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EPISODE 43:

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# Curating Private Market Investments

*with the New Jersey Division of Investment*



**Robert Morier:** Welcome to the Dakota Live Podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, sales leaders, and other important players in the industry who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and their Dakota Live content, please check out [dakota.com](https://dakota.com) to learn more about their services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit [dakotamarketplace.com](https://dakotamarketplace.com) today. I am very happy to introduce our guest today, Dana Johns. Thank you for being here.

**Dana Johns:** Thank you for having me, Robert.

**Robert Morier:** Very nice to have you in Philadelphia. I hope the train was not a tough ride for you.

**Dana Johns:** Perfect.

**Robert Morier:** Good. Perfect rides are always good.

**Dana Johns:** Beautiful morning, beautiful train ride.

**Robert Morier:** As I said just a few minutes ago off camera, it's a very beautiful day in Philadelphia. It's an exciting day here in this city. There's a lot going on. The fall is always a wonderful time of year, particularly here in the city and we're grateful that you came. So, before we get started, I want to quickly introduce you and your background for our audience. So, Dana Johns is the head of private equity at the New Jersey Division of Investment. Prior to joining New Jersey's division of investment, Dana was a member of the private equity team at the Maryland State Retirement

and Pension system. She is an experienced private markets investor and leader in the US public pension and broader institutional investor community. Dana has more than 20 years of experience investing and managing multi-billion-dollar global portfolios of institutional alternative investment assets. She has demonstrated a long-term track record for selecting and managing strong performing private equity fund portfolios and is committed to initiatives focused on the advancement of private markets investing and creating pathways to inclusion for underrepresented talent and private equity. Dana is board chair of the Private Equity Women Investor Network and a member of the Institutional Limited Partners Association diversity and inclusion advisory council, the Academy for Institutional Investors Editorial Committee, AIF Women's Leadership Steering committee, and the SEO Alternative Investments Limited Partner Advisory council. Dana has both a BA in comparative literature from Indiana University, Bloomington, and a BS in computer information systems from Stevenson University. She graduated from Loyola University Maryland with a master's in finance while working full time as an associate at Camden private capital, a private equity fund of funds. Dana, thank you for being here today. Congratulations on all your success.

**Dana Johns:** Sure. Thank you.

**Robert Morier:** Yeah, we appreciate it. Well, I've been very lucky at this desk. I did not think a year ago that I would be hosting a podcast, let alone interviewing people like yourself who have had such success, particularly from a manager research and asset allocation perspective. And I've also been lucky that I've been interviewing an incredible group of female investment professionals and just from your biography, it's very clear that that's a very important mission for you personally and professionally. So, I noticed that you had asked your community earlier this year to consider the TWIGO women in leadership career development program and to submit a recommendation for a rising star female investor on their team. So again, a wonderful call to action. Can you talk to us about your involvement in increasing female representation in the industry.

**Dana Johns:** Sure. So, you mentioned I'm chair of PEWIN of the board of PEWIN, and that is an organization that private equity women's investor network that is a network of the most senior women in private equity. And I think 18 years ago when PEWIN was founded by a small group of women responding to an article that asked, why are there only four women in private equity. And I think their response to that was to hopefully galvanize all of the women in private equity because there were more than 4, and to never have an article that mentioned why are there only four women in private equity. So, I think I've been honored... I recognize a lot of the names of the Women that you've already spoken to or investors and honored to be a part of that group. But as a member of PEWIN and in a leadership role, I think what we're most focused on is making sure that we're supporting senior women in private

equity, providing a way for women to network, to feel like they're being supported and to help retain women and be role models so that other women who are younger than us or just starting in their career, which is kind of where TWIGO... where that program is focused on, is the 5 to 10 years of female investment professional. And I think that we would really like to be the role models, and so that women can see that there are other women in senior roles.

**Robert Morier:** Well, we usually like to start at the beginning and the beginning of your career was not in finance, it was in the arts in New York. So, I'm always very curious to learn about people's backgrounds before they entered financial services in particular, especially when you're thinking about DEI and nontraditional paths into this industry.

**Dana Johns:** Yes, New York was where it all began. When I was in college, I think my dad gave me a piece of advice on, what are you going to do with a degree? After he asked me, what are you going to do with a degree in comparative literature and I said, I'm not quite sure, but I was sure. I wanted to be a curator in the arts, but I wanted to work first. So, moving to New York was naturally where I would gravitate to. So, I worked for Paula Cooper and was there for a couple of years, met a lot of artists and patrons, collectors, but I also met members of the curatorial staff from the BMA. So, I kind of was building out a network, very important to do. And even though I was doing it probably just naturally, I moved to Baltimore, I worked at the BMA and then I moved to the Contemporary Museum which was a much more... it was smaller. It was a museum without walls. We didn't have a permanent collection. We were working with artists, but we were also working with other institutions in the city, collaborating and recycling spaces.

**Robert Morier:** So, when you did decide to leave the arts and move towards financial services, what was that pivot like? I'm always curious, what was an arts... well, was for you, it was a comparative literature degree but at least initially, a background in the arts, how was that perceived as you were going out to a new industry?

**Dana Johns:** So, when I left the museum, the Contemporary Museum, I was actually taking some time off. I had a son he was three and it was a bit burned out. A lot of what I did over that decade was raising a lot of money for these organizations. Just a bit burnt out. I wanted to spend time with my family, and I also wanted to make a pivot. I did not know what that pivot was going to be. I ended up... because I'm an eternal nerd, I ended up getting a second bachelor's degree in computer information systems. This was like 1999, 2000 so I kind of wasn't really actually aware of a .com crash. I knew I wanted to do something I did not know what that was going to be. And Baltimore's a small town and I just kind of fell into the position at Camden partners. And what was happening at that time, it was a team of about 13 investment professionals. They were building a fund of funds. And so, when I joined

them, I joined at a point where they were building a product for one of their large institutional investors. I really got a chance to create this product with some of the best investment professionals in the industry.

**Robert Morier:** It's a great experience.

**Dana Johns:** So, I was there for nine years and while I was doing that, I had a great mentor and she encouraged me to go back to get my master's in finance. So that was... I was working full time and getting my degree, and really building kind of like the language. In the art world, there's a certain language that you use when you're talking about art. Same for finance. There's a certain language that you have to use and technical skills that you have to build. So, I think that I naturally... being able to interact with people, it's definitely a people business. I needed the technical skills. And funny side note, when I was in college, I did take accounting and almost failed it because my dad had said, you're going to a school with a great business program, you should take accounting. Of course, with a full load, kind of wrapping up my comparative literature degree, I took accounting and was devastated because I wasn't successful in that class, and I thought that I was not good at business because of that one experience. Fast forward, kind of 12 years or... 10 years, 12 years and when I had to take some pre-recs to get into the program, one of them was accounting. It was statistics. And I have to say, accounting is one of my favorites... it was one of my favorite classes because I had time to think about what the class was about, what the material was that I was learning. I could absorb it. So, it was a really interesting kind of looking back at my college self and feeling like a failure to then knowing that I needed this particular class and kind of got A-plus in the class. So, it's interesting what you learn about yourself you know and what you can actually accomplish.

**Robert Morier:** Yeah. Perspective is a wonderful thing. You try to... at least in the classroom today, I try to talk about perspective. I'll probably take that clip and send it along to all my undergrads who need to take accounting, but it takes time, it takes perspective until it all makes a lot of sense. What also made a lot of sense is I was 20 years of raising assets, I have a three-year-old and a six-year-old and I was also feeling burned out. So that feeling of wanting to do something new but having no idea what it is. Like I said opening up the show, if you told me that I'd be sitting here speaking with you a year ago, I would have never believed it. But it's funny how things can happen when you're open to them. So, I appreciate you sharing all that. When you were with Camden, what were some of the areas of private markets that you were specifically focused on?

**Dana Johns:** Camden was a kind of growth equity shop. They were investing non-control positions in business services, education, and health care companies. And so, what I learned at Camden, what I fell in love with about private equity was

identifying companies, identifying management teams that you want to invest with and helping them build a company or grow a company. So, when we were building the fund of funds, what we were really focused on there was creating a diversified portfolio of venture funds, of buyout funds, of growth funds, some credit, focused in North America and Europe, and providing... we've kind of mentioned it. I liken kind of building a portfolio to kind of curating a group exhibition. And so, you're looking for balance, you're looking for synergy, you're looking for transferring that to thinking about risk and how you mitigate risk. So anyways, I've always kind of felt comfortable in this role of building portfolios. So that was... at Camden private capital, that's what we were doing. So, we were meeting with managers, we were identifying best in class managers, and we were also, on the other side, raising capital, which I was used to doing for my years of fundraising in the art world, but raising capital from LPs but educating them about private equity and why a fund of funds versus investing directly in a fund manager, diversification of risk in a fund of funds.

**Robert Morier:** There's been a resurgence of fund of funds. We're going to talk more about that. We're hearing more and more particularly from the outsourced CIO side of the business. They're introducing private market solutions that are through fund of funds constructs that aren't too dissimilar from what you just described. So, I'll be interested to get your perspective on that. But I love hearing this theme of curation and managing, supporting, building kind of young talent. One of the things that I admire about your experience is that you did go back to the arts in 2011 but you did it through board seats. So, can you talk about why that was important to you?

**Dana Johns:** Baltimore... as I mentioned, Baltimore is a wonderful city. I call it a big town. Small city, big town, where you really can get involved with a lot of different organizations. So, I've never really left the art world when I made my kind of career pivot. I collect art. I've just always been involved. So, the friends of modern and contemporary art at the BMA, was an organization where we were like minded individuals coming together who really wanted to educate ourselves and to continue to educate ourselves about contemporary art to engage with artists to engage with collectors. I joined femke and then that led to... and I think this was a period of time where my son was a little bit older. Not that I had less or more time, but I had some time that I could devote to these organizations. So, the Waldorf school of Baltimore was a private school that my son went to. And so, when he graduated in eighth grade, I joined the board, other nonprofit organizations like CASA, Court Appointed Special Advocates. So, I guess it was more of being engaged in our city and wanting to support different organizations that make it so vibrant. Or on the social side, really support of Foster. Kids in Baltimore City. And Maryland, I think, Baltimore City had the largest number of foster kids to help advocate for.

**Robert Morier:** It's wonderful to hear about that from you about the importance of sense of community from your perspective. But after Camden, you had a successful



12 years with Maryland State Retirement and Pension System. So, you went from relatively small to relatively large. Can you talk about that transition from private markets, fund to funds. I think when you started, you were on the public market side of the business.

**Dana Johns:** When they hired me, this was post-GFC. There was a lot of uncertainty. I think at Camden, we had kind of wound down the fund of funds. They were focused on the direct funds and raising capital for the direct funds. It was a great kind of bridge from... I think we raised maybe 250 million over five funds for Camden private capital at Maryland. I think at the time, it might have been 47 billion in plan assets. I joined the real assets team initially but pretty quickly, shifted over to private equity. It was a time where there were furloughs, there were budget cuts broadly in the state of Maryland. And I think when I joined, they were building their private markets. So, I initially joined the real assets team. When we had a position open... the position was there, it just had been frozen. When that position was unfrozen, I shifted over. So maybe that was to 2013 and that was a time when we were building that portfolio. I think maybe there were some similar other peer organizations where private equity was beginning to be very important in terms of growing assets and also mitigating risk, I think. When the... prior to my joining, the plan experienced a lot of turbulence and they really shifted into private markets as part of the asset allocation. So that was also a great time for me to join and help to build a portfolio. I think we had been very consultant driven and I was a very active investor. And that's something that I learned at Camden, to be very active. So, when I got there, I always, when I'm entering a new situation, I want to understand, build trust, figure out what are our immediate goals, mid-term, long term goals. So, it took a little bit as we transitioned to being more actively engaged with our existing managers, bringing in new managers. Thinking about portfolio construction, I think initially, we were really focused on growth and buyout and not as much in venture. I think in 2015, and this coincided with the current CIO joining, Andy Palmer... I think he really... when he joined, he was really focused on supporting the team and empowering us to bring back the best investment ideas that we had. And so, the team was focused on our existing portfolio, but how can we build out new relationships? We were tasked with thinking about what venture might look like in our portfolio. We had historically had kind of a small exposure to venture. One of the problems for large institutional investors is that investing in a seed fund which is \$50 million, typically our check sizes are \$50 million. And so, we never want to be the entire fund. We really only want to be not more than 10% of a fund and really like to see when you're in co-mingled funds, having a diversified OP base. You're looking for solutions around how to access this part of venture. We were able to put together. We did find a solution. We were able to partner with a really great group and build a venture portfolio over five to six years. We thought it would take a lot longer, but we really scaled into it from 2017. Then we have the pandemic, and then we have 2022 and we're dealing with a lot of high valuations. But I want to back it up to the fact that allocating capital in a

consistent fashion no matter where you are in the cycle. We are not tactical investors. We're investing for the long term. This is an asset class that meets aligns very nicely with a pension and particular venture, which is so long term. We have the patient capital.

**Robert Morier:** Venture is so relationship-based, especially the GP/LP relationship. So, during that build out, because it's relatively new, how did you cultivate those relationships, particularly with the top performing venture capital firms? At that time, money was you could say, rolling in so they had their pick.

**Dana Johns:** Just like venture capitalists develops relationships with founders, that's exactly what we do with venture capitalists. And you have best-in-class managers and you just proactively reach out to them, or you leverage the partners. And that's what we were able to do, was to leverage the partners we were working with to build... who had the relationships. They shared the relationships with us, and then it was upon me and my team to continue to develop those relationships. So, one of the ideas around building this venture portfolio was... it was a balanced kind of early stage, multi-stage growth expansion. Some of those managers, once they got to know us and the fund was at a size that made sense, we were able to invest directly in those managers instead of indirectly through the fund of funds. So, I think it's very important to continually develop those relationships and that's served me really well as I've joined in my new role at New Jersey with building trust with the managers that we're the best partner.

**Robert Morier:** Thank you for that transition. I was just going to ask you about your new role with New Jersey. Congratulations, again. So, talk to us about the role, the mission. What attracted you to joining New Jersey and how do you find now that you've been in it for a little while now?

**Dana Johns:** So, I'm head of private equity. The plan is around \$90 billion. I think that the private equity portfolio is close to \$11 billion, and it's similarly sized to the portfolio that I was working on at Maryland. And similarly, from a portfolio construction, some buyout, venture, growth, a little bit of special situation. The opportunity that I saw at New Jersey was to join a team that needed a leader. They had been without a head of private equity for almost a year. So that was very interesting to me to lead a team that was already there and to be able to, as I said, evaluate and create a portfolio that is positioned for growth and to be really a return driver for the overall plan. I had kind of plateaued at Maryland. It was a mature portfolio. We had built out the venture. So, this is an opportunity to build again.

**Robert Morier:** Yeah. I hear that theme coming through. I think that's exciting, and it makes a lot of sense, particularly with the new role. So, as you're going in, you're going to build out for the first time as you think about the idea generation. So how



are you going to start this build out? Presumably, it may start from the top, down. You may look at different asset classes within private markets and think about where assets are currently being deployed versus where you want to deploy. So, what was that process like for you as you came in to lead that?

**Dana Johns:** The process is still going on. The process is still going on.

**Robert Morier:** Building the bike while riding it. It's fine.

**Dana Johns:** Well, there are really good bones there. And so, I've really have spent time. Again, my approach is to build trust with the team at New Jersey, to understand process, and to build process on top of already good processes. And to think about efficient ways that we can deploy capital in a very under-resourced kind of situation, which is not... unlike Maryland, I think in most pensions, the under-resourced nature of the investment team.

**Robert Morier:** Yeah. So, from a top-down perspective, how are you thinking about now? Not just spending your time but deploying assets.

**Dana Johns:** So, we are meeting with a lot of managers. I've been meeting with all of the existing managers. Some of them, I don't know and some of them, I do. So, I think that initially, it's just understanding the portfolio, understanding the intention of the portfolio. It's like an archaeological dig. There are a lot of really great relationships and just some of those individuals that built those relationships aren't there anymore. So, I'm trying to really figure out—

**Robert Morier:** Who dug that bone up.

**Dana Johns:** Yeah. So, meeting with a lot of managers. We have also talked a little bit about or mentioned maybe emerging managers already but when I arrived, there was a program in process or a re-initiating of a program. New Jersey has historically invested in emerging managers across different asset classes. But I joined when our private equity emerging manager SMA program was being launched. That to me was... as I think about portfolio construction and how much capital I'm going to deploy annually I have a portfolio where commitment sizes are 20 to 25 million. And we'll assemble 10 or so managers in that portfolio that are focused on growth and buyout in the lower middle market, which is an area of my portfolio that... when I'm investing directly into managers, those check sizes are typically 100 to 300 and that's a different part of the market. And so that market is really well covered. That upper middle market, very well covered. And so, it's exciting to be able to of allocate capital into an area where we've historically had more challenging time doing that if we were going to do it directly.

**Robert Morier:** How has that manager underwriting process coming together? I know it's still a work in progress, you're building it out but if you're sourcing managers, presumably, for the first time in at least your experience with New Jersey. So just in general, asset managers are tuning in and listening to how you're sourcing those opportunities. It would be very helpful.

**Dana Johns:** So, we have an open-door policy. We meet with managers. Typically, I'm doing virtual intros. SEO has a bunch of great programs. NEIC also has some great conference programs where you're doing speed dating with managers. When managers reach out to me, I am happy to or my team is happy to take the intro, but then we'll also be introducing them into the network of whether it's the manager that we're using for the growth and buyout. We have another manager that's doing SME as well that's doing emerging manager venture. So, I'm leveraging these partners to be able to also help us underwrite managers. But I would say that kind of an underwrite process, if we're doing it directly, if it's a new manager, it could take up to a year because you're developing a relationship with them. And a lot of times, what I say to managers when I'm meeting them for the first time, this is about educating them about my program and also that a no today does not mean it's a no forever. And the size of the fund or the strategy of the fund, it might not fit today but that doesn't mean in the future, it's not going to fit. So that's why I feel it's really important to meet with managers, and not just pass them off. We also work with the consultant that we leverage as well to help us evaluate managers, evaluate what are the opportunities in the market and help us narrow it down to, OK, we have three best ideas, how are we going to decide? And a lot of times, it comes to timing. Are they in the market? Are they not in the market? Where we in our budget cycle in allocation... maybe we are at capacity for 2024 so we're looking to 2025, 2026. I have a long runway for managers. And then at the same time, I'm looking at my existing managers. Who do we want to allocate capital to? How have they performed in the portfolio? What's been their value add? We don't have a crystal ball about what the market environment will look like in two years, let alone 5 or 10. So I don't get caught up a lot in what's happening today, what's happening in a month or a quarter. It's long-term relationships that we're building today to be enduring and if we've selected well, then they'll continue to perform and drive growth in the portfolio.

**Robert Morier:** What's the criteria that you are generally looking for in the people behind the investment process? So particularly, in early stage, it's very people driven. It's typically a small organization, they may be looking at early stage themselves. So how do you think about the criteria as it relates to—

**Dana Johns:** I think it's different for buyout versus venture. I would say, what the underlying thing that we focus on, especially for emerging managers is... and it may look different for different individuals in their backgrounds, but track record. Track record and experience. Have they done this in the past? Are they able to articulate in

the investment strategy, what they accomplished, what did the performance look like? I think what we're not investing in are managers who don't have that experience. That perhaps they were at a fund for five years, but they really don't have the experience of building a business. And that's what we're looking for too, is who can build a business? Because these emerging managers, and I'm thinking of one in particular. So, you're finding your partner if you're not sole GP. You're finding your partner, you are raising capital, you raise your capital, you're deploying that capital, building a portfolio. It's like the proof-of-concept portfolio. And then you're building your team. So, I think the funds one and two are kind of the hardest funds because basically, you close fund one and you're starting to fund-raise for fund two. But at the same time, you're building an enduring kind of legacy firm.

**Robert Morier:** So, within lower middle market, are there any sectors or industries that you are focusing on currently?

**Dana Johns:** So, we have sector-focused managers, and I would say those tend to be in technology and health care. Then we have generalists, who have verticals, sector verticals that they're focused on.

So, I would not say that we... and I personally am not... we educate ourselves about the sectors but I'm not picking a manager because of the sector. I'm picking the manager because they have proven that with their investment strategy, they're able to provide the returns that we're expecting.

**Robert Morier:** Can you expand on the emerging manager venture program?

Venture, as we all know, has been under a lot of pressure recently, not just from a performance perspective but from a deal flow perspective. Capital raising has been quite difficult if you speak to any of these GPs. So, from your seat, how are you thinking about venture as it relates to the long-term prospects of that portfolio that you're building?

**Dana Johns:** So, venture is really important to the long term of what ultimately, this portfolio will look like. I think we are targeting... initially, venture was kind of combined with growth and I'd I've separated that out so that it's distinct. And we have a target of I think it's 10% to 12% of venture in the portfolio over time. I think that despite all of the turbulence in the market, the high valuations, slow reaction on the private side, valuations coming down to reflect kind of public market valuations which are certainly down, I think that, again, consistent, deployment despite what's happening in the market over time. The capital that you're allocating today is going to be invested over the next two to three years. And I believe that the next few vintage years are going to be very important for institutional investors, investors in general because as the valuations kind of bottom out, this is the time to be allocating capital.

**Robert Morier:** So how are your peers taking that advice?

**Dana Johns:** Some of my peers are in a difficult position because of the denominator effect in the portfolios. They're over allocated and so I have to actually pull back. I have the great fortune of being under allocated in private equity, and so I'm focused on deploying capital. We are going to be allocating in the next eight quarters, we have... in terms of our governance structure at New Jersey, we have different committees that we have to present to before allocation goes to legal and goes through the process. So, we're going to be really busy.

**Robert Morier:** I can imagine. How's the team structured today?

**Dana Johns:** I have three full time investment professionals and a part time and I'm in the market to hire an investment analyst. And it's in process. So hopefully, I'll have a fourth full time. But we divide the portfolio. We've gone through a process where everyone is assigned or has a relationship with a certain GP. So, I've tried to balance out across the team. We're not specializing, we're generalists. So, someone will have some venture managers, someone will have buyout managers, someone will have managers in Europe, and Asia, and the US. So, what I'm trying to leverage is our experience across all of those different things I just mentioned so that if we're in Asia, anyone on the team could meet with managers and understand what's in our portfolio.

**Robert Morier:** I was actually going to ask you that as the next question, is it non-US exposure? So, as you're thinking about non-US exposure in private markets.

**Dana Johns:** We are investing primarily in emerged markets. So North America, Europe, and in Asia. And exploring what it might look like in emerging markets, but I think there's so many great opportunities here right now that tying up capital at risk in emerging markets is probably not where our dollars would be best allocated. And I think from the perspective on the public equity side, if they have an exposure to emerging markets is probably a better play. They can kind of dial in and out of that.

**Robert Morier:** So, as you're thinking about the build out, specifically of the venture book, do digital assets have a place in there? Are you seeing more, particularly, blockchain, the technology behind it.

**Dana Johns:** As we build out that venture portfolio, there will be exposure to it because I think some of the best-in-class managers are investing in blockchain. I think that... I've been pitched a lot of digital currency and crypto funds and that has kind of faded away and the new flavor of the day is sustainability and I have a lot of managers that are pitching us around sustainability. So that also is seemingly ebbing away.

**Robert Morier:** Yeah. Interesting times, for sure. Yeah. Thank you for sharing that. I appreciate it. Well, I did want to get back to the emerging manager program. I think it's extraordinary what the state had started to do prior to you joining and then what you've carried forward. So, could you give a little bit more context to the emerging manager program, how it's being developed, what strides you've made as a plan and where are the points of action today going forward?

**Dana Johns:** New Jersey really believes that investing in the next generation of managers is very important. There's a case for it. We're not sacrificing return to be able to invest in the first or second fund of a manager that may be the next Vista or maybe the next Clearlake or maybe... so I think that the next private equity is launched. We have a real estate and credit, which are now kind of identifying their partners and we'll be allocating capital in those parts of the private market asset classes. We could talk about back to private equity that we'll just continue to work with our partners, identifying great managers and building out those portfolios. That's basically where we are right now.

**Robert Morier:** Yeah. That makes a lot of sense. I'm always curious. I know it's relatively early in the emerging manager build out, but one aspect of the emerging manager programs that sometimes gets lost is the graduation process. So, what happens when that emerging manager has emerged? So, is there a program in place or at least a process in place that you've thought about as it relates to graduation?

**Dana Johns:** So, there's not a process in place. I think what's happening, it's kind of a natural progression. So, we get the benefit of watching these portfolios grow, watching these portfolio... the fund managers perform because that's basically... the bottom line is, how are they performing. And is this a manager that's scalable? Because again, as I mentioned, my check sizes are 100 to 300. Which managers are scalable to billion, to \$2 billion, to \$3 billion. And those are the managers that we would probably watch very closely in terms of a graduation into the portfolio.

**Robert Morier:** Talking about the beginning, the artist, Wassily Kandinsky used to say that everything starts with a dot. So, as you think about these managers as they're starting with a dot, the beginning can be a scary place. How do you, and your team, work with those early-stage managers from a consultative perspective? What does the relationship look like in the beginning days when it's just that piece of paper?

**Dana Johns:** My philosophy is high engagement. Historically, in the fund one managers that I have invested with... we've committed capital to, we've always had a seat in advisory role, an advisory seat alongside other very kind of experienced LPs. I think it's the managers who engage, who are asking questions about how as the fund is growing, if they're relying on LPs to help them navigate and build the firm. Not to

say that we are providing advice on how to build the firm. I think that it's more credit lines. Should I use a credit line? Who else is using? Are you working with other managers that are using credit lines? Things like that. And as a fund one grows to fund two, fund three, there's engagement around the LP base and having a diversified LP base. So, I think there's a lot of really important ways that LPs can help emerging... introducing them to other potential LPs that are focused on building their emerging manager programs. And I think that we also are highly engaged with the partners that are helping us. They are also providing a lot of guidance for these managers about building their firms. When there's kind of issues around team, how do I focus on that? Bottom line is I think that a high-level engagement and communication, transparency, those types of ways of building that relationship are really important.

**Robert Morier:** That's wonderful. Very helpful. Well, in terms of guidance, we're getting close to the top of the hour. So, as you think about your own career, the people that have guided you along the way. You mentioned a mentor in the very beginning of our conversation, but I'm always very interested about the people who really impacted you, who engaged with you.

**Dana Johns:** I've been very lucky to have both men and women as advocates for me. Best advice has been just to be myself. I think that there's sometimes this kind of imposter syndrome.

**Robert Morier:** Yeah. We've heard that from other guests, other female guests.

**Dana Johns:** And I think that as I've grown into the role that I have today, being really thoughtful, honest. Building relationships has always been kind of key to me and I think that I've watched my mentors do that. So having someone that I can aspire to has been really important. And now I feel like I'm in the role where hopefully, as a leader in the industry that other women and men are kind of appreciating that my non-linear path to where I am today has really made me the investment professional that I am.

**Robert Morier:** Finally, as I mentioned, I have two young daughters at home, and I really hope that they watch this episode because I think your career and that non-linear path is a lot to learn from. So, if you wouldn't mind, I always solicit some free advice for my girls. So, as they're thinking about their road ahead, particularly somebody who balanced the arts which is, I can't stop them from drawing, and then accounting, what's some advice that you would give them?

**Dana Johns:** So, this might be a little bit further along in whatever they end up pursuing. Take your seat at the table. Don't wait to be asked. I think that I might have spent a couple of years thinking that I was going to be asked to the table and having



an Aha moment taking that seat and no one saying a word, like what are you doing here? It was just like, oh yeah, you should be here. So, I think it's not underestimating your contribution.

**Robert Morier:** I love that. Thank you for sharing that. Thank you for being here today and being with us in Philadelphia. It's been a pleasure.

**Dana Johns:** Sure. Thank you.

**Robert Morier:** If you want to learn more about Dana and the New Jersey Division of Investment, please visit their website at [www.nj.gov/treasury](http://www.nj.gov/treasury), backslash, goinvest. You can find this episode and past episodes on [Spotify](#), [Apple](#), [Google](#), or your favorite podcast platform. We are also available on [YouTube](#), if you prefer to watch while you listen. If you'd like to catch up on past episodes, check out our website at [dakota.com](http://dakota.com). And finally, if you like what you're seeing and hearing, please be sure to like, follow, and share these episodes. We welcome your feedback as well. Dana, thank you again for joining us.

**Dana Johns:** Thank you, Robert.

**Robert Morier:** And to our audience, thank you for investing your time with Dakota.