

# **Backing the Next Generation of Underrepresented Alternative Asset Managers - With Pamela Pavkov & Anilu Vazquez-Ubarri, Partners at TPG NEXT**

## **Simon Brewer**

In the world of alternative assets, TPG almost needs no introduction. Founded in 1992 by Jim Coulter and David Bonderman, their first offices opened in San Francisco. Less well-known is their significant push into backing and investing in the next generation of underrepresented alternative asset managers. The investment industry has been grappling with ESG and sustainability questions. But if the industry turns the mirror on itself, the data shows it looks significantly less representative of the societies in which they operate. That should be no surprise, for finance generally has been a less pluralist occupation forever. So TPG has decided it wants to address this and has put its money behind it with a plan and with CalPERS providing \$500 million of financing for the name of something called TPG NEXT, which of course may make terrific social sense, but what about the investment implications? So today, we're welcoming two guests to be able to discuss this from TPG. We have Pamela Pavkov and Anilu Vazquez-Ubarri and we're going to hopefully have a very interesting conversation where we can bring up and discuss a number of these aspects. We haven't had this conversation before on the Money Maze Podcast, so of course, it probably is emblematic of the fact that TPG is early in this voyage. So one of the things we love to do is just get a little reflection on the upbringings and backgrounds and journeys that our guests take before we get into the substance of the conversation. I would like to ask you both to do that, but I'd like to ask it with you looking through the lens of what it is you think particularly resonates in your backgrounds with this strategy. So perhaps I can start with Pamela.

## **Pamela Pavkov**

There are a couple of things that make us very excited to bring TPG NEXT into the private markets ecosystem. For me personally, it really starts as having been raised in a first-generation household, being female in private equity, and experiencing otherness in various forms throughout my investment career, and experiencing that as a challenge in some respects, but also as an asset and opportunity to provide a differentiated perspective. I think what NEXT is seeking to do is leverage that otherness of the underrepresented principles and transform it into a key differentiator of their firms.

## **Simon Brewer**

I'm not going to let you go without mentioning that you have an MA in English from Stanford and you have an MBA from Stanford Graduate School of Business, which is not trivial. But why were you drawn to this extraordinary world of finance with all of its inconsistencies and complexities?

**Pamela Pavkov**

I love investing, and I was fortunate to be trained at some excellent organisations to learn the investment activity. But fundamentally, I'm passionate about people and underwriting humans and their character, what makes them tick, what defines their values. NEXT is fundamentally a journey in which we're seeking to partner with really exceptional people and captivating visionaries, and I do think my background as a poet lends itself well to that exercise.

**Simon Brewer**

I'm going to turn to Anilu Vazquez-Ubarri, which I have to say could be the name of a James Bond heroine. It's an absolutely fantastic name. Tell me a little bit about your story.

**Anilu Vazquez-Ubarri**

I was born in Puerto Rico and grew up in a wonderful environment where everything was possible, according to my parents. They instilled that in me and I think that has driven me to just jump in and try things that maybe seem out of reach. If I just look at the context and the history before me, I have been used to being the first one or the only one in rooms. I know that a lot of people, that message and that experience resonates. As Pamela said, I don't think that's a negative. I think you're memorable. You just said my name. You've met a lot of people that have that name or that combination, but everything in it is who I am. And I think that that possibility has been installed in me because the reality is that I've had people that believed in me and that have been mentors. So it started with my family, in school, in my jobs. And so TPG NEXT at the end of the day is there's an inefficiency in the market and we see the commercial opportunity, we have something to contribute to it, but we know that no one gets to success on their own. We at TPG have not gotten to success on our own and we know that our TPG NEXT managers need the acceleration of their goals, and that's what we're here to do.

**Simon Brewer**

We're going to unpick a lot of this. I see that you studied at Princeton. I visited Princeton last year for the first time. It was a hallowed and magnificent institution to visit let alone to study at, and you were at Goldman Sachs for 11 years. So between you, you've got lots of very interesting experience. Just high-level, TPG just announced

the acquisition of Angelo Gordon, but your CEO Jon Winkelried, who became the sole CEO in 2021, has said that the aim of the company is to drive meaningful long-term value and leave our companies healthier than when we invested in them. And I wonder just maybe from each of you one sentence how you would describe the culture at TPG. Let me start Pamela with you.

**Pamela Pavkov**

It's an exceptionally entrepreneurial place. I think what excited me about joining TPG is that this organisation is comprised of changemakers that seek to lean into systems change and leverage all of the resources of a large established firm towards that disruption.

**Simon Brewer**

Anilu.

**Anilu Vazquez-Ubarri**

I think obviously entrepreneurial, nimble. We're very disciplined also as investors, as a firm. We're thematic. We go where we think that we have a right to win because of our expertise, our networks, and those areas may be neighbourhoods that others have not yet discovered or may not want to travel because we travel with a great team. The combination of our experiences on the investing side, on the operational side, on the infrastructure side of the business allows us to do TPG NEXT, for example. So we can go and put an idea to work faster because our people know how to be thoughtful but also move fast.

**Simon Brewer**

So I'm definitely going to hold you both there for a second because your CEO said the real issue is the lack of diverse people sitting in the capital allocation seat. Pamela, so help me, the statistic around assets versus population.

**Pamela Pavkov**

So 1.4% of US assets under management are managed by individuals who are ethnic minorities versus more than 40% of the broader population. Ethnic minorities are one of the diversity cohorts that TPG NEXT seeks to invest in. But fundamentally, we're in the business of narrowing that gap.

**Simon Brewer**

This whole thinking has been in fruition for a long time because I believe the firm adopted global ESG performance policy in 2012 and you've had various reports, including one of last year, which I did look at which says that now there's more than a billion under management directed at impact investing businesses. But just tell me a little bit, ideas don't get born overnight for new strategies with large amounts of capital and a lot of visibility, and with it, of course, will come the spotlight and accountability. Just tell me how you got here.

### **Anilu Vazquez-Ubarri**

I can take that because I call Pamela's arrival to TPG as the 2.0 of TPG NEXT. We have been working on TPG NEXT since I got to the firm, and I've been here for four and a half years. In fact, on my first week at TPG, I went to the first meeting of what would then become TPG NEXT. My colleagues here, including Jon Winkelried, Jim Coulter, one of our founders, had been thinking about this because it was a natural continuation of, as you've said, we've had our hands on impact investment, we've had our hands in investing. We've had the huge belief also that the firm itself needed to challenge itself to become more diverse, and that we also have to use our influence to diversify our ecosystem, which includes all of our portfolio companies. So it started really by looking inside the firm, working on things that would promote the diversity of our employee base, particularly at more senior levels. So you have two women of colour at the partner level at TPG talking to you today. That has been the work of many people at the firm and many years of focus. And it also became clear as we discussed that there's this market inefficiency in the capital allocator seat that was going to be controversial for years to come if we didn't fix it. So we felt that we know how to invest, we know how to influence that ecosystem. We had started to influence our portfolio companies through the diversity of their boards. And so that had been an initiative that TPG had started in 2017. It grew from gender to race, ethnicity, LGBTQ status, and this project with TPG NEXT which was started from our balance sheet was the proof of concept that in fact there's no pipeline issue with respect to talented commercial capital allocators. We just need to make sure that we are going to where they're at and that there's an opportunity set for them to develop their businesses the way they want to, not the way that someone's going to tell them how to run it. So that's how it started from our balance sheet. And from there, we got a lot of conviction that we needed more capital, and we got great partners in CalPERS to give us institutional capital to start the journey, from there onwards, seeking other partners that believe in the mission and in the commercial opportunity of TPG NEXT.

### **Anilu Vazquez-Ubarri**

Harlem Capital in 2019 was our first investment of our balance sheet. It was a seeding investment. When we met Henri and Jarrid, they had raised \$4 million through their own network. They had been hard at fundraising for a while. I had known them for a few years back and I saw something powerful in them. They had a lot of conviction. They had worked together for a long time even though they were very young, and they had purpose in what they were building. They knew where they wanted to go. And so we went through our underwriting process with them and decided that we were ready to invest in them. And sure enough, they closed their first bond a few months after that at their hard cap of a \$40 million range and they raised their second fund at \$134 million. So immense growth and exactly what you would want to prove in this strategy, that if you give the acceleration capital and you become a strategic partner with these managers, everyone's going to do better and the companies that they're investing in, the portfolio and the network that they're creating is also diverse in and of itself, even though we don't require our managers in NEXT to invest exclusively in diverse companies. Just by the nature of their networks, who they attract, that is true as well. So it has a multiplier effect not only on the capital allocator seat, but also in terms of diversifying the entrepreneurial ecosystem that is so important for growth in this industry.

#### **Simon Brewer**

Also, I note that within your portfolio companies, I think there are 400 positions that you have implemented at board levels. Now, that can be tricky because there's an imposition at some points of established entities and owners that do things their way and there's a higher set of objectives or set of objectives that you have. How does that balance work between push and acceptance?

#### **Anilu Vazquez-Ubarri**

I'll give my view but I think Pamela should tell her philosophy that we developed. They are the owners of these firms. That's the whole purpose of TPG NEXT. We are trying to create new owners of firms that are going to be multigenerational firms hopefully, multi-funds, they'll grow their strategy. We are there to be their strategic partners. We do bring expertise, advice. We've learned from our own mistakes as well. We have relationships on the fundraising side and a full house of internal capabilities that are at their disposal, that as I mentioned at the beginning, is to give birth and to grow the firm that they want to lead. So there are things that are important to us in terms of core values of that firm and the culture, and obviously, in terms of them being commercial enterprises, but the strategy and the ownership and the leadership resides with the managers. Pamela, do you agree?

**Pamela Pavkov**

Fully, and this was actually a key area of discussion for us as we were contemplating NEXT 2.0. I think the observation we've had that's only been underscored by our pipeline activity is that there is an exceptionally high volume of really talented principals who happen to be underrepresented but are first and foremost really exceptional investors and leaders of their own businesses. We're looking to empower them, to execute and give them guidance and support to help de-risk their firm growth and development leveraging our 30-year history as a firm of building new investment businesses. But these are, as Anilu says, their businesses, not ours, and we want to invest in them on account of their demographic attributes, but we believe in them because of the skill set that they've cultivated throughout their careers as successful investors and executives.

**Simon Brewer**

So let's talk about implementation. You have got a very significant co-investment, you're committing your own capital. But if I understood it correctly, this isn't going to sit within a fund structure, is it?

**Pamela Pavkov**

It is a fund structure. NEXT 1.0 was off our balance sheet. At the start of this year, we launched TPG NEXT inaugural fund pool, which is a commingled vehicle of CalPERS and we expect other institutions as well.

**Simon Brewer**

So just tell me a little bit about how large you want it to be, because too much in the way of assets might just simply mean you're stretching too far to find suitable investments.

**Pamela Pavkov**

We think NEXT has the potential to grow into quite a large platform, but we're seeking to balance that scale with value-add. We have been exceptionally helpful and available to our balance sheet managers, and we want to have that reputation with all of the managers we back through NEXT where we are easily available and truly value-add on the business building pieces of our role as their strategic partner. And that becomes increasingly difficult to do if you're spread across too many relationships. So where we intend to actually focus developing scale is by pursuing multiple transaction types with the same GPs, so investing with them across several funds, co-investing with them, pursuing secondary purchases with them, really helping deepen the relationship and knowledge across a much longer-term relationship with the same set of principles.

**Simon Brewer**

Can you give me maybe one or two examples, and I think that would help listeners as well understand the types of investments that you've executed.

**Pamela Pavkov**

We have not activated the fund. Both of our balance sheet investments were venture capital investments that consisted of seeding relationships, meaning having ownership interests in the GP itself, making primary fund commitments, as well as co-investment in the case of VamosVentures. So we intend to pursue all three of those transaction types plus secondaries through the fund. With respect to asset class, TPG NEXT's fund will invest not just in venture capital, but also growth equity, buy out and credit.

**Simon Brewer**

Tell me a little bit about how you build the investment team to make sure you've got the right investment skills sitting alongside the right visionary skills.

**Pamela Pavkov**

We're really excited to be building the next team, and it is a balance of individuals with principal investing experience, manager selection experience, seeding and staking experience, as well as all of the executive office functions. Our investment committee consists of Anilu as well as our CEO, and they're able to apply their leadership capabilities in running TPG to underwriting NEXT managers. So we really have quite a complimentary mix of skill sets that are being applied to the portfolio construction and investment activity and actually have tremendously deep investment experience on the team that is leading NEXT.

**Anilu Vazquez-Ubarri**

That's why we hired Pamela. This is a different investing. We are underwriting the firms, the track record, and the humans in it. And nothing will be more important than whether the people that lead the firm and are in the firm are able to deliver. So that's the first question, and from there, everything flows, not just on whether they can deliver from a track record perspective, but as Pamela indicated, they're forming firms. These are organisms that do unruly things and when you don't manage them well, it doesn't matter how good of an investor you are, you're not going to progress. So I think that we need to put NEXT in the context of what it is, in terms of a seeding of a human capital business. Jon Winkelried has had investing experience himself in a number of these strategies on his own, but he's also the CEO of a private equity firm. So obviously, he's very, very much

experienced on the investing side. Pamela has built a career over 18 years underwriting managers. She was an LP actually of TPG strategies before she joined the firm, so very familiar across many asset classes, has invested in emerging managers or first-time managers, accelerated the trajectory of other managers. So Pamela comes to us with a very wide range of experience on particularly how you underwrite these portfolio managers. And the rest of the team is a combination of your typical private equity associate that we have on the team. And we've just actually extended and have an offer accepted with someone who has seeding and staking experience. The rest of our investment committee, Pamela mentioned herself, Jon Winkelried and myself, Maya Chorengel and Steve Ellis, who are our partners, who co-manage the Rise platform, who are also investors. The way that TPG NEXT works is that that's the core team. We are the people sourcing, underwriting, reviewing, developing the relationships with these managers. At the end of the day, they're entrusting us with the baby that they've dreamed of and conceived over many years, so there's a big aspect of trust and what is it that we're going to add to the partnership. But when you put all that together, there's a lot of it that has to do with being an operator, and how do you lead, how are you a CEO, how are you a founder, and those are things that a number of us have a lot of personal experience, professional experience, but also, we bring the rest of the TPG team to bear as well.

#### **Simon Brewer**

I understand there's a whole de-risking as well as a capital introduction strategic piece here. When you were asked about board composition, and we've had lots of conversations on the Money Maze Podcast about neurodiversity, particularly in terms of optimising boards, how do you think about board composition and what really, if you like, turbocharges or defines a really effective board?

#### **Anilu Vazquez-Ubarri**

Again, governance is one of the most important things that you need to take care of as you are scaling your business, your company, because there's a lot on the accountability front, as you described, that if it does not get tended to early on can cause serious issues and derail the best business strategy. Boards are also about bringing additional expertise to the table to complete and be an extension of the expertise of the CEO and the management team and that founder. So our portfolio companies across the different strategies that we have have understood the value of that. We obviously take board seats in our control deals, but we have been able to add value by bringing great directors from outside of TPG. In addition to that, we decided that while we were doing that, let's make sure that that cohort is as talented and as productive as possible by making it as diverse as possible. And the comment that we get from our CEOs since we've had the diverse board initiative is that they just simply have better boards because they are not leaving any talent on the table. Instead of just going to rinse



and repeat to the same board member that they've known that may not be coming from a different set of experiences, they have the benefit of a huge database that we have developed over the years. We've placed over 400 directors in our portfolio companies. And so the trend is clear. Obviously, there's a market and we are just adding another way of being a valuable partner to our portfolio companies.

**Simon Brewer**

And when you're talking to investors, be it CalPERS or others, how are you thinking about benchmarking the performance?

**Pamela Pavkov**

We're very focused on this initiative, delivering commercial competitive financial returns. That has been the foundational piece of this right from the inception and what really excited me to come to TPG and lead this initiative. We don't view any trade-off on account of embracing diversity and augmenting diverse representation at the leadership seat. In fact, based on our pipeline and the conversations that we've had with the high-quality investor entrepreneurs we've underwritten, we would argue that these individuals have more humility, more grit than the average investor on account of their diversity, and will seek to build successful organisations with more perseverance than your average investor because they have often overcome pretty significant adversity to get to the place that they're in. So we're quite excited by the ability for this investment fund to deliver competitive private equity-style returns.

**Simon Brewer**

So I did note in your materials, and I was very persuaded at one level, a very compelling story about finding individuals who have grit, have, as you said, humility to run these organisations. The investment industry is very data-driven at the same time. So I presume you're going to be asked the question, which is, that's fantastic and I absolutely get that, but where's the evidence that higher returns are the output?

**Pamela Pavkov**

There's a lot of research in broader business that shows that diverse teams tend to be higher-performing teams delivering better financial results. We have talent on our team that has a successful track record of underwriting better-performing managers and we're seeking to apply that skill set to the diverse manager ecosystem. And we've been fortunate to identify several GPs that are comprised of individuals with real track records, a history of working together as teams, establishing their comparative advantage in their sector and strategy. So all of those

elements of manager selection apply. We're just focusing exclusively on teams that are majority owned by diverse professionals.

**Anilu Vazquez-Ubarri**

There's also plenty of research that is an application of that general research into investing in particular, where the performance of diverse managers is the same or better. They're outperforming their peers that are in the majority. So what we're really talking about is an inefficiency in the market, as I said, a mismatch of talent and opportunity. We're not inventing a market. We're just going to a segment of the market that has been ignored by other pools of capital and we're ready to invest in them.

**Simon Brewer**

Can we talk a little about the underlying assets because TPG is obviously known for private equity, I would say primarily, although you're in these four strands of the business. Can you just explain a little bit about how you think for the portfolio level you want to place your bets?

**Pamela Pavkov**

Our strategy will have an emphasis on buyout investing and leveraging the investment expertise of TPG. And in both our balance sheet investments, we have examples of partnerships that we've formalised between the NEXT managers and the principals at TPG. What really I think differentiates our firm in launching this initiative is the eagerness of TPG principals to apply their skill sets to supporting NEXT managers in their investment activities. So we've actually formed groups of principals whose day jobs involve doing deals at TPG that seek to apply their skill sets to supporting NEXT managers in their underwriting activities. And this can involve helping them build conviction around investment themes at the macro level, it can also involve providing customer introductions, acquisition target conversations at the bottoms-up company level for the NEXT managers.

**Simon Brewer**

I got the impression that you're been very deliberate in trying to inculcate best practice to the firm's that you work with. And I also read that you've actually had this program called Investors in Residence. Now, I'd love to hear how that works.

**Anilu Vazquez-Ubarri**

That was a firm that we put in place for LandSpire. It was the third manager that we invested in from our balance sheet. And for them, because they were coming from a background where they had not been inside an investing firm professionally, they had an ecosystem or seeking to do investing activities but they have not had the benefit of that, whereas Harlem Capital Investment, they had been part of that ecosystem. Marcos Gonzalez, who was our second investment in VamosVentures, also, himself was a private equity investor for many, many years, and also an entrepreneur. So for LandSpire, we felt that the value add that we could bring was to basically incubate that team. They were focused on real estate. We have a great real estate private equity group. And basically, they were interns with them. They got also the opportunity to co-invest while they were there, so their network is incredible. They have a great sourcing and they were able to source an opportunity that our team was really interested in and wanted to co-invest. So while they were in our program which lasted two years, they also got the opportunity to interact importantly with the business-building functions of our firm. So how do you run a finance operation? What are the legal implications of setting up your own firm? How do you fundraise? And being perfectly within the firm, they also got to network with a lot of our employees and their own relationships. That is another solution that we felt we were able to maybe invest in them or how our own fund as part of the transition, we wanted to try to see how would a program like that benefit people that maybe are trying to get into the investment world and we could be good partners to them.

**Simon Brewer**

So, Pamela, I'd like to just ask you a specific question which comes back to the process, because I can see there going to be a lot of people who would like to partner with you for obvious reasons. How do you manage that screening and evaluation process?

**Pamela Pavkov**

We've been very fortunate to now identify more than 400 GPs that qualify for NEXT, meaning they are majority owned at the management company level by diverse individuals and are investing in the strategies that we're seeking to back, venture capital, growth equity, buyout and credit. From there, we've spent a reasonable amount of time meeting at least a couple of visits and data room analysis on about 30 of those names where we're seeking to build conviction around the quality of their investing experience. What is the depth of their track record? How strong is the attribution of that body of work to the principles that we're backing? Because those track records frequently come from predecessor organisations. We actually do a fair amount of back-channel research through that organisation as well as our own networks to triangulate the veracity of that track record to the principles that we're in dialogue with. And then we spend a lot of time thinking about what differentiates

that investment strategy. We're obviously all in quite a mature industry where there are many, many firms that look and sound like one another. And what new managers really struggle with the most is explaining to sources of capital what makes them unique. I know we struggle with that word.

**Simon Brewer**

I struggle with that word, you don't.

**Pamela Pavkov**

It's an overused word because often there is nothing unique even when people say they're unique. But we're really trying to help these managers differentiate themselves, because fundamentally, they're forcing institutions to think about taking a leap of faith on a new organisation as compared to an incumbent firm that maybe has had a multi-decade relationship with that source of capital. So the switching costs are very high, and part of our job is to be able to demonstrate with conviction to the market why this new manager is going to be a disruptive entrant and ultimate leader of their category. We're pretty far along in conversations with about a half dozen groups where we have had multiple discussions at our investment committee. That team has presented to our investment committee and we're in the process of negotiating the terms and structure of what a long-term partnership with them would look like. At that stage, we really start to talk about the key principles of the partnership, because we're not just underwriting the manager and their quality, but we're starting to have them underwrite us and think about what could TPG bring to our organisation that would help us succeed and grow more quickly than we are today. Through our balance sheet partnerships, identified five key pillars of TPG NEXT engagement with managers. Two of the five pillars are within investment activity, so helping managers underwrite deals either from the macro top-down perspective or the asset bottom-up perspective. The second investment pillar being operational value add. Often, new firms don't have operational capabilities and we are seeking to apply the skills and capabilities of our operational groups to the post-investment process of these NEXT managers portfolio companies. And then the three other pillars are actually where we've seen the highest level of engagement from our pipeline names. And it relates to all of the non-investment activities of launching your own GP that have unfortunately become incredibly time-consuming and expensive for new principals building their own GPs. They include capital formation, organisational infrastructure, and network synergies, which we've generally defined as helping new firms by putting the TPG logo next to theirs and having that open the door for conversations they would not otherwise be able to access.

**Simon Brewer**

Diversity is a word that's used a lot, but there's a lot of granularity underlying it. And I wonder whether you could talk a little bit about the components that make up diversity because you're having to weigh these up as you think about growing the strategy.

**Pamela Pavkov**

We've applied the same definition of diversity to TPG NEXT as we do at the firm across TPG more broadly. And the four diversity cohorts that we've identified to qualify for NEXT include gender, so female, ethnic minority, LGBTQ and US veteran. And our definition of what qualifies a manager is that the management company be majority owned by individuals who self-identify with one or more of those cohorts. It's a pretty high bar. There are various diverse emerging manager initiatives of varying criteria. One of the early debates we had was what the number should be. We felt quite conflicted in the desire to have all of these firms be majority owned by diverse principles, and we're pleased to see that in many instances, the number is much higher than 51%. Another key part of our conversations with these managers is regarding how they can not just qualify today, but stay majority diverse-owned in perpetuity. One of the longer-term goals of TPG NEXT is to help private equity become a healthier industry by reflecting the demographics of the consumers of the products and services that private equity supports at the portfolio company level. And it's very difficult to do that if you don't have alignment on demographics between the allocator seat and the end markets. So we really do believe and we've been excited to see that in many instances, we can help these managers recruit, retain and groom talent that is diverse at the junior levels to continue to succeed within their organisations and hopefully help that organisation stay diverse-owned in perpetuity.

**Simon Brewer**

Thank you. I'd like just to pause on the co-investment by CalPERS because obviously it's an institution that almost needs no introduction and it's made a significant investment in this venture. Could you talk a little bit about how that partnership came about and what the expectations are of each side?

**Pamela Pavkov**

We were very fortunate to engage in pretty meaningful accelerated dialogue with CalPERS. We've had a long-standing relationship with CalPERS, across many other TPG investment activities, but this was really a conversation that was cultivated at the top between our CEO and CalPERS CIO who really saw eye to eye on the importance of diversity as a business strategy and the importance of augmenting exposure to new managers for large institutions. And we've been pleased to see that a lot of the investor engagement, in addition to CalPERS,

are large institutions that are realising they have insufficient exposure to new firms and that those new firms will become tomorrow's asset class leaders. And it is very important for them as long-term sophisticated allocators to be in the flow of new managers that are among the best. And we do believe that the diverse-led firms have a comparative advantage because they see the world differently. They have a unique perspective to share and that differentiation will allow their organisations to disrupt and prevail over time,

### **Anilu Vazquez-Ubarri**

CalPERS, they've been a great partner to us as a firm for many years and across many strategies, as Pamela said. They also are innovators and I think that they saw in TPG NEXT an opportunity to do something that maybe others have been trying to do but just from a different angle. And we're just doing authentically what we can bring to the table. All the different strategies that exist in this space are needed. We are happy to bring to the market something a little bit different with the capabilities that TPG can offer and to do it in partnership with someone like CalPERS in their own reputation. As Pamela said, the other conversations we're having with potential LPs, we're trying to make sure that people understand that we can be a solution for them. They've been trying to or have in the past entered the space. It's a complicated space because as you've heard from us, the underwriting process is time-consuming, you have to get it right. If we can provide that part of the equation while they're still having exposure to this cohort of diverse emerging managers that are really going to take market share, it's our prediction, it's a very efficient way for them to do something that they really care about.

### **Simon Brewer**

Because I'm a lover of military history, I just want to stop and one of those four strands because nobody's ever brought that up on the podcast, which is US veterans. I love that idea. Tell me a little bit about how that is being developed as well.

### **Anilu Vazquez-Ubarri**

US veterans is a category that if you look across the US by now, most corporations have recognised that is an underrepresented population in our financial services industry as a whole. They bring a set of experiences and training and skill set that is very much needed. Across the board, they're particularly useful skills if you're trying to start your own firm, actually, and if you're being methodical and disciplined about your investment strategy. So we think that is a skill set because of the background. That has merit in terms of something that we should be paying attention to. We also think that is a population that in the US many times is not just a veteran status, but they might have other cross-sectionality with diversity. We have a lot of the women that we've talked to who are

veterans, Black, Hispanic, Asian, and LGBTQ. So it offers us the opportunity to have a cross-section of diversity. And obviously, there's a lot more than that population that comes, but that becomes irrelevant in terms of their experience as I mentioned. We're trying to align our TPG NEXT portfolio with what we're asking of ourselves as a firm and what we're asking our portfolio companies.

**Simon Brewer**

So I'm going to ask you three closing questions. I'm going to ask it to each of you in turn. So Pamela, I'm going to start with you. What advice would you offer to young minorities thinking about finances as a career?

**Pamela Pavkov**

I would encourage them to find people that they can work for who are incredible teachers that like helping them learn. Anilu described early on that mentorship from people that believed in her was important, and I think that that is really critical in the early stages of one's career, particularly if you come from a background that maybe nobody in your family worked in finance or knows anything about private equity. If you can align yourself with organisational leaders and sponsors that really want to cultivate your acumen and teach you, not just the deal business, but how to exist as a human, that can go a long way.

**Simon Brewer**

Great. Anilu?

**Anilu Vazquez-Ubarri**

I would say two things. One, expose yourself to different experiences and people that think differently than you. You don't have to do it exactly how they do it, but you'll learn something along the lines. And then also run to the fire. If what you're working on is easy, you'll feel comfortable, it's just not going to make you grow. So go to where problems need solutions and be humble enough to try to go and figure it out and know that you don't know all the answers but that you have confidence that if you put the work in, you'll be able to be a problem solver.

**Simon Brewer**

Question two, how have each of you dealt with setbacks? Pamela?

**Pamela Pavkov**

I think setbacks are often opportunities to revisit the approach and come at the challenge a different way. So short answer is not giving up. Just keep trying to find a way to make it work, maybe through a different angle.

**Anilu Vazquez-Ubarri**

Personally and deeply, because you have to feel it, you have to let it sit in, and then take that as a springboard to pull forward and jump ahead.

**Simon Brewer**

Finally, who's the one person you would both like to meet and invite onto any one of your boards?

**Pamela Pavkov**

Queen Elizabeth would have been pretty awesome. If we want to go way back in history, I was a student of Shakespeare way back in my English major days. So she was pretty ahead of her times as a pioneer. So she's got my vote.

**Anilu Vazquez-Ubarri**

For me, it would be Ruth Bader Ginsburg, Supreme Court Justice and hero of mine on anything. Board, dinner, whatever invitation could be open.

**Simon Brewer**

So I have found this conversation illuminating and educational and I have written down a number of things because you are breaking new ground here, because I think that there is an understanding about better boards having more neurodiversity. I think there's a recognition of the shortcomings of our industry. But I think developing an explicit strategy around it is going to meet some resistance and some seeking of clarity. Your thinking, obviously, is very well developed and you've been doing a lot of that so I salute you for this endeavour because it's clearly fantastic and it could be groundbreaking if you get the momentum and create the attention that it deserves alongside the performance that you have seemed to have no doubts that you'll be able to achieve as well. I'm going to just quote three things that you said that I think is just great advice for all of us whatever the age, is run to the fire. Thank you very much. I think that's something that is counterintuitive. People always say it, but it's about not giving up. The obstacles that are put in front of most of us who have been lucky enough and should we say privileged in a lot of ways are nothing like the obstacles that have been put in front of so many more people. And I think that the third observation was for young people to expose yourself to



potential teachers and sources of inspiration. I think it was David Yarrow who was a guest on the show a long time ago who has become the world's most successful photographer. And he says one of my questions to people when I'm interviewing them is, who's your hero? You have to have a hero, and that's essentially the same message. So Anilu and Pamela, thank you very much for being here today with the Money Maze Podcast. We really appreciate the time that you spent, so thank you.

**Pamela Pavkov**

Thank you, Simon. This was a lot of fun and we really appreciate your excellent questions and thoughtful engagement on what we're seeking to accomplish through TPG NEXT, and we're excited to see where the journey unfolds from here.

**Anilu Vazquez-Ubarri**

Thank you, Simon.