage a particular industry to, you know, build
5 their -- their -- their firms and build their
6 headquarters there and they get huge tax breaks.

7 You know, I think we need to be very,
8 you know, creative, but also double down on what we
9 know has worked in terms of incentivizing investment
10 into a wider pool of diverse managers knowing that
11 we have so many stats that talk about outperforming
12 the market. And so, it's not a risk, that it's
13 actually a massive opportunity that's untapped and
14 untapped market.

15 I think we are in a place of market
16 making right now. You know, I really believe that
17 with the amount of -- of the open aperture that
18 Stephen spoke to. Again, if we don't take advantage
19 of that, someone else will. When I say someone,
20 another country. I mean, you know, this is -- this
21 is still kind of a global race to be the best. And
22 I think, you know, again we need to make sure that
23 we're creating the proper incentives from policy
24 perspective that allow us to, you know, fully
25 realize our potential and our value as a nation.

1 MS. PELTZ: Yes.

2 MR. DeBERRY: You know, Jessica, I
3 just -- maybe to put a parenthetical on the end.
4 I -- I just, I want to go back to the idea that we
5 worked from, this Eastside thesis. And -- and I
6 think, particularly with the -- the accredited
7 investor rule, and the typical just thrust of the
8 conversation that we just had is an example of that
9 kind of -- you know, the way that sort of
10 segregation, this logic shift in policy. And our
11 government has -- has driven that kind of policy for
12 a very long time.

13 I mean, outside of this context I
14 think of something like redlining, you know, where
15 our government literally defined, you know, who
16 would be loaned to, who would not. And just this
17 morning I was reading notes from actual redlining
18 maps. And I will not deign to repeat what the --
19 our government was writing down in those maps, but
20 it is wholly unacceptable.

21 And the point that I want to make is
22 not to interrogate that too much. Although, we
23 shouldn't forget it. We shouldn't be afraid to
24 point to it and talk about it and acknowledge it.
25 The -- the point that I -- I really want to make

1 that rests above any particular policy
2 recommendation is just a simple idea, really simple,
3 that I think should touch every policy that the SEC
4 is thinking about and that our government is
5 thinking about.

6 And the idea is a first principle
7 that says, when we're policy making, when we're
8 building systems, we do a very simple thing, let's
9 start with the first principle that we're building
10 systems that work for everyone. That's it. If we
11 start with that first principle everything that
12 flows from that will be better.

13 And so, I don't want to get caught up
14 in thinking about this rule or that rule. If we
15 stay focused on that one thing, that's actually
16 going to drive more economic growth than anything
17 else in my opinion.

18 MS. PELTZ: Well said.

19 MS. MCKINNEY: Thank you for sharing.

20 I think this is a good time that kind
21 of applies too for those listening. I know right
22 now it's webcast and we had some great questions
23 come in via Eventbrite, but to the extent you're
24 sitting here listening and you have thoughts and you
25 have ideas for policy changes or how our rules

1 should work, reach out to our office. Our -- our
2 website is SEC.gov/OASB. Our contact information is
3 there. And we want to hear from you as well.

4 And with that, I'd love to jump in
5 quickly with one of our Eventbrite questions. We
6 had a question come in about -- so, here it is: Do
7 you think it's easier for entrepreneurs to find
8 capital from funds versus individual direct
9 investments?

10 MS. PELTZ: Well, it's easier to find
11 capital from individuals versus funds. Typically a
12 good way to think about the framework is, it -- it
13 depends how much capital you want to raise. So, if
14 you want to raise up to 250 grand, it would be,
15 bootstrap it, fight tooth and nail to find family,
16 friends, people in your network that believe in you,
17 want to back you. And then, if you want to raise
18 call it 250 to 750, then you're going more to
19 professional angels who are individuals that are
20 high net worth. And -- and a lot of that is like,
21 how do you make them emotionally connected to you
22 and your vision and demonstrate how they can help
23 accelerate your vision 'cause it's a very emotional
24 transaction.

25 And then, if you want to raise more

1 than that, there are pre-seed funds that will look
2 at pre-, pre-, pre-seed rounds that are, you know,
3 500, 750 and above, but beyond that you start to
4 look for institutional capital, pre-seed funds,
5 corporate, family offices, things like that.

6 So, it -- it plays into how much
7 capital you're looking to raise to really define
8 your fundraising strategy, but in general, just know
9 that if you're raising from funds there is -- they
10 need to have a certain lens based on their return
11 profile that they need to stay in business. And so,
12 they're going to be much more sensitive to what is
13 that 100 X outcome that I need as a fund manager to
14 return my fund to do my job. As opposed to an
15 individual angel that might be thrilled if you four
16 X'ed their money in three years because that's --
17 that's an incredible return, but it's -- it's just
18 not going to work for the venture model.

19 So, I think you have to just be
20 really honest about what your intentions are as a
21 founder in terms of the type of business you want to
22 build. There's -- there's no right or wrong answer.
23 It's just, it -- that will also just help you
24 qualify which asset class is going to be best for
25 your to raise from in terms of angels or funds.

1 MS. ROBINSON: I think that's
2 perfect. I don't know, Steve, if you have anything
3 to -- to add, you know. Do you have have anything
4 to add?

5 MR. DeBERRY: Well, I would just say,
6 I think the reality is most businesses are not a
7 good fit for venture capital --

8 MS. PELTZ: Yeah.

9 MR. DeBERRY: -- because of the
10 return profile that Jessica spoke about. Which is
11 not to say these businesses should not be built, but
12 professional venture capital is the sliver of the
13 economy that is looking for such ridiculously
14 outsized returns that it's almost impossible for
15 most businesses to achieve that.

16 MS. PELTZ: Yep. Yep. And that's
17 okay. And -- and you shouldn't feel bad about that
18 as an entrepreneur. There is nothing wrong with
19 building a three, five, \$8 million business. Like,
20 that's incredible and more than most people ever
21 accomplish, but that doesn't mean that it's going to
22 fit the rocket ship explosive growth that is
23 expected from venture capitalists. We should be the
24 last place to look for venture capital.

25 So, just be -- again, just keep it

1 real with yourselves on the type of company that you
2 want to build and the type of income that you want
3 to achieve. And know what you're signing up for.

4 MS. ROBINSON: I would -- I would add
5 two -- two comments. One is just specifically
6 around kind of the venture model.

7 We had a -- I had an interesting
8 conversation with, you know, a 20 something, you
9 know, Miami-based tech founder who was in the great
10 position that was revenue generating. So, he had a
11 runway and he was kind of asking for advice. And,
12 you know -- you know, how can I -- should I think
13 about building?

14 And -- and, you know, he was kind of
15 like, you know, I already have, you know, runway.
16 And I was like, Well, how much runway do you have?
17 He was like, I have 8 -- you know, 16 months. I was
18 like, Wow, that's great. I said, Are you starting
19 to fundraise? And he was like, Well, I haven't had,
20 you know, a lot of success with VC -- you know, with
21 VC folks.

22 And I said, Well, okay. I said, How
23 many have you talked to? And he said, Five. And I
24 said, All right. And it was like, you know, You
25 really should start talking to venture capitals --

1 capitalists and really understanding, building the
2 relationship before you need the capital.

3 And I know, again, entrepreneurs in a
4 lot of different -- in a lot of different spaces in
5 terms of the capital needs, runway, revenue, you
6 know, product market fit, MVP. I mean, there's
7 ideation all the way through, you know, having a --
8 a workable, kind of, model MVP that you can
9 actually, you know, think about or take to market.

10 And so, it seemed like he -- I hadn't
11 looked at his documents. I just kind of met him.
12 So, I just want to just make that -- the point of,
13 you know, the -- the -- the advice that I would give
14 to him and anyone else that has, I don't care if
15 it's 16 months, if it's any type of runway or if
16 you're still working and building your model is,
17 one, be really clear about what you need from a --
18 you know, from a sustainability perspective to grow
19 the business because you're probably going to
20 bootstrap longer than you -- than you think you
21 will, one.

22 I mean, pretty much, you know, with
23 so little exceptions, it's a rounding error and we
24 shouldn't talk about the exceptions because it's --
25 it, again, kind of creates that myth making. So,

1 you want to really think strategically about how
2 much cash you need to sustain yourself while you're
3 building your, you know, great idea, great company,
4 great start-up.

5 Another thing is if you're in that
6 position that you have runway, I mean, a year, six,
7 you should be thinking about the type of investors
8 that you need to grow. And one to everyone's point
9 isn't venture. And if so, if you're really a
10 scalable, you know, you can, you know, at least
11 think there's a total addressable market -- large
12 addressable market, you can -- you can really
13 become, you know, maybe not a unicorn, but just a
14 high growth, high potential company, then you need
15 to start, you know, making -- creating the
16 relationships and building the relationships with
17 investors before you need them.

18 Because what ends up happening is
19 that there's all of this, you know, I got to get
20 this money tomorrow desperation. I say the same
21 thing actually to fund managers, right. Like,
22 people smell that. Especially investors that, like,
23 have money and don't need to write a check. Whether
24 you're a fund or a founder, they want to have that
25 relationship.

1 And I think that's one thing that we
2 talk about capital and we talk about education and
3 training, but the thing that venture capital really
4 does rely on, and it's really tough to unlock, but
5 if you can think about it strategically, it's
6 relationships. You are in a marriage with your
7 investors whether you're a founder or you are a fund
8 manager. And so, you know, you want to try to solve
9 for it.

10 Again, you know, free advice. Who do
11 you really want to build with, rock with, you know,
12 and -- and -- and grow with for the next -- really
13 the rest of your life. I mean, 10, 20, 30 years
14 because if you're a serial entrepreneur, you're
15 building a business, selling it and building another
16 business.

17 And so, those are the kind of things
18 that are the soft skills that people don't really
19 want to -- like, yeah, yeah, yeah, you know, but it
20 really does come down to that. And so, you know, I
21 hope that that -- that some of you that are on this
22 call kind of are in that position and can start to
23 think a little bit more strategically about the
24 relationship that's building. Because a VC might
25 not invest in you, but they might recommend you to

1 someone else that could.

2 And so, if they like you and know
3 that you're being strategic and thoughtful, then
4 they're going to help you along the way. So, don't
5 look at them as a check. Don't look at it as just
6 transactional. Don't be like, You're going to
7 invest in me now. They might invest in you later.
8 You just don't know. So, think of it as
9 relationship building.

10 MS. MCKINNEY: Great. That was really
11 well said.

12 I think it's important to flag, but
13 investor capital is just one piece of the puzzle.
14 It's a pretty small sliver when you're looking at
15 revenues other than capital sources available. And
16 even within that sliver you have options like crop
17 funding, angel investors. There's still a lot of
18 research to be done to be an informed entrepreneur.

19 But I think right now it would be
20 helpful, I'd love to shift upstream a little bit and
21 think about the investors in funds which are often
22 the limited partners or LPs, sort of, the industry
23 jargon. And think about why investors are looking
24 to emerging managers as part of their overall
25 investment portfolio.

1 And so, Stephen, I'd love to start
2 with -- get your thoughts on this first. I know
3 right now you're a manager on the -- the manager
4 side of the Bronze Investment, but you've also had
5 experience on the LP side. So, I'd love to pass the
6 virtual mic over to you again, get your thoughts on
7 the value proposition that these emerging managers
8 bring to the table.

9 MR. DeBERRY: Yeah. I mean, I'm
10 happy to comment on that. I think it's interesting
11 because I -- you know, when you talk about emerging
12 managers, I think a lot of the conversation tends to
13 be a moral or ethical one and -- and that's
14 appropriate. I think there are lots of reasons why
15 we ought to be having that conversation.

16 I think when you ask why folks are
17 looking to emerging managers there's also purely a
18 financial reason which is that as you're managing
19 portfolios as a -- as a limited partner or an
20 endowment manager and as those portfolios get larger
21 and larger, the pressure to look for non-correlated
22 assets is greater. You want things that don't look
23 like the rest of the market because you're already
24 so big that you're buying the whole market. You
25 already -- you already know what it is because you

1 have it. So, you got to find areas that are
2 different from that.

3 And so, by definition, that's what
4 emerging managers are. So, in other words, emerging
5 managers are actually where the growth is. And it
6 makes sense if you just -- if you'd just think --
7 you don't have to think about the financial
8 mechanics of it or just the math. If you just think
9 about, okay, well, you know, I know I can buy a
10 defined set of products and services, but who's not
11 being served? What needs are going unmet?

12 And if you just think about it from a
13 common sense point of view, I don't think you end up
14 any other place than thinking about, well, what are
15 the needs that women have that I might not
16 understand or people of color have systematically --
17 again, the systemic disparity that's been baked into
18 our society for decades and, in fact, centuries.
19 You know, the work to reimagine what those systems
20 can look like and then -- and then to rebuild them
21 will require time and capital. And so, it is a
22 massive secular investment opportunity which also
23 happens to be where most of the Alpha probably
24 resides.

25 MS. MCKINNEY: Absolutely. And I

1 know, Bahiyah, you have experience working with
2 particularly institutional LPs. So, I'd love your
3 thoughts a little bit on how -- how these LPs source
4 and evaluate an emerging manager. What that process
5 looks like and how it could be done in a more
6 inclusive way. I think we often hear that the due
7 diligence process can be unintentionally
8 exclusionary. So, I'd love to hear a little bit
9 more about that from you and anyone else who has
10 thoughts.

11 MS. ROBINSON: Sure. So, LPs fall in
12 a number of different types of -- of categories.
13 And I think even when we speak -- so, we've been
14 talking about institutional investors, but even
15 within that -- that kind of umbrella there are
16 different types of institutional investors. And,
17 you know, institutional just means that usually they
18 have, you know, a large amount of AUM, which as we
19 saw on the slides means assets under management, in
20 the billions, usually in the upper tens of billions
21 and -- and -- and above.

22 Then you have -- and -- and -- and
23 within that kind of subset is their foundations that
24 are, you know, typically investing around a
25 particular, you know, theme or maybe it's, you know,

1 women or health or every foundation kind of has its
2 own charter. So, not exclusively, but typically
3 they -- they will look for, you know, funds that
4 kind of match or that, you know -- that -- that fit
5 that thesis.

6 You've got endowments. You've got,
7 you know, pensions which are the hardest to crack.
8 There are hundreds of billions of dollars and
9 they're looking to write really, really large
10 checks. And when we say really large we mean, you
11 know, 20, 50 million is, like, a smaller check for
12 them, right, so.

13 And -- and the other thing is that
14 institutional investors typically cannot by -- by --
15 you know, through their mandate -- through their
16 charter cannot invest more than somewhere between 10
17 and 20 percent of -- into the fund. So, if you have
18 a \$50 million fund they typically can't invest more
19 than five, maybe to ten tops, million dollars. And
20 that's just a perimeter. That doesn't mean that
21 they have \$10 million to invest. It just means in
22 their portfolio construction, they cannot -- you
23 know, from a balancing perspective cannot be over
24 weighted in one particular fund.

25 So, again, institutional are looking

1 at so many different types of investments, public
2 markets, private markets, alternative investments
3 and venture capital sits underneath private equity
4 in that, kind of, alternatives bucket. And so, you
5 have to kind of -- if you're looking for trying to
6 attract institutional investors, you have to know
7 that, like, general nomenclature because, you know,
8 we -- we really advise a lot of our platform and --
9 and fellows, et cetera, to really think, again
10 strategically, about how you're -- you're building
11 relationships with and your expectations around
12 institutional investors and what they can do, how
13 much they can invest. And there's -- and the cycles
14 of investment process 'cause each and every LP is
15 different. And they all have different cycles and
16 different timelines for investment.

17 So, it's -- it really -- it's not
18 just a chess piece. It's like you -- you have --
19 have to do a lot of background -- I mean, a lot of
20 background research to really match up to thesis and
21 check size and, you know -- and then, you have to
22 like the person and the trustees have to -- I mean,
23 it's just a lot. You have to go through the
24 investment committee.

25 And so, having a really clear

1 understanding at the outset I think really saves a
2 lot of managers that want to start their own fund a
3 lot of headache and heartache because they're able
4 to build their firms in a way that is, you know, at
5 least a little bit aligned with -- with the market.

6 I think, you know, LPs -- and how
7 much time we have? Just another minute. Let me try
8 to -- try to wrap this up.

9 I think from a -- the LP universe
10 from a strategic perspective has changed a lot in
11 the last three to four years. When I started, and I
12 was like, am I going to start this -- you know, this
13 market opportunity platform that I know is -- if I
14 can bootstrap my way through this, and this is just
15 complete transparency, then I think, you know, there
16 is a there there and I can see a market opportunity.
17 And I was really curious around why there wasn't
18 another -- really a platform particularly run by
19 women or people of color aggregating best-in-class
20 managers. And so, of course, that was, like, Okay,
21 I know it's a really hard thing to do, but I went
22 ahead and did it. And with the help of, you know,
23 advisors and support was really able to really stand
24 it up.

25 I think as we engaged LPs we saw some

1 trends. And then, when COVID started -- and -- and
2 the trends were, when one invests in more diverse
3 asset managers, but we're trying to figure out how.
4 And so, that's going to take us a year or two just
5 to even figure out our strategy and get approvals
6 because we're institutional investors and that's how
7 it works.

8 Then George Floyd hit. Then last
9 summer hit. And there was this avalanche of, Oh, my
10 God, now we get it, you know. Now you have, like, a
11 couple hundred managers in your pipeline and you've
12 been working with all these managers, you know.
13 We've come to the dinners and we'd kind of engage.
14 And so now we really want to double down on these
15 investments.

16 That was a bit of a -- I mean, that
17 was like a light switch. That being said, there's
18 still these kind of reverberations around intention
19 and actual investment. And we're trying to make
20 sure they're -- that that gap gets closed because
21 there's a lot of intentionality around investing in
22 women and diverse-lead managers, but the actual AUM
23 invested is not that large, right.

24 And so, I think there is another
25 wave, you know, with -- I don't know exactly how

1 long it's going to go, but I think for the next
2 three to five years where a lot of the larger shops
3 that were not investing in venture, not investing
4 in -- not really caring about or being intentional
5 about investing in women and in diverse-lead
6 managers, as well as, having specific mandates,
7 like, corporations that are saying, We're investing
8 this much in underrepresented managers and founders
9 is growing. And I think we're in a really good
10 interesting intersection of being able to help and
11 advise those LPs to make sure that they're investing
12 in, you know, the next generation of innovation of
13 value creators.

14 MS. PELTZ: I -- yes. I mean,
15 we're -- we're out of time.

16 MS. MCKINNEY: I think we have about a
17 minute left. So, Jessica, Stephen, if there's
18 anything you want to add, go for it.

19 MS. PELTZ: It's -- it's -- it's all
20 good.

21 I would just say that it is -- it's
22 putting together a 300 piece puzzle in terms of
23 finding the right fit for you. You have to write it
24 like a sales process. You have to qualify your
25 leads and that ties back to how much you're raising

1 because, to your point, it -- if you're raising a
2 \$50 million fund there's no point in you talking to
3 endowments and pension funds because they can't
4 write a check that is small enough to not be too
5 large of a concentration in your fund.

6 The other point I would just make
7 about diversity issues is something that -- that we
8 really believe, and particularly with Women in VC,
9 that is so increasingly important is that you can't
10 just do it for a press headline when it is, like, is
11 this capital going to be there for their next fund.
12 And, what percentage is this of your overall AUM.
13 Chances are it is a rounding error.

14 Like, if a lot of those asset
15 allocators just did two percent, just two percent,
16 just one percent, it would be transformative.
17 Transformative, but all these things that you're
18 seeing are still a -- a rounding error. So, that's
19 really important.

20 And the other thing that I -- I think
21 we as a company and a community need to be pushing
22 on is that, this is not -- this is not an or. This
23 is not created parsing out diversity initiatives.
24 It doesn't matter whether you're women, BIPOC,
25 LGBTQs, veterans, disability, everybody's got a way

1 to go. So, you cannot have these diversity
2 initiatives that are only targeting one specific
3 gender or ethnicity because it -- it demonstrates
4 that you're de-prioritizing the broader mission,
5 which is, moving everybody ahead.

6 And so -- so, that's just something
7 that we constantly talk about is -- is because it
8 just can't be like an or. It has to be an and, and
9 inclusive, if we're going to move everything
10 forward.

11 MS. MCKINNEY: Absolutely. I think,
12 yeah, there's been innovation throughout the country
13 and throughout every community and we need to be
14 looking there.

15 Thank you all so much. Thank you
16 Bahiyah, Jessica, Stephen, so much for joining us
17 today. I felt this was a really wonderful
18 conversation and I hope to continue it with each of
19 you and with those listening.

20 Please reach out to our office. We'd
21 love to hear from you. Thank you.

22 (Whereupon, at 4:02 p.m. Eastern Time, the
23 meeting was adjourned.)

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PROOFREADER'S CERTIFICATE

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In the Matter of: SEC MEETING: EMERGING FUND MANAGERS

Date: Wednesday, July 21, 2021

Location: Washington, D.C.

This is to certify that I, Christine Boyce,
(the undersigned) do hereby certify that the foregoing
transcript is a complete, true and accurate transcription
of all matters contained on the recorded proceedings of
the meeting.

7-29-2021

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C E R T I F I C A T E

I, SHAUNNA H. MORAN, a Certified Shorthand Reporter and Registered Professional Reporter in the States of New Jersey, New York and The District of Columbia, and Notary Public of the State of New Jersey, do hereby certify that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action, and that I am neither a relative nor employee of such attorney or counsel, and that I am not financially interested in the action.

SHAUNNA H. MORAN, CSR, RPR
Shorthand Reporter

