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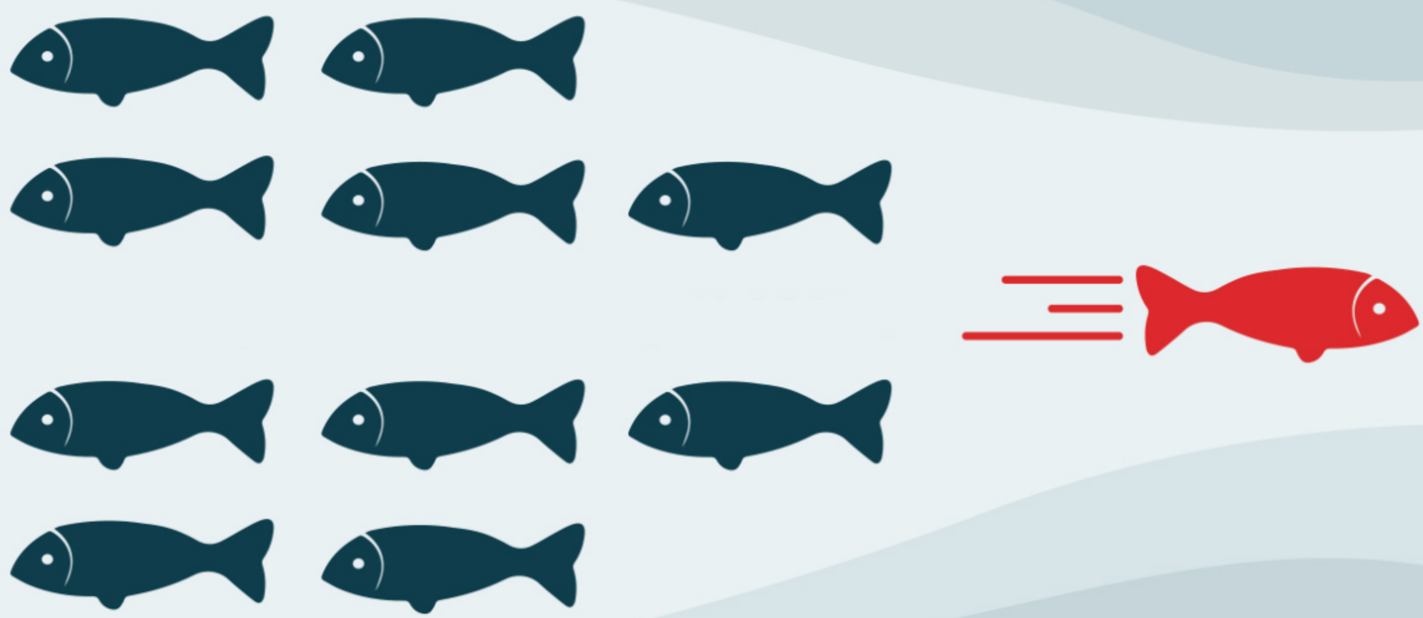
CAPITAL

Altering the Paradigm for Diverse Investment Managers

Time for New Solutions

October 2023



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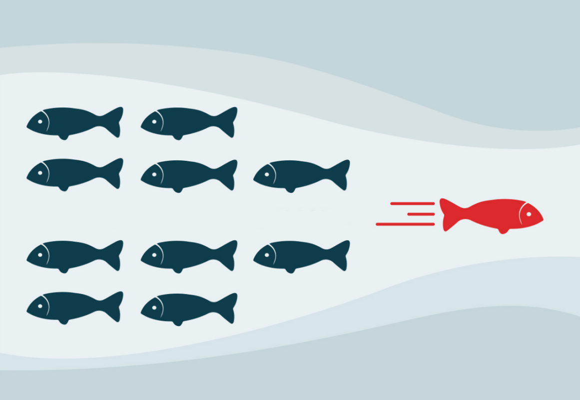


Introduction

Imagine you are walking down the street and see a $100 bill stuck in a grate, would you keep on walking and just leave it there? Most of us would bend down and figure out how to pick up that bill because $100 is worth a little time and effort.

Just like that $100 bill, diverse* investment managers are stuck, and even though their value should be obvious, many investors are not putting in the time or the effort to engage. The reasons these managers remain "stuck" are two-fold:

1) the difficulty diverse managers (general partners or "GPs") face in launching and scaling in a manner that makes them investable for institutional investors (limited partners or "LPs"), and
2) the differentiated thinking required for LPs to incorporate diverse managers into their investment portfolios without sacrificing any rigor in diligence.

At MPowered Capital, we are trying to alter this paradigm. Through numerous conversations with GPs and LPs alike, we have identified what we think are effective ways to address the problem – ways to begin moving more institutional capital to diverse managers while also accelerating their growth.

The most effective way is through what we have termed GP Structured Partnerships ("GSPs"), and this white paper will explain what GSPs entail and why we believe this kind of innovative thinking and support can be so instrumental in shaping the future for diverse talent in the private alternative investment space.

The "Why and How" of Investing in Diverse Managers

As investors, we are always looking for ways to produce outsized returns while effectively managing risk. Research tells us that diverse investment teams are delivering more performance upside while at the same time better mitigating downside risk (see our prior white papers here).

So why then are we still at a paltry 1.4% of the $82 trillion in institutional assets under management (AUM) in the U.S. managed by diverse-owned investment firms?[1] For reference, 70% or more of the U.S. population is diverse.[2]

Despite many well-intentioned institutional investors / allocators expressing a desire to focus on diversity, equity, and inclusion ("DEI"), that AUM figure has not budged in over a decade. Diverse-owned investment firms managed a meager 1.3% of U.S. institutional AUM in 2011, and their AUM share even declined to 1.0% in 2016.[3]

There are several factors at play – some structural in nature, and some that are a function of unconscious bias. If we really want to change the existing investment industry paradigm to see stronger representation from

*Diverse includes, but is not limited to, women, racial/ethnic minorities (e.g., Asian Americans, Black and African Americans, Hispanic Americans and Latinxs, Native Americans), and other underrepresented groups.
1) Knight Foundation, Bella Private Markets. 7 Dec 2021. *Knight Diversity of Asset Managers Research Series: Industry.* – hyperlinked here
2) Jones, Nicholas et al. 12 Aug 2021. "Improved Race and Ethnicity Measure Reveal U.S. Population is Much More Multiracial." *United States Census Bureau.* – hyperlinked here
3) Knight Foundation, Bella Private Markets. 7 Dec 2021. *Knight Diversity of Asset Managers Research Series: Industry.* – hyperlinked here

diverse investment managers, and to better capture the investment performance alpha that diverse investment managers can deliver, then we must find solutions that tackle the structural barriers and unconscious biases that have disproportionately affected diverse investment managers. To do so requires outside-the-box thinking to develop innovative and flexible solutions to support the launch and growth of diverse investment managers.

For emerging managers / GPs, these solutions can be instrumental in the start-up or scale-up of your investment firm and fund. It is important to understand what you might be able to expect, and certainly what you may be getting into, when engaging with organizations that can provide some form of these solutions. Later on, if you've entered into any of these arrangements, you'll need to know how to succinctly describe them to your broader LP base.

For institutional investors / LPs, it is important to understand the differences between the various arrangements that an emerging manager may set up to accelerate their launch or their growth. Not all solutions are created equal, and the nuances of any given arrangement can determine whether:

- there is alignment with your interests,
- there are benefits to your investment,
- the manager has been better set-up for success, or
- if there are likely to be problems down the road.

For example, if a manager is working with a credible and aligned seeder, could that be a positive indicator of the manager's institutional readiness and make it easier for you to make an investment with the manager?

Let's take a side trip to level-set on some definitions. Anchoring, seeding, GP staking – these terms / concepts are oftentimes thrown around almost interchangeably.

We think it is useful to lay out the most common, market-accepted terminology and what each of these concepts could encompass.

Anchoring

Anchoring is simply a large LP capital contribution or commitment to an emerging (typically first-time) fund that goes into an early (generally first or second) close of the fund. It is a large LP fund commitment that can help kickstart an emerging manager's fundraise.

Many LPs are hesitant to invest in a fund that may not reach the capital levels required to effectively execute on the manager's core investment strategy. By speaking for as much as 15% to 35% of the target fund size, anchor commitments can de-risk the fundraising process and thereby attract other LPs to make commitments.

In exchange for being an early and large investor, an anchor LP typically receives preferential economics and sometimes capacity rights in future funds and/or co-investment opportunities, depending on the LP and its goals for anchoring arrangements. Preferential economics can take many forms, including the following or some combination of these features:

- management fee and/or carried interest discounts,
- revenue sharing arrangements of various flavors (e.g., which components are included in the revenue share and at what levels, when the sharing begins, step-downs in the sharing levels as the manager raises subsequent funds, sunset features based on fund count or AUM, etc.), or
- profit sharing arrangements.

Some LPs are motivated by access to specialized skillsets, deal flow, or the next breakout manager that's going to quickly become oversubscribed, and so capacity rights in future funds and/or co-investment opportunities are an important consideration in those anchoring arrangements. Other LPs may view anchor investments as a way to buy down their overall fee load and improve net returns, and thus are more interested in management fee and/or carried interest discounts.

Seeding

Seeding goes beyond strictly an LP fund commitment, and typically includes one or more of the following elements: working / operating capital for the management company ("ManCo"), capital for a manager's pre-fund launch deals, warehouse capital for a manager's early deals, and strategic guidance or operational support for the business.

A seeder is almost by definition an early investor, working with emerging (and in the vast majority of cases, first-time) funds prior to the fund's first close, and oftentimes, even prior to the fund's launch. A seeder's LP commitment to a fund will also almost always go into the fund's first close.

Much like anchor commitments, seeding arrangements can de-risk the enterprise and the fundraising process, thereby attracting other LPs to make commitments to the manager / fund.

Working capital, by enabling the manager to build out its team earlier, can provide the manager with the resources to execute on its sourcing strategy sooner, conduct deal diligence more thoroughly, and implement investment value creation initiatives more effectively. All of these factors can help lead to better investment performance, benefitting LPs' fund commitments, along with the manager's enterprise growth and value creation.

For being a very early and catalytic investor, and in recognition of the different risk profile that may come with working capital, pre-fund deal capital, or warehouse capital as compared to LP fund commitments, a seeder typically receives preferential economics (which could include an ownership stake) and special rights.

Preferential economics can take multiple forms, including the following or some combination of these features:

- management fee and/or carried interest discounts,
- revenue sharing arrangements of various flavors (as described previously under Anchoring), or
- profit sharing arrangements.

In seeding arrangements, preferential economics could also include the seeder taking an ownership stake in the manager's management company, or a structure that mimics ownership (e.g., perpetual revenue sharing arrangement along with the right to a portion of the proceeds if the manager were to sell a stake or realize its enterprise value).

Working capital can enable a manager to build out its team (both investment and operations) sooner and put in place essential infrastructure to meet institutional investor requirements and be able to take on large institutional commitments.

Strategic guidance / operational support can reduce start-up or scale-up risk and remove business friction costs, thereby improving business certainty and accelerating progress.

Pre-fund deal capital and warehouse capital can support a manager in establishing its independent, attributable track record, which is a key evaluation criterion for many institutional investors.

Seeders and managers should also take into consideration the potential interactions between management fees and working capital, as well as between discounts and revenue or profit-sharing arrangements, and the implications for long-term alignment between the seeder and the manager.

Further, if an ownership stake is at-play, it should be clear how the seeder is contributing to enterprise value creation beyond providing capital (if they're going to participate economically in that enterprise value in the future), and the parties should consider a release valve / exit mechanism should the relationship not work out years down the road.

Special rights could include the following or some combination of these features:

- Capacity rights and/or pre-negotiated discounts in future funds and/or co-investment opportunities
- Typical minority investor or lender consent rights (e.g., budget, incurrence of material indebtedness, sales and acquisitions, etc.)
- LPAC seat or observer role
- Investment committee seat or observer role

In general, the more that the seeder's preferential economics lean towards equity ownership in the manager, the more special rights the seeder would likely also have.

Seeding arrangements for private alternatives investment strategies are still emergent, and the market remains opaque, where deal structures and terms can vary widely depending on the LP acting as the seeder and the characteristics of the underlying manager.

Some seeder LPs view themselves as incubators of new investment strategies, and they can lean in with meaningful operational support, so they'll look for a large ownership stake (up to 40% in some instances) and the ability to have greater influence over the direction of the manager (e.g., by sitting on the manager's investment committee).

Other seeder LPs see the value that experienced emerging managers can deliver and understand the risk-reward trade-off of being a very early investor, so seeding relationships represent an avenue for stronger investment performance paired with important second-order societal / impact benefits.

We have also heard of some LPs, mostly foundations, engaging in seeding or anchoring arrangements without seeking preferential economics or special rights. In these cases, the LPs seem to be interested in supporting diverse investment managers (and diverse, underserved populations more broadly) for non-economically driven reasons. There could be alignment with the LP's organizational mission / philanthropic goals, and the funding could come from non-investment capital pools. The working capital funding, for example, could take the form of a long-term loan with a nominal interest rate.

GP Staking

GP staking typically takes place with established managers (on fund IV or beyond), whereas seeding supports emerging managers (typically raising fund I through III). GP stakers seek to underwrite managers' recurring / existing revenue and profit streams, look for visibility into future revenue and profit streams, and evaluate managers' enterprise value potential – hence, why GP stakes deals are often reserved for established managers.

GP stakes deals usually take the form of permanent capital, or an ownership stake in the manager. They typically include capital for the ManCo and may or may not include a fund commitment.

Finally, GP stakes deals can be intended to cash out founders, early partners, and/or an original seeder or to support the manager in its next stage of growth. GP staking is also more established as an investment type, with large firms such as Blackstone Strategic Capital (on $5.6 billion fund II), Blue Owl Capital (on $12.9 billion fund V), and Petershill Partners (on $5.0 billion fund IV) having pursued GP stakes for over a decade now.

Survey Says...

When we first embarked on the MPowered Capital journey more than three years ago, we already knew *what* we wanted to do – we identified the market opportunity to back diverse investment talent to seek to generate superior risk-adjusted returns. However, we did not yet have a clear sense for *how* we were going to do it. So, being the data- and research-driven team that we are, we conducted our own detailed survey to understand what the market needed and the gaps in the marketplace that MPowered could uniquely address.

We received 200 complete responses to our survey. The respondents ranged from investment firm founders to those considering it as a potential path in the future, and included both diverse and non-diverse investment talent. The survey results highlighted the motivations for founding an investment firm (along with why some people were not considering it as a near- or medium-term option) and the most useful resources during firm formation and scaling. The survey results also delineated the key challenges and obstacles in the firm building journey, along with critical unmet needs, and some potential solutions / offerings to address those needs.

The survey enabled us to understand the distinctive concerns and challenges of diverse investment talent in launching and scaling investment firms, which directly informed the development of MPowered's investment strategy. It became abundantly clear that if we are to catalyze real change in the investment industry and see meaningful improvement in the representation of deserving diverse managers, our *how* must be rooted in tackling the concerns and challenges, inclusive of structural barriers and unconscious biases, that have disproportionately adversely affected diverse investment talent and their firms.

Central learnings from our survey:

Motivation

Far and away, the top reason for launching an investment firm, cited by over 60% of respondents, is the identification of a differentiated investment strategy.

Our takeaway is that investment strategy is an area that diverse managers have figured out by the time they're seriously thinking about launching their own investment firm**.** While they may be relatively new to building and running a business, they are very experienced investors.

Investment strategy is not an area where diverse managers typically need significant guidance. They may, however, value support in the areas of firm strategy and pitch refinement with the benefit of an institutional LP perspective.

Resources

Personal network (i.e., friends and family) and professional networking groups or programs were consistently identified as the most valuable resources for raising a fund. Personal networks often translate into the earliest supporters and investors, although it remains critical to have an early institutional investor or two.

Professional networking groups or programs can provide powerful sounding boards – giving access to others who are going through or have recently gone through similar experiences. These groups can also open one's eyes to "you don't know what you don't know."

"Without an anchor investor, it's very difficult to reach escape velocity."

– White / Caucasian Female Founder

"Beneficial help would be getting an early anchor investor who is known and can be a reference and supporter in getting other investors."

– Minority Male Founder

"First time capital is the hardest form of capital to raise. It is where the most inefficiencies lie as well. It took hundreds of meetings before meeting the right partner who understands how to invest in a new manager, including guidance and a strong partnership dynamic."

– Minority Female Founder

"I would not say that [emerging manager programs] have been useless but just less helpful for me. The emerging manager programs stunted the growth of minority firms as a group because we had not matured enough to compete against often better funded and connected white males' firms."

– Minority Male Founder

"The [emerging manager] programs tend to be pretty risk averse in terms of backing new GPs versus new funds raised by GPs spinning out of an established firm, which creates inherent bias against minority managers given very few established firms have enough diversity to spin out a large number of new, diverse GPs."

– White / Caucasian Female Founder

Quotes from 2020 MPowered survey responses.

Intriguingly, emerging manager and diverse manager programs came up as two of the least useful resources. There have been encouraging developments in these programs since this survey was conducted in 2020, but the survey did identify some gaps in the market despite the existence of well-intentioned LP programs.

For example, these programs sometimes still take a "check the box" approach to manager due diligence or impose certain requirements on emerging managers that exacerbate the problem of upfront / working capital funding, creating distinct challenges for diverse managers.

Challenges

The two most challenging factors in launching and scaling an investment firm, according to investment firm founders, were finding an early seed or anchor investor (inclusive of accessing start-up capital to fund firm operations and the GP commitment) and fundraising (that is, finding the right investors to meet with and managing the capital raising process). And for those not considering founding an investment firm as a near- or medium-term option, a key concern was not having the capital to do it, inclusive again of start-up cost and GP commitment funding.

Problems and Solutions

Insights from the survey, combined with our learnings from ongoing conversations with diverse managers – we meet with approximately 150-200 managers in any given year – have led us to a couple of common themes, in terms of:

1) the challenges that have disproportionately impeded the growth of diverse managers, and
2) the potential solutions that can be catalytic.

In the following pages, we outline some common problems and MPowered's solutions to address those challenges.

Problem #1: Working capital (distinct from early fund capital) to start-up a new investment firm, or to scale-up between early funds at an emerging manager, has been a largely unmet need.

On the one hand, diverse investment talent, in particular, are afflicted by 1) the gender and racial wage and wealth gaps, 2) slower career advancement, and 3) less privileged personal networks (e.g., less able to tap friends and family for a few million dollars of funding). In addition, much of compensation for senior investment professionals can be tied up in carried interest, which is neither liquid nor useable capital in the near-term.

On the other hand, a newly-launching manager likely needs to build out its team and put in place back-office operations / infrastructure before institutional investors will earnestly consider making an investment.

There is also the case of an emerging manager needing to scale up its team and operations in preparation for larger institutional commitments, or the case of a manager facing an extended fundraise (due to the remarkably challenging current fundraising environment) needing bridge capital to maintain resilience.

These common scenarios create the "chicken and egg" problem for managers – where ManCo capital is required to fund the start-up or scale-up, but the management fees that would normally support these activities are contingent upon these very activities taking place first.

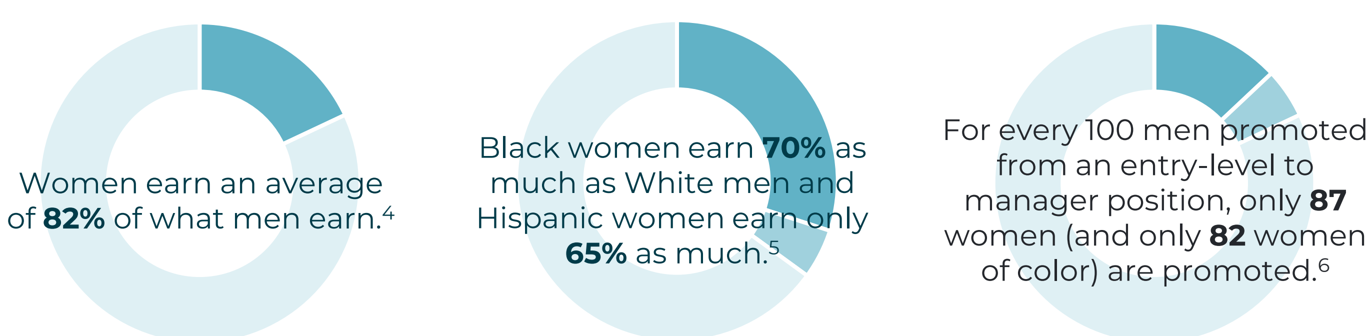
Solution: MPowered recognized the need in the market for a more systematic working capital funding solution and has made working capital one essential component of our GP Structured Partnership, or GSP, investment strategy, which represents our differentiated approach to seeding.

Historically, some family offices have provided working capital on a one-off basis, and some established investment firms have provided working capital to support adjacent, accretive strategies (again, on a one-off basis). Start-up companies are able to raise capital to fund team and product build-out – why shouldn't something similar be available to emerging investment firms?

At MPowered, each GSP is tailored to the underlying manager's specific situation, and GSPs can flexibly address start-up, scale-up, and other manager use cases. We work closely with the manager to size and time the working capital need appropriately, and we collaborate with the manager on a revenue sharing arrangement – *we generally do not look to ownership as a starting point*, and we can incorporate step-down and sunset features into the revenue sharing arrangement – to build long-term alignment across the manager, MPowered, and the manager's broader LP base.

More recently, a few other institutional investors, mostly fund-of-funds like groups, have entered the seeding space and can provide working capital. There are a variety of

The wage gap is real, and there is a "broken rung" at the first step up to manager.



4) Aragao, Carolina. 1 Mar 2023. "Gender Pay Gap in U.S. Hasn't Changed Much in Two Decades." *Pew Research Center*. – hyperlinked here
5) Kochhar, Rakesh. 1 Mar 2023. "The Enduring Grip of the Gender Pay Gap." *Pew Research Center*. – hyperlinked here
6) Alexis Krivkovich et al. 18 Oct 2022. "Women in the Workplace 2022." *McKinsey & Company and LeanIn.org*. – hyperlinked here

flavors to these incipient seeding solutions. Some investors seek ownership stakes, some are only interested in providing working capital (no associated fund commitment), some are only looking at first-time funds / the start-up use case, and some are focused exclusively on diverse managers.

Problem #2: Early fund commitments can be some of the toughest to secure. Many institutional investors, even those with emerging manager programs, do not have the risk appetite for or are not suited to evaluate first close commitments or first-time funds.

In addition, out of the subset of investors that can invest in first-time funds or emerging managers, many are still hesitant to go first / early and want to wait to see greater fundraising traction or some early investments in-the-ground for the fund before making a commitment.

These dynamics, again, create a "chicken and egg" problem for managers, one that is especially acute for first-time funds and diverse managers, which are less likely to have teams that have invested together in the past, because senior diverse investors tend to be "onlys" at their prior firms.

Solution: We recognize that fundraising has to start somewhere, and to tackle this structural barrier head-on, MPowered has made an early fund commitment the second key component of GSPs.

MPowered's fund commitment typically goes into the first close, and we are often the first institutional investor to make a fund commitment. We are generally comfortable going first / early, because in most cases we have already built an extensive relationship with the manager leading into the fund commitment, including through providing working capital funding and strategic guidance / operational support.

Further, we'll oftentimes have made an investment alongside the manager into a pre-fund deal or two, which supports the manager in building their independent, attributable track record, while simultaneously enabling MPowered to conduct deeper diligence with the manager.

There are an increasing number of seed and anchor investors that can provide early fund commitments, and that is welcome progress in the industry. Early investors can serve as a signal to the market, providing a valuable vote of confidence to encourage other institutional investors to come in.

Depending on the size of the early investor's commitment, the commitment itself can also help de-risk the fundraising process; however, the flip side of a large commitment from a single investor is the risk of re-up from that investor in subsequent funds. Seed and anchor investors will typically ask for something in exchange for going first / early, and managers would do well to consider the long-term impact and alignment of the aggregate ask, weighed against the quantum of capital that the investor is committing and any additional value-add that the investor may be providing.

Problem #3: Strategic guidance around firm building and operational support can have a great impact on determining whether a manager is able to launch successfully and achieve scale. Some managers access these resources through their professional networks and peers who have recently navigated similar circumstances. We have heard from a lot of managers, however, that it can be a lonely journey as an investment firm founder, and one voice that is noticeably missing from the conversation is that of a friendly LP with whom the manager can be somewhat more vulnerable and ideate on concerns.

Solution: Perhaps not surprisingly, providing strategic guidance and operational support to managers is the third principal component of GSPs at MPowered.

This long-term, "strategic partnership" concept spanning multiple years and potentially across multiple funds, is delivered through our MPowered Multiplier Program ("MP^2"). MP^2 is centered around the pillars of operational excellence, talent management, and business development.

In raising its inaugural fund, MPowered experienced first-hand many of the same frustrations and difficulties that we've heard so much about from other diverse emerging managers. Fortunately, our team is quite experienced with firm building and fund formation, and we were able to tap into the years of experience we each bring. This depth of experience, along with the networks we have built and the affiliation we have with an established alternative investment firm, allows us access to subject matter experts across the operational spectrum, including legal, IT, compliance, and human capital.

The realization that the majority of emerging managers lack this kind of critical experience or quick access to key advisors motivated us to build MP^2. We believe our experience and 1:1 support and guidance, alongside our networks and affiliations, can make a significant difference during the start-up phase and beyond.

What Can We Each Do Now?

Every one of us has a part to play in increasing diversity in the investment industry. We can all serve as catalysts and accelerants. Together we can push the flywheel forward, until we eliminate the underrepresentation that plagues our industry.

For all of us

We can all increasingly incorporate DEI conscious practices into our organizations and our everyday activities. The pipeline for diverse managers starts early, earlier than most of us probably realize. The more diverse talent that enters the funnel, and the more diverse talent that successfully progresses through the pipeline, the more qualified, experienced diverse talent there will be to launch and scale diverse investment managers. Practical things you can do:

- Evaluate your organization's talent recruitment, retention, and promotion processes to level the playing field for diverse talent.
- Mentor or sponsor diverse talent within your organization.
- Consider diverse candidates for an internship opportunity.
- Open the eyes of a high school student to careers in finance through a coffee chat or a few hours of job shadowing.

For institutional investors / capital allocators

To move capital to diverse managers and to incorporate diverse managers into investment portfolios, a willingness to think differently is essential.

To be clear, thinking differently does not mean sacrificing diligence rigor, nor should it translate to taking on more risk without compensatory reward.

Thinking differently means adopting a flexible mindset and critically (re-)evaluating the criteria that we have laid out for investment managers.

We may find that some criteria are actually proxies, and those proxies disadvantage diverse managers in the investment evaluation process, so perhaps we can contemplate alternative methods for assessing the true underlying considerations.

A few examples:

One common requirement is the availability of an independent and attributable track record. We know that large, established investment firms, where diverse talent are typically spinning out from, generally do not give out track records or attribution. This is an area where LPs can have the power to make a real difference. Subject to certain contractual or regulatory restrictions on the use of prior performance and the portability of track records, LPs can help in essence re-create or validate track records, since they are in regular dialogue with the most senior investors at these firms, and they can typically diligence who is sourcing the deals, leading the investments, driving the post-investment value creation, and executing on the realizations.

Another common requirement to mention is the manager having a minimum of $1 billion in AUM. Per our independent research, the vast majority of diverse-led teams manage less than that. Again, what is that criterion a proxy for? Is it a test of durability, that the firm has sufficient fee streams to support itself? How about instead looking at the team build-out, the quality of the operations / infrastructure, and the through-the-cycle nature of the investment strategy? Also, take into account whether the manager has a well-aligned partner (e.g., a seed or anchor investor) that is providing support in terms of both capital and strategic guidance, to enhance the firm's durability and sustainability.

A final requirement is a team that has worked together for a number of years. Given that most diverse talent are "onlys" at their firms, how are they supposed to come together with other diverse talent with whom they've worked directly? This requirement seems to be a proxy for the strength of partnership, and that can instead be tested through how the ownership / economics are shared, how the partners interact with each other, what the decision-making process looks like, and what the firm's values are.

Closing Thoughts

MPowered has completed a number of the GSPs that we are advocating for here, and we are seeing the positive impact.

The listening tour that began with the survey we conducted very much continues today. We at MPowered love talking with diverse investment talent about motivations and resources, as well as concerns and challenges, and we welcome the opportunity to ideate around potential solutions.

These conversations enable us to stay abreast of market developments and ensure that we continue to evolve our investment strategy to provide innovative, flexible, and catalytic solutions for diverse investment talent and diverse managers. Through these conversations, we also strive to inject somewhat more transparency into an opaque marketplace for seeding, anchoring, GP staking, and adjacent strategies.

In doing so, we hope that many others will join us in our quest to increase the number of investors – from individuals to institutions – who are willing to put in a bit of time and effort to capture the value that diverse investment managers bring to the private alternative investment space.

About the Author

Yibai Li Haney | Director

In her 15 years as an investment professional, Yibai has invested across the capital structure. In her current role as Director at MPowered Capital, Yibai focuses on sourcing and executing GP Structured Partnerships and pre-fund deals while also supporting fund investments and co-investments for the firm. She is a frequent speaker and panelist at various industry conferences and organizations where she brings her extensive experience, particularly related to investing in diverse emerging managers, to broad audiences. She also serves as a Board Observer for select portfolio companies.

Prior to MPowered, Yibai was a structured and growth equity investor at Virgo Investment Group, where she evaluated, structured, and managed investments in founder-led and family-controlled businesses in the healthcare and niche industrials sectors. At Virgo, she invested over $150 million of equity in eight portfolio / platform transactions and led $450 million in debt financing over 2.5 years.

Previously, Yibai was a Senior Analyst at Värde Partners, where she focused on executing and originating private credit and equity investments. Prior to that, she held roles as an Associate with BDT Capital Partners, where she invested across the capital structure and advised large-cap family-controlled businesses, and as an Analyst in the natural resources investment banking group at Morgan Stanley.

Yibai earned her B.A., summa cum laude, from Williams College and received an M.B.A. from The Wharton School, The University of Pennsylvania, graduating with honors as a Palmer Scholar.

Support for this white paper provided by:

Andrea Schilling | Strategic Advisor, Talent & Culture

Andrea serves as a Strategic Advisor focusing on Talent and Culture. Her advisory role at MPowered focuses on organizational design, talent, and strategic communications. In addition, she is responsible for the design and oversight of the Multiplier Program, MP^2.

As an employee of Värde Partners dedicating her time to MPowered, Andrea serves as a bridge between the two organizations. Andrea joined Värde in 2007 and led the development of the firm's Human Capital function as Global Head of Human Resources for more than a decade before transitioning into a role focused on Internal Communications.

Prior to joining Värde, Andrea spent 10 years as Chief Human Resource Officer for a large national public accounting firm. She began her career in public accounting and is a licensed CPA (inactive). Andrea holds a B.A. in Business from Bethel University in St. Paul, MN. She has served on the boards of several non-profit organizations as an HR resource and is currently a member of the Board of Trustees for Bethel University where she sits on the Academic Affairs committee.