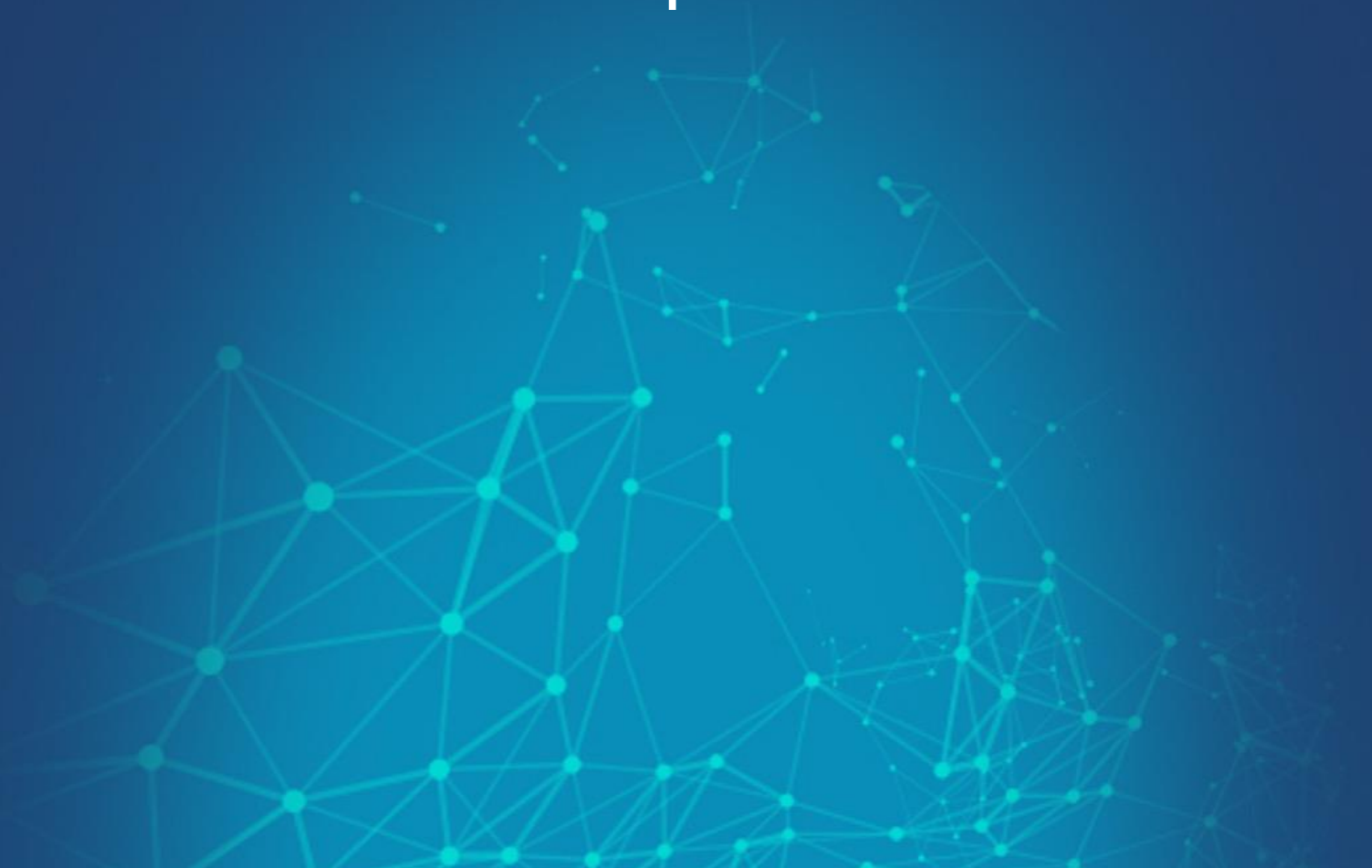


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EPISODE 148:

Empowering Emerging
Managers: A Conversation with
Chrissie Pariso of MPowered
Capital



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Our next guest is Chrissie Pariso, managing partner with MPowered Capital. MPowered Capital is an investment firm established to provide transformational capital solutions, primarily in the form of seed capital, to best in class, undercapitalized emerging managers across private alternatives. Chrissie Chen Pariso is a managing partner at MPowered. She has 20 years of investing experience, and most recently served as senior portfolio manager of private equity at Exelon Corporation and head of Exelon's Women and Minority Manager Program. In this role, Chrissie committed over \$1.8 billion to venture capital, growth equity buyout, and distressed funds globally. Chrissie earned a BA in international business and finance from Georgetown University, and her MBA in finance and entrepreneurship from the University of Chicago Booth School of Business. Chrissie recently co-led the launch of a new nonprofit organization, COLAB Connects, whose mission is to align thought leaders and organizations in the alternative investments industry to foster, support, and empower the current and next generation of talent through the annual career forum and women's golf outing. Please join me in welcoming Chrissie Pariso of MPowered Capital. Chrissie, thank you so much for being here. Welcome to Philadelphia. Welcome to the studio.

Chrissie Pariso: Thank you so much for having me. I'm so excited to be here.

Robert Morier: Now I'm sorry we didn't bring the weather for you, but it's great that you made it in and that we're out of the rain for at least today.

Chrissie Pariso: No. No problem. We're used to that in Chicago anyway. So.

Robert Morier: That's true. And you're heading back to Chicago?

Chrissie Pariso: Later tonight to make it in time for Halloween.

Robert Morier: Ok, good. And will you be dressed up? We didn't ask you that earlier.

Chrissie Pariso: I have been Chewbacca for the past 10 years. I have a full onesie outfit, and I have the Chewbacca mask, so that when you actually open the mouth, it makes the Chewbacca roar noise.

Robert Morier: If I knew that, I would have had you bring it for the podcast.

Chrissie Pariso: It's kind of a little unnerving when you actually see someone with just their eyes in the Chewbacca mask. But if I'd known, I probably would have brought it and I might have scared you a little bit with that.

Robert Morier: I'm sure. Well, welcome to the show. It's ok that the Chewbacca mask is at home, but we're glad you're here. Take us back to Georgetown. We have a lot of students who listen to this show. We actually have a student in our audience today who's listening to this. When you think about your undergraduate years and what you thought you would be doing relative to what you're doing today, what were some of those thoughts as you were sitting in those undergraduate classes?

Chrissie Pariso: When I was growing up, I actually had no idea, because I had so many different roles within my career, and I would actually highlight that my arc of my career was never really linear. It's always a zigzag. And I think for students who are listening, you can't expect your career to be in a very linear path. And so when I was growing up, I had no idea investment banking existed. I had no idea private equity existed. I had no idea any of the roles that I had in my career path ever existed. And part of the reason why was because when I was growing up, my parents immigrated from Taiwan to the States in the '70s. And what they really instilled in me was just a strong work ethic, because we had not much growing up. Our version of going out was going to the Sizzler and Pizza Hut. And they instilled that work ethic, they instilled the value of education. And it wasn't until... and I worked hard to get into Georgetown. And it wasn't until getting to Georgetown was when people started talking about investment banking and that that was the next

path forward in terms of coming out of undergrad. And I heard that going into investment banking, you would develop a strong skill set of financial modeling. You would work hard. And so that was the path I decided to take. And so I joined CIBC World Markets and the Media Investment Banking Group. I did work hard. I pulled many all-nighters, and I did develop a strong foundation of financial modeling, really understanding how the income statement, the cash flow statement, balance sheets, all of those interacted, how to develop returns analysis. So it was a great way forward to really lay that foundation for financial analysis. But one of the benefits of being in investment banking was that I actually met my husband there, who now I have four children with. So I kind of have to give them a shout-out. So Bennett, Connor, Riley, Morgan, I love you guys. And hopefully this will make me a little bit cooler in their eyes that I am on a podcast giving them a shout-out.

Robert Morier: That's wonderful. Thank you for sharing that. And two dogs.

Chrissie Pariso: And two dogs, yes.

Robert Morier: I don't know if they'll understand the shout-out, but I appreciate that you do it too.

Chrissie Pariso: Probably not.

Robert Morier: A full house is very true. And it's interesting, particularly that you went the investment banking route. We talked about this a little bit before we started recording. It seems like that's the direction that a lot of undergraduate universities push graduates as they go out into the financial services. You did ultimately find your way onto both the GP and the LP side at different points in your career. So when you think about those experiences and how they informed the way that you assess and support managers today, what were some of those attributes that you took from those specific career paths?

Chrissie Pariso: All of the careers that I've had were building blocks to add to the foundational skills that I needed to lead me to where I am today, MPowered, which is underwriting those undercapitalized emerging managers. And so right after investment banking, I ended up going to the corporate route. So I worked at Dell Financial Services. I moved to Austin, Texas. I was in their treasury department, and I was hired to help build up the securitization program there. And they hired me because I had strong financial modeling skills that I developed during my investment banking days. And what I really valued during my time at Dell Financial Services was really understanding P&L ownership. And so it was a surprise to me that the outputs that I developed from my securitization models were actually having a direct impact to Dell's P&L at that time. And so that was great operational experience for me. But I knew I wanted to get my way back into private equity, and I knew I had to pivot. And so at that time, and this was in the mid-2000s, I decided

to go back to business school. And I went to University of Chicago, which is now known as Booth. And they had a great program there called the Private Equity Lab. And so my first year, I had a spring internship interning at an operationally focused private equity firm called Sterling Partners. What they liked about my background was that I had investment banking skills and I had operational skills. So you see the building blocks adding up. And that spring internship landed into a summer internship. At the end of the summer, I was given an offer to join full-time, and I still wanted to continue my education at University of Chicago, so I actually did both full-time during my second year. I worked Monday through Thursday for the private equity firm, and then I took Fridays off to take classes Fridays and Saturdays. You could see the work ethic coming through. But it was a great experience because I was truly developing hands-on private equity experience. What I valued about that, being on the GP side was one, truly understanding how to underwrite the deal side, really understanding what are the different levers that we could do to actually drive value creation for the underlying portfolio companies. It was a great experience. After Sterling, I took the hardest job that I've had in my entire career, which is being a stay-at-home mom to the first of those four children. And part of the reason that drove that decision was the fact that I knew I had a long career and I wanted to be there for the first of my... for my first child.

Robert Morier: Mm-hmm.

Chrissie Pariso: And being a stay-at-home mom and being a parent, I think, teaches all of us the art of multitasking, prioritization, as well as the art of negotiating. But after a year, I decided I wanted to get back into the workforce. But I had two surprises that happened. One, we found out we were pregnant again. That was surprise one. Surprise two, we found out it was twins. So we were going to have three kids under two at that time. And what I was resigned to the fact was that I was not going to get a job for a long time. And I had a friend who was at GE who knew my background of investment banking, corporate, as well as being on the GP side, and he had a role within his group to really do analyzing lost reserves for the finance receivables within their business group. And so it was a role that one, gave me the opportunity to jump back in the workforce. They hired me seven months pregnant. And it was an amazing work culture that GE developed. I was there for nine months because an opportunity presented itself on the LP side that I couldn't pass up, and this was at Exelon Corporation, which is a publicly traded energy company. The investment office managed over \$30 billion of assets, and it was led by Doug Brown, who was the CIO at the time... prior, he was a CIO of Chrysler... and Francis Idehen, who was head of private markets. And so being able to jump on the LP side gave me such an amazing opportunity. They took a chance on me because I didn't have LP experience. But what they valued was the fact that I was on the GP side. I sat in the GP seat. I kind of knew how the GPs worked. And they saw that my due diligence, underwriting skills of deals could translate easily to underwriting a manager as well. And the investment office under

Doug's helm, originally, it had an outsource model, and he decided to bring everything in house. I was a senior portfolio manager of the venture capital and private equity book, and doing that enabled me to source managers, underwrite managers. I was responsible for managing the portfolio as well. And we had tremendous leeway for me, specifically, to build up the private equity book. I truly enjoyed that LP role because I was able to level up. And being an allocator, actually, is such an interesting job path to go to because you're able to look at all sorts of different asset classes. I was able to look not only in the buyout space, but I was able to look at venture managers, growth equity managers, buyout managers, distress not only in the US, but on a global basis as well. And you're able to meet with very smart investors. You're able to meet with... you could see what managers are doing really well, why they're doing well, what managers are not. And you could develop that pattern recognition by just meeting so many of these different investment firms. Most importantly during my time at Exelon, I think what really was deeply impactful to me was truly understanding what it meant to be a fiduciary and knowing that my investment decisions in terms of the managers we were investing in were going to have a direct impact to the well-being of the pensioners that we were managing the assets for. And that was a very profound impact for me, just knowing, and how important the role was on the allocator side.

Robert Morier: During that private equity and venture capital build out, how did you think about allocating to smaller managers, those boutiques relative to the larger, more established managers in this space? Because with \$30 billion in assets, even if you're taking over an outsourced model internally, that's still a lot of scale. A lot of scale. So how did you scale it to the types of managers that you believed in?

Chrissie Pariso: Yeah. And I would say the \$30 billion was across the investment office. And so for the private equity book, we did have legacy investments in more of the fund-of-funds models. And for me, as I was building out the private equity portfolio, I thought it was actually more interesting to invest in the smaller emerging managers. We had met one mega relationship, and I felt that was all I really needed. That was really a levered beta play for private equity. And underwriting the emerging managers is where I actually saw that there was a lot of alpha to be had, because they're investing in smaller companies where the ability to double EBITDA from 5 to 10 million, or 5 to 15 million is a lot easier than when you're investing in a company that has 500 million of EBITDA and you're trying to double it to that scale. And so we were very, I was very intentional on focusing my efforts on backing small and emerging managers. Exelon also had a women and minority manager program, which I was the head of as well, too. And so that program was very important to Exelon throughout the organization. It starts from the very top and it flowed through to the investment office. And so I was really excited to continue to invest in the diverse and emerging manager landscape.

Robert Morier: That's wonderful. Were you also doing co-invest and directs?

Chrissie Pariso: We were not doing co-investments at that time. It was particularly fund investments. But we actually, near the end of my time there, we actually decided to approve a co-investment allocation alongside our managers, where if they found co-investments that were right down the middle of the fairway for their strategy, we allocated additional capital. So that kind of came in at the very end.

Robert Morier: It sounds like a dream job. So you, though, went on with Marcia Page. So what was it about Marcia's vision at MPowered that drew you to joining them on day one?

Chrissie Pariso: Yeah, and so I was at Exelon for about 7 and 1/2 years, and then the opportunity came up to join MPowered. And I would say her vision for what she wanted to build was very aligned with what I saw, the opportunity, as well. And for those who don't know Marcia Page, Marcia is a legend. She's a rock star. And I may be a little bit biased, but Marcia is the co-founder of Varde Partners, a firm that she launched 30 years ago alongside George Hicks and Greg McMillan, scaled it to 16 billion of AUM, and really developed it into a global credit investment firm that invests across the liquid and illiquid capital stack. It was really at the end of 2015 when she decided to take her first attempt at retirement, stepping back as the co-CIO, co-CEO to become executive chair of Varde. And after that time, she actually finally had time to pick her head up and look around. And she was like, where did all her peers go? She was one of the few female-founded firms of scale. And with that, she ended up starting to look at the emerging manager landscape and looking at the fundraising stats around that and saw that emerging managers continued... their share of fundraising dollars have continued to decline since the GFC. It was around 40%, and now it's at 13%. And saw the trends that the big were getting bigger, the smaller, the emerging managers were having challenges around that. Within the segment of emerging managers, she also saw that the diverse managers, that 10% of the firms are diverse and they manage 1.4% of 80 trillion of assets. And that 1.4% number has not changed in over a decade. Double-clicking on just the manager performance she looked at, emerging managers and diverse managers have been able to demonstrate outperformance by 300 to 700 basis points. And when you take a step back, Marcia has 30 years. And Varde's strategy was always thinking and investing about dislocation. And so Marcia's 30 years of investing in dislocation, she tilted this and looked at this emerging manager landscape and saw a significant investment opportunity to be able to provide bespoke capital solutions to the emerging managers, while also being able to deliver superior risk-adjusted returns. And for me, I had gotten to know Marcia because when I was at Exelon, we were investors in Varde. And so during my time there, I developed such a high degree of respect for Marcia as a person, as an investor, and as a leader. And when the opportunity presented itself for me to join Marcia, it was a no-brainer decision because I saw so many... there

were so many reasons. One, it was what I was doing at Exelon. My skill sets very much aligned with what the opportunity was to invest in emerging managers. Two, she was really taking a very investment-led approach to addressing this market opportunity. Three, she was committing significant personal and professional capital to really back this as an investment thesis. And four, to do it alongside someone of Marcia's caliber, her skill sets, and the fact that she already launched a successful firm with Varde, I knew that joining her in this journey was going to be an amazing success as well, too. And it was, I would say besides marrying my husband, this was a very easy decision to make to join Marcia day one.

Robert Morier: Oh, that's wonderful. What were those early days like? So theory meets practice. You studied entrepreneurship as part of your MBA. So you had a sense of what that entrepreneurial mindset looked like, or should look like, or should feel like. Now it's happening in real time. So what were those first few months like for you? What were some of the hiccups, and what were some of the wins that really kind of got you through it?

Chrissie Pariso: So I joined Marcia May 2020. So it was in the midst of COVID. I told my CIO I was leaving March of 2020, two weeks after we went into lockdown. And Doug was actually fully supportive because he knew that this was something that I was passionate about. And he said, go full steam ahead. And so in the early days, it wasn't actually called MPowered. It was called The Big idea. That was the job description, The Big Idea. Join Marcia on The Big Idea, because we recognized this opportunity was bigger than all of us. And I remember sitting in her living room, and we were whiteboarding. There were sticky notes all over, and we were really focusing on, what are the capital pain points? What are the problems that we're trying to solve? Why have there been so much issues around emerging managers and their ability to launch and scale their platform? And really thinking about, what is, for MPowered to come into existence, what is our right to win in this marketplace? And so it was very much that startup firm building experience that was really amazing to be part of early on. And more importantly, on the foundational piece, we were very intentional on making sure that we were all aligned in terms of what our mission is and what our core values are. So one of the things that we did was, it was still over Zoom, so we did a virtual strategic on-site with a facilitator to really hone in on what our core values should be. And we settled on five, which is integrity always, fearless authenticity, innovative investing, winning together, and unabashedly fun. And these are the core values that all of us as the MPowered team members hold dear to our hearts and how we have to act to each other. But it's also how we act towards our managers and how we want to be looked at external facing. But it's also how we expect our managers to also hold true in terms of the values as well. So it was great for everyone to roll up your sleeve. I was my own admin. Like, you're doing everything as a startup. And that's what you should expect when you're launching a firm. And it was exciting. I don't know if there were any hiccups along the way.

But I would say one of the surprises that came to us was one, really, that when we were looking at the market and seeing that there was a lack of institutional working capital, a lack of institutional seed capital to the market, that was actually surprising to us as we were really the first movers in this space.

Robert Morier: It's grown. It has been growing, especially GP staking, GP seeding businesses. We're seeing more coming online. But that said, it's still a relatively niche segment of the market. So for our audience who are allocators, can you break down MPowered's investment strategy? What makes it unique in that space?

Chrissie Pariso: As we were developing our investment strategy, we were actually looking to make sure we served multiple stakeholders, the GP as well as the LP. And so our investment strategy is really primarily focused on three different investment types... our GP structured partnerships, our direct and co-investments, and our LP commitments. How we got to these different investment types was, one, we did a lot of research and data around what are the solutions that are needed in the market. And that was part of when we were launching MPowered as well. We commissioned a survey. We wanted to reach out to emerging, diverse, or emerging, established, diverse, non-diverse managers. We went on a listening tour. And what came out of those conversations were that there were three main pain points that emerging managers faced. One, working capital. The amount of capital it takes to launch a firm can be anywhere from \$2 to \$10 million, and that consists of being able to hire a team, build up the infrastructure to become institutionally ready. And raising that much liquid capital is challenging for all emerging managers. We see it particularly more challenging for female and diverse talent because of the gender and racial wage and wealth gap for female and diverse talent. Also, if investment professionals are leaving their organization, they tend to get carry but tends to be illiquid. So they don't have liquid net worth, or if they are not from a well-off friends and family network. So we actually saw that there was a huge capital funding gap for working capital. The second pain point, direct and co-investments. A lot of times if people are leaving their organization, they're not getting an attributable track record. And so they need to do some prefund deals before raising an institutional fund. Or if they are able to raise a fund, it tends to be undersized. So there's a need for co-investment. And the third is LP commitments. As I said, as I mentioned before, emerging managers, diverse emerging managers are getting a smaller share of that fundraising dollars. And so when we took a step back and saw these pain points, we wanted to provide a bespoke capital solution to address all those three. And so that working capital component is where we really view it as our seeding solutions, and that is what I mentioned is our GP structure partnership. And that is any form of catalytic capital to a manager, whether it's working capital, whether it is a large anchor first close commitment, or if there's a pooled co-investment vehicle. We are really trying to listen to our managers to really help address what the pain points are. What is a

consistent theme around our GP structure partnerships is that there is a revenue share component to it, and that is where we really view that as our seeding transaction. And that is our primary focus for MPowered, because we see that as one of the largest funding gaps for emerging managers. And then I mentioned our other two investment types are direct ACOs and LP commitments. As we are looking at providing being more than just capital to our GPs, we also developed our multiplier program. And that is, really, as we look at the experiences around the table of MPowered, particularly Marcia, who is a two-time firm builder who has launched and scaled a firm over 30 years, we recognize there is a lot of institutional knowledge, and there are a lot of resources that we could provide to our managers beyond just the capital component. And our multiplier consists of pillars around strategic guidance, human capital, business development, and operational excellence. And we view that to really help a manager de-risk that firm enterprise creation process. So for the allocators, as they're thinking about what we are providing to the market, one, it is really providing just a diverse portfolio of investment types where you're getting seeding transactions, you're getting direct and co-investment and LP commitments, but you're also getting exposure across, because we're investing across private markets. So venture growth buyout, opportunistic strategies as well.

Robert Morier: Are there any sectors or industries that you weigh more towards or lean towards more than others? So when you think about those areas, from VC to buyout, are there any types of managers that you tend to have a bias towards?

Chrissie Pariso: Yeah, I would say our seeding transactions tend to lean towards non-VC strategies because the capital that we're providing tends to be larger and more catalytic in nature, and especially with working capital being 2 to 10 million, that serves firms and strategies that need more to scale, right? Because VC, you tend to see potentially more solo GPs and there isn't as much need for that working capital. And so we view the opportunity set to be across buyouts, growth, across opportunistic credit strategies to really be on that seeding side.

Robert Morier: It sounds like you present a very interesting ecosystem for your GP partners. So you have all of these access points for them to help them effectively prioritize where they need to focus in order to build and scale their business. That prioritization is probably, I should say it comes with a lot of consulting. So how much of your time is consulting? Maybe it's therapy, but a little bit of therapy, a little bit of consulting. What is that aspect of the role like as it relates to your mission in, again, building up these businesses from day one?

Chrissie Pariso: It is very much therapy in some ways. And I would say that is why... because the managers that we're backing, they're not first-time investors, but they may be first-time firm builders. And so it is really important to work with them to really understand what are those prioritizations. And I think that's why the

value of the multiplier program is actually hugely critical to them as they're thinking about scaling and launching their business. And as I mentioned, the multiplier program is really focused on the non-investing roles or the responsibilities within launching a firm. And our involvement with the manager comes from our initial meeting in terms of giving them feedback on their pitch or giving them feedback in terms of how they're thinking about their strategy, all the way through when we are actually negotiating a deal and to closing. But our multiplier program comes in through our 180-day plan. And that really is something that is very customized, and that we work with our managers to really hear what are the pain points. Because not all managers have the same issues as they're launching a firm. Right? Some of them may have stronger operational experience. Some of them may have stronger fundraising experience. We really try to work with them to truly understand, what are the pain points? What are the gaps that they're trying to fill? And given the experience and the resources that we have at MPowered through our multiplier program, really try to work with them to help them develop that 180-day plan and help them try to launch and scale within that fundraising timeline. But it doesn't end after 180 days. It continues. We really try to be, in some ways, that phone a friend, when you think about the Millionaire game show. But we have that partnership mentality. We want them to be able to call us when they have questions, because when you're aligned and when they win, we win. And so that really is how we approach all of the relationships.

Robert Morier: Can you give an example of where the multiplier program meaningfully changed the trajectory of one of your managers? It sounds incredible. And I think if I were a manager listening to this, a multiplier program, 180 days, and I get consulting after the fact, this all sounds wonderful. But when you think about it in action, could you give us an example of how it's played out?

Chrissie Pariso: One of the managers that we seeded, L2 Point, it was a firm founded by Kersten Dittmar. Her background is she came from Goldman Sachs, then went to Sixth Street when they were launching, and she became one of the few senior female investment professionals at Sixth Street. When she left, she launched L2 Point to focus on providing structured equity solutions to late-stage growth companies, really sitting in between growth where they are less dilutive than growth, and sitting between mezz, where they're less restrictive than mezz. We found that investment strategy to be very interesting, and we got to really know her as she was doing and raising capital for her second prefund deal. That really allowed us to sit shoulder and shoulder with her during the diligence process, and we were very impressed at her underwriting skills, her due diligence capabilities, and the vision for what she wanted to build for L2 Point. We ended up providing her with a GP structure partnership, which consisted of working capital as well as a first close fund commitment. At the time we backed her, she was a solo GP, but we had conviction in her firm-building and fundraising capabilities, and that working capital enabled her to hire the team, to develop the back office, to become

institutionally ready, where they raised an oversubscribed fund one. I would say how the multiplier program was applied was that it was across multiple pillars. On the operation side, we performed mock ODD. We helped her narrow the funnel of vendors in terms of who should she be talking to. We helped talk through the vendor negotiations piece.

On the human capital side, we talked about the long-term hiring plan. We provided guidance on compensation structure for compensation and carry. On the fundraising side, we were serving an advisory role in terms of the fundraising strategy piece for her. And so it's all aspects of the multiplier program. And we're so thrilled with the relationship that we've had with Kersten, such that we were able to see her really launch her vision of L2 Point to become a very successful investment firm.

Robert Morier: Before we talk about your sourcing and due diligence process, can you help our audience, the allocators in our audience, think about where this strategy fits within an asset allocation model? So if they're thinking about investing in a GP seeding strategy, where do you all believe that it should be placed within an asset allocation framework?

Chrissie Pariso: Wherever they have capital. But seriously...

Robert Morier: Good answer.

Chrissie Pariso: We've seen seeding allocations be put in private equity, or it could be put in opportunistic or credit. Where we tilt more towards, because we are tilting more towards buyout, we view that it could sit more in the private equity space. We're providing a diversified portfolio across private markets, though. It is venture growth buyout opportunistic. The underlying investment types are really thinking through the GP seeding solutions. We view it to be very diversifying for an LP in terms of their portfolio, specifically because you are getting access to emerging managers in a more de-risk way, because there is a revenue share component that you're able to receive from the GP seeding transactions, and you're getting exposure to the different cash flow streams through management fees, through carry. And so we actually view it to be very additive to an LP in terms of their portfolio.

Robert Morier: In terms of your sourcing process, so when we think about your underwriting, sourcing a manager through due diligence, how does that process start? So where does sourcing take place? Where are you finding these managers? And then, if you wouldn't mind, for our audience, taking us through what that due diligence process looks like.

Chrissie Pariso: Our sourcing approach is very proactive, where it is very much an outbound and inbound sourcing approach. And it's across the MPowered team,

where everyone is focused on sourcing. And I would say some of the different prongs that we focus on is through we've developed proprietary databases around identifying emerging managers and emerging talent within organizations and doing that proactive outreach as they start thinking about if they want to launch a firm. We also focus on the thought leadership piece, where publishing white papers, as well as being on podcasts, such as yours, and being on the conference circuit. We're pursuing all of these different paths to truly try to uncover the best-in-class emerging talent out there and really trying to avoid the negative selection bias out there.

Robert Morier: So you have that manager in the office for the first time. What are some of the qualitative attributes that you're looking for in that founder or in that partner when you are trying to get them to fit into that five-tier framework? I mean, you talked about fun. So how do you think about their character...

Chrissie Pariso: Yes.

Robert Morier: ...as it relates to what they're trying to accomplish. You had said that the performance, the data sometimes is table stakes.

Chrissie Pariso: Yes.

Robert Morier: So how do you get to who they are?

Chrissie Pariso: Sometimes you could assess at the first meeting, but usually it takes many times to really assess someone's true character, their integrity. And it is done across the board from the MPowered team, from the times that we spend with the manager through the diligence process, walking through their deal flow, how they think about sourcing. We do a ton of reference calls as well. We try to talk to people that they've worked for, people that worked under them, the portfolio company CEOs that they've worked with as well to really uncover how do they treat people, especially not only in the good times, but I think character really unveils itself when you're in challenging situations. And so being able to have those conversations really helps inform what is that true culture and the character that they're trying to build. We also assess it with our multiplier team as well. We have someone who's head of human capital come in, the operational, our CEO, who manages the operations side, too, they're assessing all these different components. And part of the multiplier program is that we have a third party come in and do a leadership assessment and really assess what are the strengths, what are the weaknesses, where are the gaps. And that also helps inform us. It's really interesting because on the allocator side, I do feel like we're a detective. We're trying to piece together all these different puzzles and seeing if it all makes sense. Does it actually complete a full picture? And those are a lot of the... the softer side outside of the investing is probably one of the more challenging things, but it's so

critical in terms of how a manager is building that foundation and that long-term path to building a firm.

Robert Morier: We hear a lot about pattern recognition when we're talking, especially to fund to funds managers, who are on the earlier stage, so more emerging managers. Do you think pattern recognition plays a part in that? I guess it's almost quantifying the qualitative aspects. I understand you're doing assessments, which makes sense in terms of fit, so how does that person fit with other people within their organization and how do people complement. But when you think about the long-term path towards identifying what makes someone tick, do you believe that pattern recognition is something that's worthwhile?

Chrissie Pariso: I do think that as an allocator, having for one, for us to develop that pattern recognition, to understand and identify that next gen talent is critical because you've seen it play out. Right? And I think that it's also a pattern recognition within the manager themselves, knowing that they have that pattern recognition to identify the best investments that they're making, too. And so I do think it is part of a toolkit that we're all using to assess and identify that next gen talent.

Robert Morier: Just the devil's advocate side, because I think a lot about this as it relates to those qualitative attributes that make people tick. We research it at Drexel University, particularly in earlier stage companies. And more often than not, the CEO or the managing partner, even if it's a sole GP, tends to be the best salesperson at the organization. They're selling their strategy better than anybody else, which can mask a lot of underlying issues because they're really telling that story well. You talked about interviewing other people in the organization, people that they worked with in the past. Are there any other red flags that you look for that you find have signaled to you that this might not be the best empowered partner?

Chrissie Pariso: If we look at just even their investment track record and they say that... and it doesn't align with the investment strategy that they're looking to pursue, or if they do have a lot of deals that they're looking at and they start, that they don't necessarily highlight the ones that haven't done well, at the end of the day, it's a partnership. We want transparency. We want to know what went right, what went wrong, because it is a long-term partnership. And when things go bad, you want the manager that you're backing to be able to have a relationship with you, to be able to share what are the things that have gone wrong. So I would say the transparency is probably critical. And if we don't see that within the conversations that we have with our managers, that is a red flag. When we do references, it's also referencing the junior people, and it's also interviewing the junior people within the organizations, because how they treat certain people at a certain level, and if they aren't treating other people at different levels the same

way. I think that is, in some ways, a testament to someone's character. And I think you need to treat everyone with an equal amount of respect. And so that's something that I also look for as well.

Robert Morier: How do you see Marcia's credit background show up in the way that you structure and underwrite deals? So when you think about that... I always used to laugh. I think equity managers are all optimists. Credit managers are all pessimists. So they expect or sometimes want the deal to go bad.

Chrissie Pariso: Yes.

Robert Morier: So where does it show up in your process?

Chrissie Pariso: Marcia has 30 years of credit experience, and it is very much ingrained in our underwriting process and in terms of how we think about structuring deals. With our GP structured partnership, we have a working capital loan component to it. So it is a loan. And having that credit mindset is hugely valuable as we think about, to your point, what is the downside? How do we think about collateral? How do we think about traunching out that loan? Throughout all our investment committee meetings, it's always thinking about, what is the shape of the trade? Not only for our GP structured partnerships, but for our direct and co-investments. It flows throughout our conversations of really trying to understand, what is the risk return profile of these deals? How does it fit within our broader portfolio? Is this the best use of capital as we're making that next commitment for our investors? And so it is very much a mindset that Marcia has infused into all of us, where we always think about what is the shape of the trade, how do we think about downside.

Robert Morier: When you think about the fundraising environment today, fundraising is never easy. Never. It never has been easy, at least in the 25 years that I did it. It's never been easy. It does seem like it's a little tougher these days than it's ever been, for lots of reasons. The scale and scope of the industry has grown so much in terms of private markets, the democratization of private markets with RIAs and wealth managers.

Chrissie Pariso: Mm-hmm.

Robert Morier: But when you think about the types of managers who not only survive but thrive in this type of fundraising environment, what do you see as the winning formula today?

Chrissie Pariso: It is true, fundraising is challenging. For managers that are thriving in this environment, and we're seeing the ones that are, they are coming to the market truly with a solution that is addressing a problem in the market. Right?

They have a true right to win in terms of their investment strategy. They're filling a gap not only for the companies that they're investing in, but also they're filling a gap for the LPs in terms of their portfolio as well. So it's having that conviction and having that right investment strategy, I think, is really helping managers thrive in this environment. But you also need resilience. You need grit. You need to... if you have that conviction, do not give up. You have to continue to keep pushing for that. And it is having that storytelling mindset. You mentioned that having that one senior person being a salesperson, but you need to be able to sell. You need to be able to tell their story of why your firm has the right to exist in this market against all the other firms that are fundraising out there.

Robert Morier: Why does MPowered deserve to exist in this market?

Chrissie Pariso: There are many reasons. Because I do think as... when we launched MPowered, we did listen to the market. We stepped back and we looked at what were the pain points emerging managers face. And the fact that there wasn't a solution, a capital solution provider that really addressed it, where... because we saw emerging manager fundraising dollars shrank. Even the diverse manager AUM have continued to shrink. There's a need for working capital out there, and someone to provide it in an institutional manner, and doing it in a way where we're providing the solution across three of the pain points, where it's that working capital, the direct and co-investment, as well as the LP commitments, too. And so we felt that we're filling that capital funding gap for a lot of these emerging managers. And on top of it, we also have the mindset of, how can we be value add to our managers? And it's through that multiplier program. Because as an allocator, when we are investing in a GP, we want that GP to be more than just capital to their underlying investments. And that is very much a proactive approach that we took as we were developing MPowered. We have in-house resources at MPowered. We have a founder in Marcia Page, who has done it before and can be a resource for the emerging managers that we're backing. She sat in their shoes. She could talk to them about knowing what it's like to not go, to forgo a salary for many years as she was launching Varde. And so I think that helps stand us out. She has a lot of skin in the game in terms of backing this as an investment strategy to deliver superior risk-adjusted returns. And the core values that I highlighted before, the culture, the team, we are a truly... we practice what we preach. We not only have backed 15 managers that are majority owned, female, and diverse talent, but we also are an organization that is diverse as well. And having people with different experiences from the GP side, the allocator side, not only on the gender and racial diversity, but also background diversity, age diversity, all of those perspectives make us a better investment firm where we could drive better decision making.

Robert Morier: If you are a GP listening in and they're interested in contacting you, what's the best way, in your opinion, what's the advice that you give? And you

could go back to your LP days at Exelon. What was the best way for an asset manager to contact you, to follow up with you? What was the best? What were the best practices, in your mind, for those managers who are trying to get your attention?

Chrissie Pariso: The best way is to reach out via email or LinkedIn. We are on the conference circuit. It's always helpful to have that face-to-face, because you're actually being able to remember that person. And so make sure when you're doing the reach out, put something interesting in the email, share something that I would be able to take away from that email in terms of something interesting about your investment strategy, or something interesting about the industry as well. Do not give up. And I would say just continue to try to make that contact and develop a relationship more on a personal basis as well.

Robert Morier: What makes a good conference? I have a love/hate relationship with conferences, maybe because I have social anxiety. So when I get to a conference, it's not easy for me to manage the crowds.

Chrissie Pariso: Yes.

Robert Morier: But there's no shortage of them.

Chrissie Pariso: There are a lot of conferences.

Robert Morier: A lot of conferences. I think coming out of COVID, it looked like it was going to be more curated in a lot of ways. But then it re-expanded really quickly. So when you think about your conference agenda... so maybe a couple questions in there. One is, what conferences do you find are the most value for you? You don't have to name them specifically. And then, what makes a good conference? Where do you find that a conference yields the most results for you?

Chrissie Pariso: The conferences that we tend to go to are focused on emerging managers. Where we've gotten the most value, when it is very much targeted in terms of the pairings of GP/LP meetings, and having it be very curated as well. We've had conferences where we are able to have 15 to 20 meetings in a day with a manager. I find that actually very productive because we want to know and meet with as many managers as possible, specifically when it is curated to the manager types that we're looking for. We are focused investing in private markets. And so there are conferences where we've gone to where they've paired us with managers that are not looking for seed capital or are not within our mandate. And that tends to not be as fruitful. But it is also, we value the allocators that are also attending because allocators do trade notes. And I think that is important for any GP to know, that allocators do talk. And so relationships that you are building within allocator,

don't think of it as being short term. If an allocator tells you no, that could be no now. It could be a yes later on. So make sure they have that longer-term mindset.

Robert Morier: What are the questions that you've asked potential GPs that have yielded the most results? So when you think about those one or two questions that always seem to give you an insight into either who they are or what they do or how they do it.

Chrissie Pariso: I always liked asking GPs questions around what has been their most challenging investment opportunity, or any challenging experience that they've had to deal with. Because I do believe that you learn a lot from an individual when they are going through a difficult time, because when everything is going up to the right, it's easy to be positive and to be happy. But how a manager has worked through adversity, how have they learned, what were the lessons they've learned from that, and how have they used that to make themselves better, that's probably one of my questions I lean more towards, to really understand their ability to face adversity and to grow from it.

Robert Morier: So what have been some of the challenges or the most adverse situations that you've faced with MPowered that our audience could learn from? Turning the tables.

Chrissie Pariso: I've had many different hats. I was a GP before. I was an LP before as well, too. And now, sitting at MPowered, I have a hybrid hat on where I am both a GP and LP. And so I have to change those hats many times in a day in terms of whether I'm talking to a GP, in terms of working with them on providing them with a GP structure partnership, or on the other side, we're talking to our stakeholders and our LPs, and making sure that we are truly fiduciaries to them and managing their expectations in terms of financial reporting and our performance as well. So having multiple hats, it's exciting because I do have that work ethic and the skill sets, I've developed from being a parent to be able to multitask. But there's a lot to do when you're trying to think about and make sure all the stakeholders that you're managing too are taken care of in the right way.

Robert Morier: Chrissie, thank you so much for all of these questions and answers. It was very insightful. The question we always like to end with are your mentors, the people who have been most influential to you in your career and outside of your career. It could be personal and professional.

Chrissie Pariso: The first one, Doug Brown, Francis Idehen, they helped changed the trajectory of my career path to get into the LP space. They gave me a lot of leeway for someone who had no experience being on the LP side and giving me the bandwidth to help build up a private equity portfolio. They've been truly instrumental in terms of my career getting into the LP space. And then I would

have to say Marcia. She, as I mentioned before, is an amazing person, not only as a mentor. I've learned so much from her, just given the fact that she has done it before. She's not only an experienced investor, but a leader. And most importantly, I not only see her as a mentor, but I see her as a friend and a true partner in our journey together at MPowered. And then on the personal side, I have such a deep respect for my parents, the challenges that they overcame when they immigrated to the United States, the fact that they built a successful life for themselves, and for us as well, myself and my two brothers. And now, they treat their grandkids better than they treated their children when we were growing up. But that's what grandparents do. But their work ethic, their family values, that was really deeply instilled in me. And that's what I want to make sure I pass on to my kids as well.

Robert Morier: One more thing if you don't mind sharing. So if we came to see you in Chicago, where should we go to lunch? Dakota has a new Dakota Recommends, where we try to help salespeople and allocators when they're visiting all these different cities across the United States and abroad. So if we come to Chicago, where should we go for lunch?

Chrissie Pariso: Given whenever I go to cities, I always try to bring home delicious foods from that city, after this podcast, I am bringing home cheesesteaks for my kids. So for Chicago, I would have to recommend what is more famous for Chicago, Portillo's, because then you could get the Chicago hot dog, or if you want, deep dish pizza, Lou Malnati's. I personally prefer New York pizza versus Lou Malnati's, but those are actually great Chicago local places to go to.

Robert Morier: Thank you for sharing that. Congratulations on all your success. Thank you for being here today. It means a lot to us for you to visit us at the studio in Philadelphia on this dreary day, and we wish you nothing but continued success.

Chrissie Pariso: Thank you so much for having me. It's been such a pleasure.

Robert Morier: Well, thank you. If you'd like to learn more about Chrissie and MPowered, please visit their website at www.mpoweredcapital.com. You can find this episode and past episodes on [Spotify](#), [Apple Podcasts](#), or your favorite podcast platform. We're also on [YouTube](#) if you prefer to watch while you listen. And for more content, please visit us at dakota.com. Chrissie, thank you again for being here. And to our audience, thank you for investing your time with Dakota.