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Rainmaker
PODCAST

EPISODE #27

MARK ALLAN
NEW REPUBLIC PARTNERS

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Gui Costin: What's up, everybody? It's Gui Costin, CEO/Founder of Dakota. Welcome to the latest edition of the Rainmaker podcast. I'm pleased to be joined by Mark Allan of New Republic, Managing Director. Mark, welcome.

Mark Allan: Thank you for having me, Gui.

Gui Costin: Yeah, we're thrilled to have you. So, Mark Allan is a Managing Director at New Republic Partners. He works with family offices, RIAs, endowments, foundations and individuals on alternative investment solutions across both the public and private markets through the firm's unique alternative asset class vehicles. Before joining New Republic Partners, Mark served as an alternative investment consultant at Family Asset Management, an RIA-based in Charleston, South Carolina. He also worked as a partner at Scopia Capital in New York City, where he was involved in

portfolio construction, capital allocation, trading and risk management. Prior to his work at Scopia, Mark was a principal at Clovis Capital, where he helped launch their hedge fund and foster its growth, enabling the firm to become a large, respected player in the alternative asset management industry. Mark began his extensive alternatives career at Ridgecrest Partners after working as an equities trader at the Montgomery Securities Division of Bank of America. He graduated from the University of Virginia with a Bachelor of Arts degree in history. He is a current member of the Benefactor Society board at UVA and serves on the Regional Selection Committee for the Jefferson Scholars Foundation. He also serves on the Charleston Day School Investment Oversight Committee in Charleston, South Carolina. So just in our prep meeting, we were talking about all this private fund stuff that's going on. I can't wait to unpack this. Because as we just said, just kind of setting the table, this explosion in, number one, private fund managers... across the board, credit equity, real estate, infrastructure, et cetera... which has then really spawned all the different firms and funds. And then we've seen this explosion of family offices. But I think as we set this up, the topic for our conversation is really going to be, how does one manage all of this enormity of private fund investment opportunities? That's really-- is we're going to unpack this. I'm really excited, because it's so topical. I think everybody's realizing at the same time that it's happening. It's here, and it's becoming overwhelming, and they're going to need people to help.

Mark Allan: No, I appreciate it, Gui. I think you're exactly right. And I think it's just a fascinating time in the overall industry, in the business. I think there's just a lot of interesting things going on. And like you said, folks need help articulating stuff.

Gui Costin: So, give us just a little background on yourself. Clovis, our man Kliner. It's exciting. You guys had quite a run at Clovis. Congrats.

Mark Allan: Of course. Yeah, so my background, I'm originally from Memphis, Tennessee. Come from a big, pretty close Southern family. And I ended up moving up to Connecticut when I was young. So, I went to grade school and high school in Connecticut. And ended up going to your Alma Mater, UVA, for college. So, I know we both have that in common. And I was a history major. Took a bunch of finance classes and that kind of stuff in college and thought about becoming a lawyer. And quickly realized after a couple summer internships that that was not the path I wanted to take. My oldest brother was actually a commodities trader for a long time, so I ended up going up to New York after college. And I worked on the sell side for about a year at a firm called Montgomery Securities, which is now part of Bank of America. Which, at the time, was a boutique-y, sort of tech focused investment bank out of San Francisco. And so, I joined there in the late '90s, and did that for about a year. And it was just an incredible experience to learn risk. I did a lot of overseas trading for overseas clients who were looking to get exposure to the US. And then a

lot of US folks looking to get exposure to Europe. So did that for about a year. And then super young and somewhat naive and didn't quite know exactly where my career was going to take me. But always heard of the buy side, and had some friends and family saying, "you should go to the buy side." And so, I was fortunate to, in 1998, go work with another UVA alum, a guy named Sandy Prater, who brought me on to oversee trading, do some risk management, portfolio management. So, I joined that firm, Ridgecrest Partners, in 1998. And I was there from '98 to 2002, and it was very much a trading-oriented firm. Tons of relationships I was able to build across Wall Street, and just a fantastic time to learn. Did that for four years, and then ended up joining Bill Kline and a few other folks you know very well that were spinning out of Cramer Rosenthal McLean to start a firm called Clovis Capital. And three partners there hired me and hired another person on the accounting finance side. I always say we were very lucky and good in life and in business. We were fortunate we launched in 2002 when a lot of money was going into long short equity hedge funds after the internet bubble burst, when value went up and growth went down. So, we were able to attract some capital, and we had a really good run. It was a great team, really good people. I was there from 2002 until 2012. 2008 was a little bit of a tricky period for us, just given obviously the markets were down a ton during the credit crisis. We protected capital pretty well, but hedge fund model is a tricky model. You got to perform, and there's a high watermark involved. I ended up staying on until 2012, and then joined another firm in New York called Scopie Capital Management, which is still around today. Another fantastic group, really good people, and was brought in to be in this hybrid role. Oversaw trading, but really worked closely in business development, risk management, asset allocation. We grew the firm. At the peak, it was close to \$8 billion in assets. Had a private equity team, had a special situations team, health care team. We had 15 different strategies at the peak. And so, it was really a fascinating time for me to understand all different types of parts of the business, and different types of personalities, and how to toggle risk back and forth between the various teams. And so, I was there from 2012 until end of first quarter of 2022. And just decided to, post-COVID... had been in the hedge fund industry for a long time... to step back and think about doing something a little bit different. And so, I ended up leaving at the end of the first quarter of '22. I ended up doing some consulting for a small RIA that's based in Charleston, South Carolina. Great folks. And they really brought me in to help their clients in the alternative space. And so, I think having the front lines experience that I have had really enabled me to sit down with some of their clients and really talk about, what is a hedge fund? What is a private equity firm? What is a private equity firm? What is the return stream you should expect? What is liquidity versus liquidity? What is "capital calls distributions"? What is a global macro fund, versus long-short, versus a multi strat? And what I quickly realized, Gui, was just how much folks really needed help in the alternative space. And so, I did that for six months. Helped play some capital for some clients and some interesting managers. It just wasn't the right kind of overall long-term fit for both sides. But the light bulb really went off, to what you were saying at the beginning.

That there's this huge world out there of alternative investments. And there's just so much capital out there... RIAs, and family offices, and even pensions, endowments, et cetera, that are a little bit more institutional caliber and have bigger teams. But I find there's a huge gap, as far as how do you bridge the two together? And so that's really my focus, and that's what I'm doing now for New Republic Partners.

Gui Costin: Tell us about New Republic. It sounds like such a fascinating firm.

Mark Allan: I think what we're doing is really trying to serve a part of the market that we feel is being mis-served. And so New Republic Partners, I've been there a year. The background of the firm, it was founded by two pretty well-known families in the Carolinas. They really believe in the investing side of things. They're really building out what we call alternative asset class solutions for our clients. And so, we have really two sides of the business. A family office advisory side of the business that really feeds into these alternative asset class vehicles that we built out in-house. And so, the firm started in early 2021, and the founding families seeded these vehicles in June of '21. So New Republic Partners, we are a multifamily office. And my role, Gui, and what I'm really focused on, going back to the alternative side of things, is I sit on our investment team. I'm the bridge between the vehicles we have set up and outside pools of capital.

Gui Costin: Gotcha.

Mark Allan: So, I really work closely with RIAs in family offices, and just pools of capital that really are looking for something different in the alternative space.

Gui Costin: And what made you transition to family office RIAs?

Mark Allan: It's a great question. I get this question a lot from a lot of my friends in the industry. Why would you leave the hedge fund industry to go into this world? One of the things that I've always loved, is I love teaching and learning and coaching and seeing how you can add value in this world on an everyday basis. Sounds a little cliché, but it's something that I really believe in, that I think we all in this world should try and make the world a better place. And I really saw, working at that RIA in Charleston, that if this is one RIA of thousands, there's got to be so many different pools of capital that need help in the alternative space. And can I fit myself within that ecosystem to really serve and help and be of value to that organization? Because the last thing we want to do is be out there telling folks what to do or trying to sell anything. We're really trying to help their business, help them with their clients, and really try and listen to them and figure out what they're trying to solve for. And that's the key for what we're trying to do, and the market that we're trying to serve. And I think there's a lot of folks out there that are getting inundated with

stuff. And there's a lot of emails and a lot of managers, and it gets a little bit tricky to figure out how to sift through it all.

Gui Costin: Yeah. And what would you say are the family office RIA challenges they face with investing in alternatives?

Mark Allan: I think one of the biggest things that people underestimate, the big banks are out there. There're some large tech platforms that are scratching the surface, as far as opening up alternatives to... call it the wealth generate. And I think that's great. And I think they're allowing them to get into some of these big brand name alternative asset managers... which, once again, I think is really good to educate the marketplace. But the alternatives marketplace is huge. And I think if you're going to invest in the alternative space, you should be going into... and this is our philosophy... more middle market, lower middle market type managers. And in order to really sift through things, you have to have a team in place. And I think folks that have an expertise, who have had some experience making some mistakes along the way, that is how you really can put things together. And I think a lot of family office RIAs don't have the capital or the team in place to really scale. I think they all start off with... I shouldn't say all... but some of them start off with doing some direct investments, which is great. But in order to really scale, we feel that having a diversified solution within an asset class is really important.

Gui Costin: Yeah. And so basically what people would be doing is they'll be outsourcing that selection process to you. And with so many firms and funds popping up, and have popped up and been formed over the past 10 years, can you talk to us about the importance of having someone that can get you diversified exposure?

Mark Allan: Absolutely. We want to be seen as really an extension of some firm's investment team. We want to be looked at as a partner. And so... and I think in order to scale in the alternative space, there's really three things you have to do, and you have to do each of them really well. And I don't think any one's any more important than any other. Number one is access, and access to those middle market, lower middle market managers. I think that's opened up a bit over time, just given technology and transparency. And number two is to be able to really due diligence and underwrite these different managers. And I think it takes a lens of seeing things, not only quantitatively, but also qualitatively. And that takes experience, and a network, and knowing there's a manager that's spinning out of a large alternative asset manager. And so even though it's emerging, it's not really emerging, because they've got a good reputation and pedigree. And so, I'd say being able to underwrite these different types of managers across asset classes is very important. And I think the third thing, which a lot of people really overlook, is how complex it is, operationally, to put it all together.

Gui Costin: Right.

Mark Allan: Because a private equity investment versus a hedge fund investment, there's different liquidity parameters, there's different capital call dynamics, subscription documents are a pain. And none of these systems talk to each other. And so, what happens is, even for very sophisticated pools of capital, it becomes a bit of an albatross when they start doing 15, 20, 30 different direct investments. And so, it's just really hard to figure out what your sizing is, your liquidity. In a year like 2022 when the public markets went down, all of a sudden private sizing was way up just by the denominator effect. And so, it really takes a thoughtful, curated process to really package things together across that access... due diligence and operations, which I think a lot of folks just underestimate how hard it is.

Gui Costin: Yeah. And so, you're distributing these investment strategies externally. Can you walk us through your whole distribution process and sales process?

Mark Allan: We're trying not to be all things to all people. We're trying to, just as much as folks see the value in what we built out, we want to make sure it's the right kind of partner with what we're looking to do. And so, we really, going back to being seen as an extension of their team, is really work with them and really understand are they doing some direct investments and they really want to scale? And that's where we can come in and help them through these diversified vehicles. And so, we're really trying to find RIAs that are already doing some alternatives that really want to grow. And then I'd say in the family office space... and every entity pool of capital is different... is the family office space, there could be some expertise in the real estate side, but they want hedge funds. Or it could be expertise in hedge funds, and they want private equity. And so, we've built out our program and our offering, if you will, to really fill a need in whatever asset class we're trying to solve for. I'd say we're early innings, too, Gui. I mean, I've been there a year. The firm's around since 2021. We really haven't opened it up, per se, to outside pools of capital until the last year or so. And so, I think there's really a lot of help we can bring to the marketplace for the folks that are looking for interesting, diversified solutions.

Gui Costin: Right. We talk a lot about communication within an organization. Can you walk us through... if you have a sales plan, how do you communicate with one another internally?

Mark Allan: We're big on team culture, communication. We have an investment committee meeting once a week. We have an asset allocation meeting once a quarter. We have a business development sales meeting every two weeks. And so, I think the beauty of what we've been able to put together is, all of us have a little bit of different yet complementary sort of backgrounds... in the hedge funds, private equity side, endowment side, family office side. We all come from that kind of

investing mindset. And so, we're all trying to learn from each other, always. Always trying to respect each other's opinions and views on where things are going. I think the beauty of what we've built out is... being in somewhat early stages... is we can kind of adapt and pivot along the way as things really start to grow. But I think just having really good people that believe in each other, trust each other. There's a lot of positive energy, there's a lot of excitement over what we're doing. And I think for me, as I've pivoted in this world in the last year, it's been really fun to engage internally and externally. And also, I think, really see that what we've built out is a value in the marketplace for the right folks.

Gui Costin: Yeah. And feedback... we value feedback a lot. We use Slack... all the different Slack channels. How do you guys manage feedback and getting it, communicating that to your team?

Mark Allan: That's a great question. I've learned a lot on that side of things, I'd say, the last year. David Ruth... I worked very closely with the New Republic partner... always says, listen to the market. And so, we're not trying to be out there forcing anything. Or saying, this is exactly the way it should be or what you should be doing. It's really trying to listen to what folks are trying to solve for, and really get a sense of where we can be helpful. I think initially, as I... as I started, there's a lot of family offices out there. The bigger family offices, they have the ability to build out teams. And they have a lot of in-house expertise in certain areas. And that's where we can be collaborative and share ideas. But it's what we've built out sometimes may not be as much of a need for what they're doing. So, I think it's really trying to listen to the response, listen to the questions and concerns that folks have in the alternative space. And I think just being thoughtful and listening is key.

Gui Costin: Yeah. That's great. So, what CRM do you use? It's one of my favorite questions.

Mark Allan: So, we use CRM. It's just so important to have everyone be on the same page.

Gui Costin: Yeah.

Mark Allan: Row the boat, get your contacts in there, get your relationships in there. Some folks take it and get really detailed with it. And I think we really try and do a good job of making sure that stuff is always, not only in there, but relevant, too. You don't want stuff to be in there that's stale. And so, we try and all force each other to make sure that everything in there is current, but it's very helpful. We're based in Charlotte, North Carolina, is where our headquarters is. We have a small office in Virginia, a small office in Colorado. I'm in Charleston, South Carolina, even though I'm sort of more nationwide. And so, we've got teams in various places. So, when you

have that, you got to make sure you communicate... not only just verbally, emails, but a CRM is huge.

Gui Costin: Yeah. And I think it's good that everybody hears that, because as far as the way I look at the world, if you're in 1X, 2X, 5X, 10X, your sales productivity, a CRM is the one way to do it. We can get such leverage out of that information.

Mark Allan: Yeah, very much so. And I think just technology for all of us, it's just a blessing and a curse. But if you use it the right way, it can be incredibly efficient to your overall business.

Gui Costin: Yeah. So, you've been at New Republic for a year. Talk about your leadership style. How would you characterize your leadership style?

Mark Allan: I'm a high energy, optimistic person... always have been. And fortunate to learn from my grandparents and mom at a young age. You got to bring something to the world that is inspiring. And I think one of the things that I always ask myself, and I think we always ask our team, is why are we doing this? What are we trying to solve for? What gets us up every day to go to work? And I think bringing really good, positive energy, working well with each other, respectful of each other, and understanding that we're all in this together is very important. We're very much a team. I think a lot of organizations... and frankly, in this kind of world... it's all about me and all about I and all about their little book of business. And I think what we've built out is very much collaborative, very much all trying to be there for each other, and ultimately really help that end client get exactly what they're trying to get.

Gui Costin: Yeah.

Mark Allan: And have it streamlined and aligned. And I think, unfortunately, it gets lost in the business and the world a lot these days.

Gui Costin: That's great. So, having been in the investment management business for over 25 years, coming up on 30, what advice would you give to a young investment salesperson getting into the industry today?

Mark Allan: I think it goes back to doing a lot of listening, ask a lot of questions. I think when you're young... I look back on my own career... I was thinking about becoming a lawyer. And then at one point I was thinking going to business school. And I was fortunate to work on these small teams and kind of learn through osmosis. And just not be afraid to get out there. And not be afraid to take risks. And not be afraid to get knocked down, and have some failures, and make some mistakes. Because from all those things in business and in life, you learn from it... as long as you allow yourself to learn from it and gain that wisdom. And so, I think it's just very

important to put yourself out there and really try and learn as much as you can. And just also know that when you're young, that's your first job. It's not going to be your only job.

Gui Costin: Right.

Mark Allan: And it may change in three or four years, and you have no real control over that. So, I think just be willing to put yourself out there and take some risk.

Gui Costin: Yeah, love it. All right, to close, there's always a lot going on in the world. We can say it's just today, or it was last week, or it was last year. There's always a lot going on. For you from a challenge perspective as a distribution leader, what's your number one challenge as a distribution leader and how are you overcoming it?

Mark Allan: I think time is super important. How do you allocate your time? There's a lot of distractions out there. You only have a certain number of resources you can use. And so really just trying to articulate a game plan, goals. OK, you have those goals. How do you execute upon those goals... internally, externally? How do you put the pieces of the puzzle together to really continue to keep the ball moving forward, I think is of the utmost importance. And also know that those plans and those goals could get knocked around a little bit and be OK with that. But I do think you have to have a game plan. You have to have goals. You have to have a template set up and be willing to adapt along the way.

Gui Costin: Because we've entered this world of a massive amount of private investment opportunities. New Republic's on the forefront of really helping people select and invest, diversify, access to the best managers, et cetera. So, congrats on what you guys are building at New Republic. It's been a real thrill to have you on the podcast.

Mark Allan: Gui, I really appreciate it. This has been fantastic. Thanks a lot for having me.

Gui Costin: Great, you got it. All right, everyone, that's a wrap. Another Rainmaker podcast episode. Thanks so much for joining, and we can't wait to see you on the next Rainmaker podcast.

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