



CREWCIAL™
P A R T N E R S

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Manager
Diversity
Report

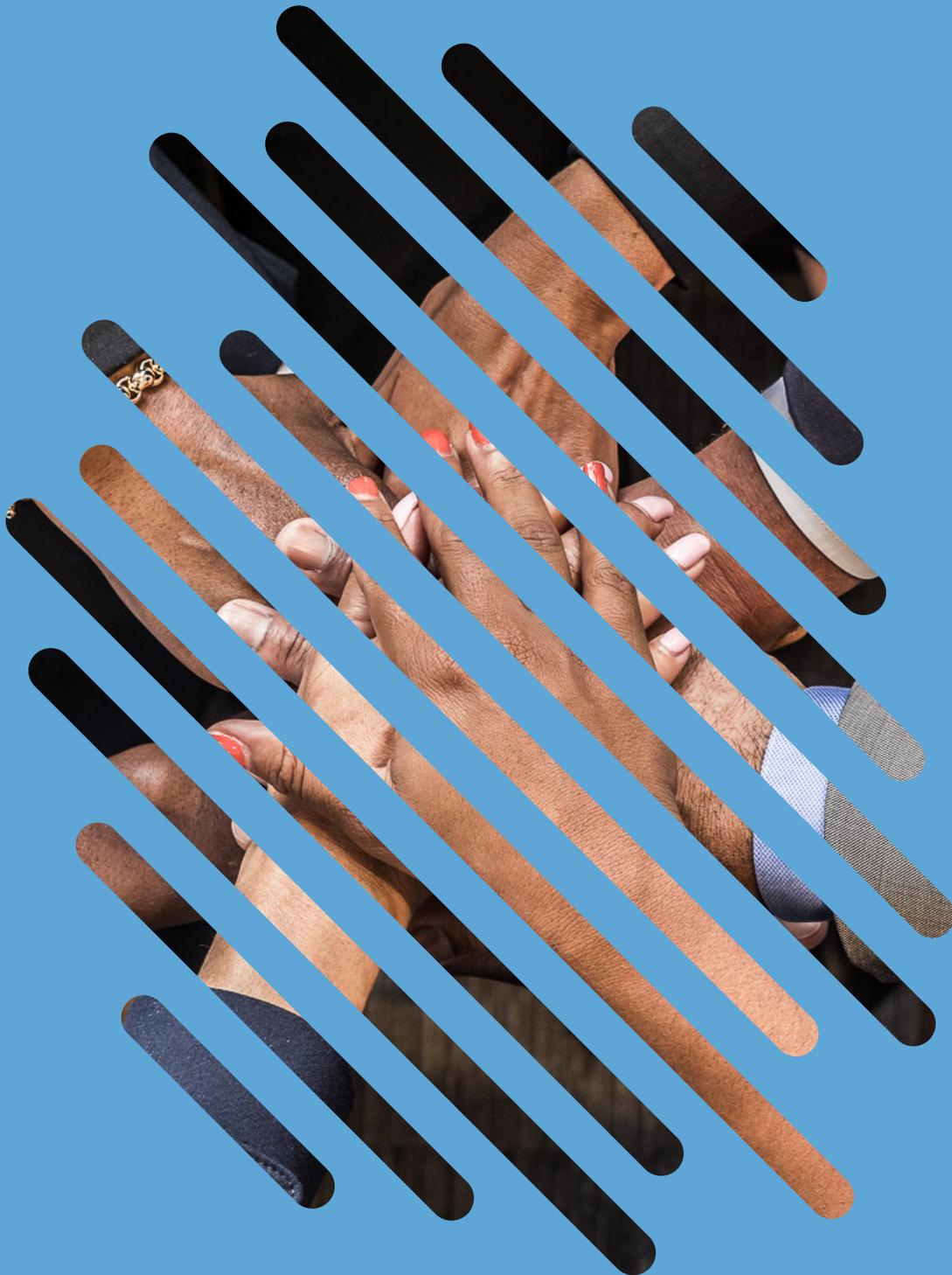


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CIO Insights

The most compelling outcomes are achieved by investors with long time horizons, an in-depth understanding of their portfolio companies, and a perspective that varies from that of other market participants. The last of these is often overlooked but is no less significant. While there are numerous ways to achieve what we refer to as “variant perception,” diversity is among the most powerful; fiduciaries cannot and should not miss out on this powerful contributor to strong long-term outcomes.

Investors have long embraced the power of diversification — the benefits of diversity are not unfamiliar in theory. Yet, in practice, debate continues regarding ideas such as the existence of talented diverse managers, whether diverse managers can perform, and whether the pursuit of manager diversity introduces a conflict between performance goals and the pursuit of a more equitable asset-management industry.

In 2013, we began directing our energies towards understanding the investment options within the diverse manager community and can categorically state the following:

- There is no pipeline problem — if you have not yet identified the talent out there, keep looking. We’re proud of the success we’ve had in finding highly talented diverse managers. (Page 7 of this report, “Noteworthy Managers,” briefly highlights some of these.)



- Treat diversity as urgently as proper diversification. In this exceptionally complex time, mitigating risk should be a top priority. Manager diversity is a win-win scenario for all involved. All investors agree more choices would be better.

It’s our collective responsibility to expand the pool of talent by encouraging your managers and advisors to invest in their own success via recruitment of diverse talent across their investment teams. While we are sometimes frustrated by the pace of change (e.g., capital deployment) across the institutional investment community, we are also highly energized by the increased levels of engagement we’ve seen among fiduciaries. This bodes well for the future.

Michael Miller - CIO



Crewcial believes that a more inclusive industry will lead to better results for our clients and the world at large. It’s not an overlay or secondary commitment, but fundamentally necessary for top performance and true equity. We hope to set an example of what can be achieved when a truly inspired team comes together with like-minded investors to effect positive change.

Dine Grullon - CEO

Mission Recap

Core to our investment philosophy is the belief that the best performing portfolios contain diversity of thought. Our innovative research is focused on harnessing the benefits of our richly diverse talent pool.

Crewcial Partners' manager diversity work began in earnest in 2013, after a client asked CIO Mike Miller to report the number of diverse managers in its portfolio and whether we made such recommendations across our client base. Once confronted, our team realized it had not been considering gender and ethnicity, and it quickly became clear this was a long-standing, industry-wide issue.

If you are not including, you're excluding. If manager diversity is not core to your manager research process, you are not exercising your fiduciary duty to capitalize on the clear financial benefits of an intelligently diversified portfolio. Adding manager diversity language to investment policy statements changes systematic processes. Such policies shape a different system open to previously excluded players, creating an opportunity for advisers to better align with the missions and values of their clients.

Five years ago I joined the Crewcial team to focus on sourcing, monitoring, and providing critical feedback to help diverse managers navigate our vetting process. In order to better target minority and women-owned

business enterprises (MWBEs) we enhanced our research process to routinely track and measure our performance and progress in this area. I also began to participate in financial and founder ecosystems to create an avenue for diverse managers to engage with our investment team. We committed ourselves to providing diverse managers a seat at the table by overcoming the LP and gatekeeper barriers that permeated our industry.

It may seem simple, but different managers think differently, and we want access to that. At Crewcial, we realize the value an outside view can bring to an ecosystem.

We also realize that we can create policy faster as a private firm. These factors drive us and focus our team on a common purpose. While we certainly have more work to do, we have made significant strides — we have grown our allocations to diverse managers from \$1.8 billion in 2017 to \$4.2 billion as of March 2021, roughly 12% of our firm's overall client allocations. In the coming years, we hope to look back and see this figure as simply a steppingstone.

Angela Matheny
- Director of Investment Staff & Diverse Manager Equity



A Year of Reckoning

The events that occurred over the past year reflect an important awakening in America and around the world. We saw racial protests in many forms — inspiring with a sense of unity, sadly gripping in some cases, and awesomely captivating in others — but they were global, with diverse crowds taking to the streets. As with the Civil Rights Movement, this has provided an avenue for creative solutions and new opportunities for leaders and change agents to act faster.

Consideration of allyship is a business imperative; we must create opportunities for underrepresented and underestimated groups to ascend to executive leadership positions in corporate America, providing access to capital for women and ethnically diverse people. The level of capital invested with diverse managers is underwhelming; unconscious bias, and in many cases outright racism and sexism, create systematic and structural barriers to entry. We hear continuous rhetoric but not enough calls to action, begging the question, “Where do we go from here? Do we need another whitepaper talking about the issues without solutions?”

Here are the facts:

The multitude of social mechanisms that have historically excluded women and ethnically diverse people from the board room (and broader American economy) are still in force. As an example, according to Entrepreneur Magazine,¹ Black female-owned businesses are the fastest-growing economic force in the US; however, in 2018, of the \$130 billion in venture-capital funding raised by US companies, only 2.2% went toward female-founded companies, while only 0.066% was allocated to businesses founded by women of color.

66%
of women entrepreneurs report difficulty in obtaining the funding they need to succeed.

² <https://www.forbes.com/sites/shamahyder/2020/03/10/state-of-women-and-entrepreneurship-2020-heres-what-you-need-to-know/?sh=7e88a6f769fa>

Research shows that small businesses have been the backbone of the American economy for decades; however, a recent Forbes article reports that while 79% of women entrepreneurs in the US feel more empowered now than they did five years ago, 66% report difficulty in obtaining the funding they need to succeed.² The consistent reporting led by the Knight Foundation regarding the state of diversity in the investment industry is even more troubling. Of the \$69.1 trillion in global financial assets under management across mutual funds, hedge funds, real estate, and private equity, less than 1.3% is managed by women and ethnically diverse people.³

The events of the last year have led to a new round of promises. This has happened before. Yet, allocations to diverse managers across the endowment and foundation space remain stuck at absurdly low, virtually meaningless, levels. Overall awareness and the breadth and depth of dialogue seem to be growing exponentially, so perhaps this time it will be different. We are hopeful, and we are acting to drive this change. As of March 2021, over \$4 billion has been allocated to diverse asset

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³ Diversifying Investments: “A Study of Ownership Diversity in the Asset Management Industry” January 2019

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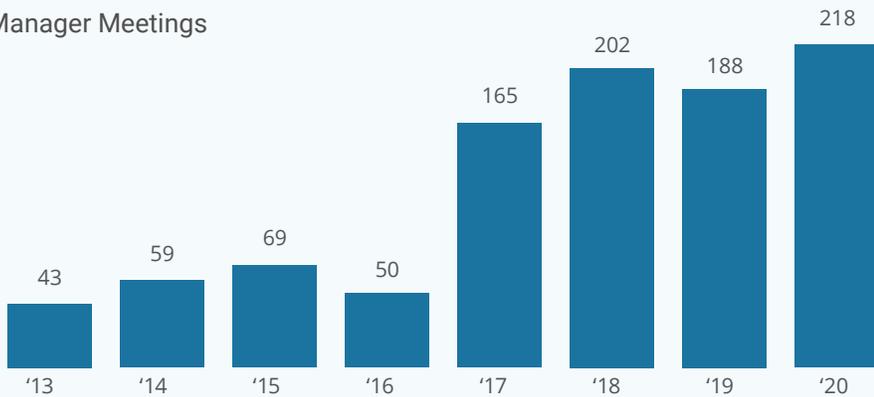
WAS ALLOCATED TO BUSINESSES FOUNDED BY WOMEN OF COLOR.

¹ <https://www.entrepreneur.com/slideshow/308721>

Objective Impact

We consider managers to be diverse if they have over 50% ownership by women and/or ethnically diverse people. We include managers located anywhere in the world and categorize non-US firms as diverse if they are majority owned by women or non-white men who are ethnic minorities in their country of residence.

Manager Meetings



Managers Hired



↑ Healthy Pipeline

Ensuring we have a comprehensive pipeline begins with confirming we are considering a meaningful number of diverse managers. As of Q1 2021, diverse manager meetings represented 15% of all manager meetings.



of our clients have at least one diverse manager allocation.

Private Equity

> \$400
MILLION

committed to diverse managers.

Conviction

> 12%

of our total firm assets are allocated to diverse managers.

Firmwide allocation to diverse managers



Noteworthy Managers

Through our purposeful focus on diversity and in-depth, industry-wide research, client portfolios are able to both pursue successful investment outcomes with talented managers and drive improvements across the investment management industry.

Share the network to grow access

Heard:

Heard Capital is a boutique asset-management firm that offers a long-only and long/short strategy. The firm, led by its CIO William Heard, invests in public equities in a select group of sectors, including technology, media, telecommunication, and financials.



AltraVue:

Investors DeShay McCluskey and Touk Sinantha launched AltraVue Capital in 2016 to pursue an unconstrained, concentrated, long-only value equity fund. Their partnership was forged over decades of shared experience, with the two portfolio managers integrating different styles and perspectives.



Garcia Hamilton:

Garcia Hamilton & Associates is a Houston-based fixed-income manager led by Gilbert Garcia, who began his career on the mortgage desk at Solomon Brothers. As a top-down investor, Mr. Garcia shows exceptional patience and poise, avoiding unnecessary complexity while building portfolios that reflect a strong prospective assessment of risk and opportunity.



Base10 Ventures:

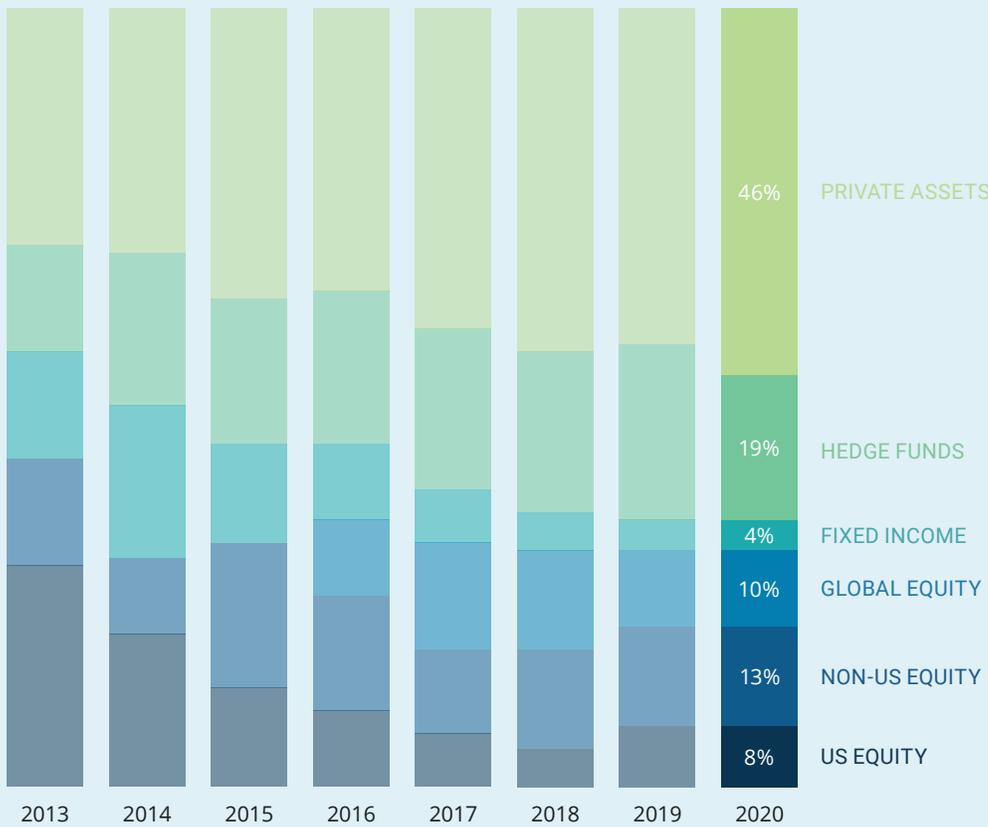
Base10 Ventures is a San Francisco-based venture-capital firm founded in 2017 by Adeyemi "Ade" Ajao and TJ Nahigian. The firm focuses on investing in early-stage artificial intelligence and automation technology companies creating solutions within real-economy sectors and industries.

Capital Allocation

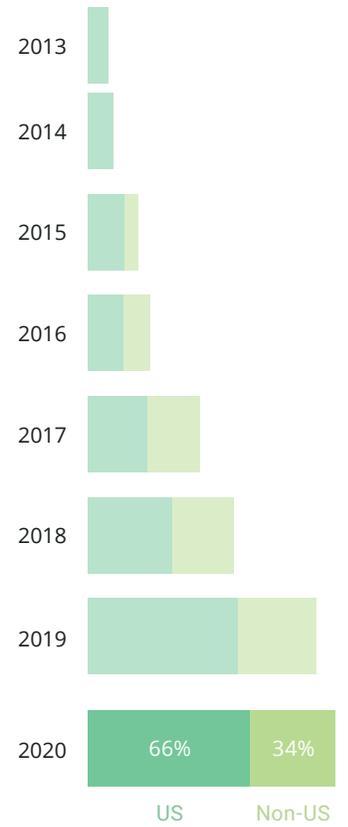
Experience has taught us that it takes a diverse team to find diverse managers, which is why, since 2013, we've led the industry in sourcing diverse investment managers that enhance our clients' portfolios and support their missions.

Historical Asset Class Demographics

Based on the number of approved diverse managers per year.



Diverse Managers' geographic location



Data as of 6/30/2021

Diverse Managers by ethnicity



Diverse Manager assets by ethnicity



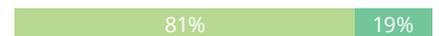
White Female Hispanic Black Asian

Data as of 6/30/2021

Diverse Managers by gender



Diverse Manager assets by gender



Male Female

Data as of 6/30/2021

Our ESG Research Expands

Ms. Tuokpe Ajuyah has been hired to serve as Head of Environmental, Social, and Governance (ESG) and Mission Related Investments, as of January 25, 2021. Tuokpe’s mandate is to foster growth and new opportunities in the social impact investments and entrepreneurial space. Her previous corporate experience includes Soros Fund Management, Bridgewater Associates, Microsoft Corporation, and Credit Suisse. Tuokpe graduated from Howard University with a degree in finance. She went on to complete her Master of Science in public policy at University College London. Tuokpe also holds an MBA from Duke University with a concentration in investments.



Impact in Action



May 2021 - Angela Outlaw-Matheny spoke at Women of Color & Capital. This platform was founded by Adeola Adejobi, founder of Avant-Garde and a lawyer by trade, who also addressed some of the challenges women of color face while raising capital. This event convenes a broad financial ecosystem to educate and provide resources to a community of founders in need of solutions as they aim to get in the game.



June 18, 2021 - Impact Shares and the NAACP Ring the Closing Bell. Crewcial Partners was invited to commemorate Juneteenth (officially a holiday on June 19) marking the effective end of slavery in the US.

Our DE&I Research Expands

Mrs. Syvonne Richardson-Moore has been hired to serve as the new Senior Coordinator of Diversity, Equity, and Inclusion (DE&I) Internal/ External Affairs, as of February 25, 2021. In her new role, Syvonne will be focused on helping our internal workforce and investment team expand Crewcial's DE&I work. Syvonne was hired internally for this new role after working in our client services group for the past seven years. Prior to this, she spent time in the banking industry at HSBC, Citco, and State Street. Syvonne is a graduate of Delaware State, a Historically Black College/University ("HBCU").



Impact in Action (continued)



July 6, 2021 - The SEC's Asset Management Advisory Committee met to discuss the recommendations of its Diversity and Inclusion Sub-Committee. Crewcial wrote a letter addressed to Chairman Gary Gensler of the SEC in support of recommendations made by the AMAC to address the lack of gender and racial diversity within the asset-management industry. One of many recommendations included transparency of business practices and diversity within investment firms.



Upcoming - Breakfast Connections. Since 2018, each quarter, SEO and Crewcial have collaborated on a forum titled Breakfast Connections where four diverse managers across various asset classes pitch to our firm in a two-hour event over coffee. During COVID-19, this shifted to a virtual platform. Please stay tuned for the announcement of our next event.

FUTURE INVESTORS TRAINING PROGRAM

Even as many businesses shifted from in-office to work-from-home policies last year, Crewcial maintained its program of recruiting high school and college students considering careers in the finance industry. With the assistance of the National Association of Securities Professionals (NASP) and their FastTrack program, along with the National Association of Investment Companies (NAIC), for the second year now, we've selected students for paid internships working in tandem with trade organizations focused on diversity, equity, and inclusion.

Crewcial welcomed our 2021 interns virtually. During the eight-week program, the students leverage their passion for learning new concepts and discover how they already participate in the economy, taking a deep dive into capital markets while sharpening their communication, critical thinking, and analytical skills to identify their optimal fit in the world of finance. They are given the tools to understand various investment opportunities and asset classes, becoming impactful speakers, presenters, and ultimately leaders with the potential to effect positive change.

This impressive group of students, who are described below, reflects various backgrounds, ranging from engineering to health systems management, as well as local, city, state, and private colleges around the country.



Maximilian Armstead

Morehouse College (Freshman)

Undeclared.



Elijah Hope

Bergen Catholic High School (Senior)

Undeclared.



Aisha Ly

University of North Carolina (Senior)

Health Systems Management.



Skyler Rivas

New York University (Freshman)

Undeclared.



Aniekan Ruffin

Alabama A&M (2021)

BS in Mechanical Engineering.



Denzi Sari

Manhattan Center for Science and Mathematics (Senior)

Undeclared.



John Scott Jr.

St. John's University (2020)

BS in Criminal Justice.



Christina Zhang

University of California, Berkeley (Junior)

Business Administration.

