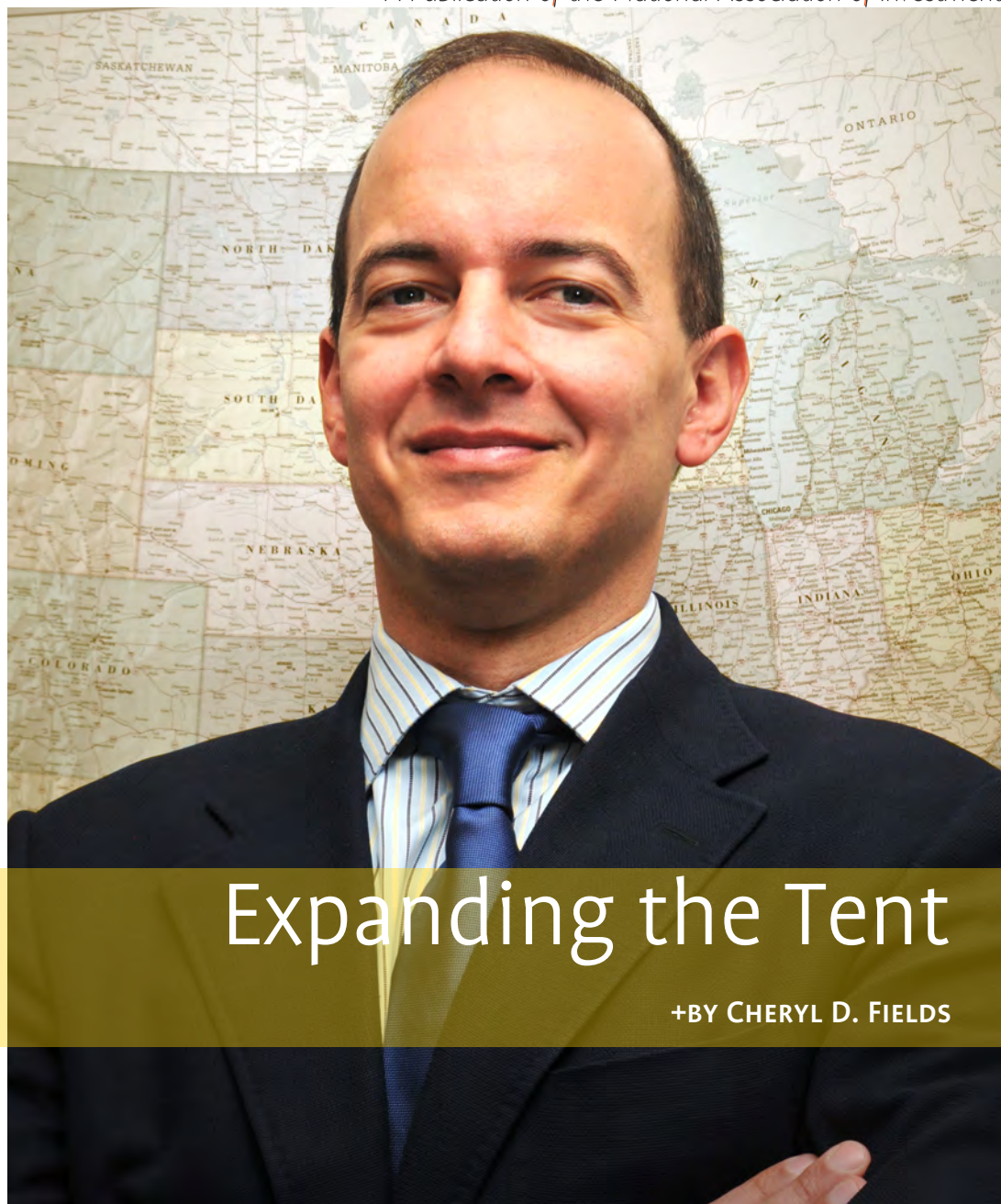


# Journal of EDM FINANCE

SPRING 2010

Financing America's Emerging Domestic Market  
*A Publication of the National Association of Investment Companies*



## Expanding the Tent

+BY CHERYL D. FIELDS

David Perez, NAIC Board Chair

## Under the leadership of its new chair, David Perez, the NAIC board honors the organization’s history as it steers toward a bolder future.

NAIC’s new chair, David Perez, feels strongly that NAIC has a pivotal role to play in remaking the investment management industry. As the country moves into the 21st century, Perez envisions a future where the diversity of the country is reflected in an industry that includes a rich mix of investment firms owned and operated by men and women of color from diverse backgrounds. Perez and his peers on the new NAIC board believe their organization must continue its long legacy of leadership in the sector and are, therefore, rededicating themselves and the organization to its founding principles, with exciting enhancements.

As the first Latino to head the organization in its near 40-year history, Perez personifies the new public image of NAIC as one that advocates not only for the interests of African America-owned investment firms (as some have historically perceived it), but for the interests of all emerging managers.

Perez was elected to the NAIC chair last October and spent the remaining fall months meeting with member firms and partner organizations to get a sense of how NAIC might be of better service to its constituents and a stronger advocate promoting EDM investment

to the industry. He later shared that input with his colleagues on the board as they worked to shape an agenda for the beginning of a new decade.

During their annual January meeting, the board approved a revised mission statement (*see pg. 20*) for NAIC. The new language articulates a clear commitment to empowering the success of minorities and women as investment managers. It also expands the organization’s membership scope to include practitioners

managing other alternative asset classes beyond private equity. While these changes represent nuanced enhancements to NAIC’s historic focus, the organization remains committed to being the leading advocate for wealth creation in the EDM.

“The board wanted to formally recognize women as an important constituency we want to support,” Perez says. “We’ve also been very purist in our focus on private equity,” he adds. “While [still] focusing on private equity, we want to encompass some of the other alternative asset classes — all related to private equity — such as real estate, hedge funds and so forth.”

In an effort to broaden the NAIC membership, Perez announced that NAIC is creating a new individual

**“Going forward, we need to become a big tent for everyone interested in promoting the success of minorities and women as investment managers in the alternatives space.”**

— DAVID PEREZ, NAIC CHAIR



### **2010-2011 NAIC OFFICERS**

**Richard Venegar**

**NAIC Vice Chair**

**President and CEO Milestone Growth Fund**

Richard has more than 27 years of private equity experience, with a strong focus on the underserved domestic market. He joined Milestone in February 2007 and previously was a senior vice president of Pacesetter Capital Group, a \$200+ million private equity fund based in Dallas, Texas. Richard’s experience encompasses a wide range of industries including food, packaging, media, consumer goods, telecommunications, automotive, printing, consumer retail, and electronics. He holds a bachelor’s degree from the University of Michigan and an MBA in finance from Tulane University Graduate School of Business.

membership category that will encompass minorities and women working at mainstream firms who are interested in the EDM space. The organization has historically only offered memberships to firms, not individuals.

“Going forward, we need to become a big tent for everyone interested in promoting the success of minorities and women as investment managers in the alternatives space,” he says.

Perez considers himself a relative newcomer to the organization. Palladium Equity Partners, where Perez is one of five managing directors, joined NAIC in 2003. Founded in 1997, the firm is perhaps the largest Latino-owned private equity firm in the country. With more than \$1 billion in committed equity capital, Palladium is also recognized as one of the most successful private equity investment firms operating in the EDM space.

Perez joined Palladium from General Atlantic Partners in 2003. He has served on the NAIC board since 2006 and for the past two years has served as vice chair.

“NAIC has allowed us [at Palladium] to get to know all of the players in our industry — all the minority-owned private equity and venture capital firms — and build stronger relationships with their principals.” Perez credits his service on the NAIC board with allowing him to become personally acquainted with the history of the organization, its style, its objectives and also some of its constituents, including partner organizations, plan sponsors and other private equity players.

Together with the other NAIC officers — who include: Vice Chair Richard Venegar of Milestone Growth Fund; Secretary Brendon Kim of Altos Ventures; Treasurer Venita Fields of Smith Whiley &

Company; and NAIC President and CEO Samuel J. Boyd Jr. — Perez says he’s looking forward to leading the organization into a new decade and has developed an ambitious agenda. In addition to expanding the organization’s scope and growing the membership, Perez and the new board are eager to attract more capital to the EDM space. In service to the latter goal, the board will introduce an initiative later this year to promote best practices in emerging manager programs. The new initiative is being coordinated by NAIC in cooperation with CalSTRS, CalPERS and the New York State Common Retirement Fund. NAIC and its partners expect to present a white paper on the topic at the fall annual meeting and convention.

“We want to publish the best practices of the leading emerging programs in the country and then approach other pension plans around the country that are, quite frankly, sitting on the sidelines,” Perez says. By sharing lessons from emerging manager programs that are already running successfully, the NAIC board hopes to assist other funds in thinking through how to set up their own emerging manager programs. The best practices guide will also help them to avoid some of the missteps made by the early pioneers. Florida, Illinois and Texas are among the states where public pension funds are already developing new emerging manager programs.

“When we look at our industry, we think that it needs to have many more investors that are active and consistent providers of capital to our space. We need to have the existing firms grow and succeed and become larger managers. Lastly, we need to promote and support new emerging managers,” Perez says.



**Brendon Kim**  
**NAIC Secretary**  
**General Partner and Co-founder**  
**Altos Ventures**

Brendon is focused on investments in the areas of wireless communications and enterprise software. He currently serves as a director of Branders, New Vine Logistics, and Vapro. Previously he served as a director of Bluedot Software (acquired by Ambassadors International), Egreetings (EGRT, acquired by American Greetings) and Enwisen. Before joining Altos Ventures in 1996, Brendon was a management consultant at CSC Index. He holds an MBA from Stanford University and a BA from Princeton University.

"I think we will get there if we continue to provide the intellectual background and business logic." He adds that NAIC is prepared to provide the intellectual tools, the mentoring, the leadership and support for those who want to join the industry and be successful.

Believing that there is strength in numbers,

Perez says he also plans to fortify NAIC's relationships with sister organizations such as the New America Alliance (NAA), the Robert Toigo Foundation (Toigo), The Marathon Club, the Council on Urban Professionals (CUP), the Asian American Association of Investment Managers (AAAIM), and the National Association of Securities Professionals (NASP).

"We need to work closer with those organizations," Perez says. "There is a very clear interest and desire on the part of NAIC to become a better partner with all of them." Acknowledging that each of the organizations plays an important role for their specific constituencies, Perez views NAIC as the big tent. "We need to make it clear that [NAIC] stands here to make their members successful."

From a more personal perspective, Perez says he is honored to hold the position of NAIC chair and to be able to help push the organization and the industry forward.

"I'm proud to be the first Latino chair. I think it is a signal that the organization is growing up, and evolving

into its multi-ethnic, big tent goal. We live in a world where there are different folks from different ethnicities. When the plan sponsors, who are the biggest partners of NAIC member firms, think about the underserved

markets, they envision women and all ethnic minorities. So, I think it makes a lot of sense [for NAIC] to

### **NAIC's New Mission Statement**

#### **Modified by the NAIC Board, January 2010:**

To empower women and minorities to succeed as investment managers. And to encourage wealth creation in underserved markets through private equity investments.

have a well-diversified leadership.

Perez says the NAIC board is especially motivated to move forward with the new agenda given the industry's difficulties in recent years.

"Our members have suffered in the past couple of years. Some have taken it on the chin," he says. "With success comes responsibility. Palladium is one of the largest players in our industry. ... Our industry and NAIC will continue to thrive only if our members are engaged with NAIC, particularly the larger firms who command resources. This is our time to give back. This is our time to channel some of our relationships and resources back into the association to help the new generation of smaller firms who are fighting to get that first close. We can't forget where we started. We all struggled. So this is my and Palladium's opportunity to show some leadership.

"We're using that same logic to ask the largest pension plans, who are our main capital providers, to help us lead the rest of the industry in thinking about the benefits of emerging manager programs. **EDM**



#### **Venita Fields**

**NAIC Treasurer**

**Senior Portfolio Manager and Partner of Private Equity and Mezzanine Investments  
Smith Whiley & Company**

Venita manages Smith Whiley's Illinois office where she generates investment opportunities across the Midwest. As a senior member of the firm's investment committee, she has overseen the investment and commitment of 28 mezzanine and private equity transactions in Smith Whiley's three private equity funds: SW Pelham Fund LP, SW Pelham Fund II LP, and SW Pelham Fund III LP. Prior to joining Smith Whiley, Venita spent 19 years in the commercial finance departments of various financial institutions, including 10 years at Bank of America. She holds a bachelor's degree from Northwestern University and a master's of management degree from the J.L. Kellogg Graduate School of Management.