

Emerging Manager *Monthly*

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November 2022

Next Century Takes Top Spot In Q3 Rankings

Next Century Growth Investors posted the highest quarterly returns in the third quarter to take the top spot in Emerging Manager Monthly's third quarter return report.

The firm's domestic small- to mid-cap growth equity strategy returned 9.67% in the quarter ending Sept. 30.

Eagle Global Advisors' MLP Total Return strategy posted the highest year-to-date and one-year returns at 21.5% and 24.54%, respectively.

Overall, 1,105 products from 346 firms were included in the report, with domestic large-cap core equity remaining the most popular strategy with 90 products.

Managers were required to enter firm asset and product asset data for the period ending Sept. 30 as well as performance figures for the quarter to be included.

Firms included in the report have less than \$2 billion in overall assets under management and portfolios with greater than \$10 million under management.

The report also includes all women- or minority-owned firms with assets up to \$20 billion while maintaining the minimum product requirements.

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Q3 MANAGER SKILL RANKINGS

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PREPARING FOR WAR

Veterans Leverage Military Experience In Assessing Impacts Of War On Markets

By Lindsay Saienni



JOE SROKA REMEMBERS THE IMPACTS OF WAR.

As a former infantry officer in the United States Army stationed in Germany when there was still a Soviet Union, Sroka has the unique position of understanding two sides of the ongoing Russia-Ukraine war.

From a historical standpoint and through studying the Soviet army during his time overseas, Sroka recalls similarities with the present-day Russian army.

"For veterans like me that spent time in Germany when there was still a Soviet Union, it is a reminder of how we used to study and assess potential Soviet actions," said Sroka, co-founder and cio of equity manager NovaPoint Capital. "The current situation feels like Cold War or immediately post-Cold War eastern Europe. Russia invading Ukraine is not [a] terribly different battle plan than what would have been used by the Soviets to move from East Germany into West Germany."

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VETERANS: Experience Offers Unique Skill In Times Of Volatility

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Investment firms can evaluate historical context and apply it to their portfolios, but where NovaPoint and other veteran-owned managers differ from firms without veteran ownership is their ability to leverage the characteristics and experience garnered during their service to prepare for market volatility caused by the war.

Veterans Uniquely Situated To Handle Volatility

Whether Russia's invasion of Ukraine and the impending Russia-Ukraine war had been anticipated or not, veterans are more equipped to deal with its ramifications due to several distinguishing factors, according to multiple investment professionals who served in the military.

Derrick McGavic, a former officer in the Marines and current managing principal at real estate investment firm Newport Capital Partners, finds that in times of market volatility, "military training is very applicable to asset management."

"Specifically ... an ability to immediately adapt to a changing environment is a skill veterans are taught and it becomes ingrained in their DNA," McGavic explained.

Relating it to this year and Russia's invasion of Ukraine, that same flexibility and adaptability came through.

"Challenges posed by current market conditions is not business as usual that we've all experienced for the past 12 years," he said. "Now, managers have to proactively work deals, while understanding what is occurring in a changing environment versus merely benefiting from asset appreciation. Military veterans can lead an organization to adapt to change and they tend to do it very, very well."

McGavic finds that veterans also provide distinctive leadership within an organization.

"Leadership involves not only providing direction to the organization but an ability to distinguish noise from the signal. The ability to isolate signal from noise and then proactively manage the business and assets, is a skill that becomes ingrained with veterans," he said.

Sroka acknowledged that whether it is in the financial markets or any other industry, veterans are strong risk and crisis managers.

"The entire time you are in the military you are being trained to win with the least loss possible. Not loss of money, but loss of lives, equipment and collateral damage. It makes you think about risk in a different framework," Sroka said.

Wes Gray, ceo and founder of AlphaArchitect and former Marines captain, echoed Sroka's thoughts.

"One thing that we learned in the service/combat is how to operate rationally under stressful situations," Gray said. "Markets are essentially a scaled-down version of a combat situation. Sure, you aren't going to die, so the stress levels aren't as high, but you could lose a lot of money and that is certainly stressful."

Stress can then lead to poor decision-making "because the human mind is great at going 'intuitive/tribal/system1' or whatever else you might want to call it," Gray explained.

"For us, we manage our whole business (especially on the in-

vestments side) on systems and processes in order to eliminate 'thinking' as much as possible," he said. "In the military, these standard processes are standard operating procedures. In our business, we implement evidence-based systems into almost all facets of what we do so chaotic issues in the market are essentially irrelevant."

Additionally, AlphaArchitect makes sure to budget for worst-case scenarios and prepare for operational worst-case scenarios, according to Gray.

"We also like to keep things as simple as humanly possible because when chaos enters the picture, complexity destroys efficiency/transparency/communications. All of these 'cultural' aspects of our firm are directly driven by our experiences in the service," he continued.

Greg Parsons, a former captain and infantry officer in the United States Marine Corps and current ceo of domestic fixed-income manager Semper Capital Management, gave a two-pronged perspective when thinking about how to approach the markets in times of macro uncertainty when there is conflict.

"I think a veteran-owned platform or one with veterans in positions of decision-making has got a very unique perspective and has a better filter or lens through which to interpret what's going on," Parsons said. "If I was managing a micro-cap or a small-cap or a mid-cap kind of equity strategy or I was focused on large industrials, defense, I think the lens with which folks who have served and veterans interpret what's going on think about the downstream implications – the second, third, fourth order effects of conflict [and] how that translates potentially to an investment perspective is certainly valid or would be a real value add."

Parsons explained that while there is less of a direct impact of the war on fixed-income, there are still universal and applicable circumstances.

"One of the underlying value propositions of the military experience or veteran leadership in the context of asset management [is] you've been formally trained to operate in greater areas of uncertainty and volatility," he said. "How do you build decision-making frameworks with imperfect information? How do you exhibit leadership in times of greater stress or uncertainty?"

Agnostic of asset class and whether it was the challenges posed by COVID-19 or the last six months in the capital markets, "I take a lot of comfort in (believing) that Semper and my peer group are better positioned to navigate that both from a how do you invest



Wes Gray

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VETERANS: Knowledge Provides Differentiated View On War's Impact

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capital but also how do you think about and manage and lead a team through those types of time periods?" Parsons continued.

Veterans have also demonstrated the unique ability to interpret "from a very visceral level" what is going on, specifically with Russia and Ukraine as an example, and determine the potential timing and length, according to Parsons.

"In February and March, pop culture had this being a two- or three-month disruption to the markets. Everyone I knew that served on the ground or had a real-world perspective of the size and scope of the operation and the complexity was like, look, this is going to be an issue in the markets for at least 12 to 18 months. Things like this, the size and scope and scale, don't resolve themselves quickly," he explained.

Portfolio managers viewing the war as "kind of a two-month blitz" compared to a longer-term "overhang in the market" were "taking a very different approach to risk, to portfolio construction, et cetera," Parsons said.

"So certainly, in the immediacy, there is a nuanced perspective on the potential length and implications of what's happening," he continued.

Thinking back to his training in the Marines, Parsons recalled specific skills and training around making decisions with less than perfect information.

"How do you operate in chaotic environments? How do you observe what's going on, reincorporate that into your thought process and make any decisions? This is beyond just reading a textbook on decision-making, but day in, day out, you are trained. It's the same thing with leadership," he said.

James Russo, founder of Altrius Capital Management, realizes the Russia-Ukraine war is "creating more of an economic problem" than past wars, such as the Afghanistan War.

"There's a lot more loss of life, both for Russians and Ukrainians, but it's had an economic impact, much more like the Gulf Wars did in that there's a direct impact on energy and energy prices and causing an already strained system to be further strained in a post-COVID world where supply lines were attempting to get fixed," said Russo, a former naval aviator in the Marines.

Russo noted militarily every situation and war is different, however, "the military has a bad habit of fighting the last war." As an example, Russo pointed to his time at the Naval Academy and in the early years of his time in the Marines, "we were always fighting the Vietnam War" which was largely fought in dense jungle.

"And then, of course, what do we do? We went off and fought

two Gulf Wars in the desert and had to change everything," he continued.

"You're always adapting and overcoming, so I would say the military parallel is not to fight the last war, but to learn from the last wars what could be applicable to this war. Know that history doesn't often repeat itself, but it rhymes," he said.

Russo also finds that another benefit of military service is having a more clear understanding of "what's going on in government," specifically understanding that "government screws up a lot."

"A lot of people think, 'oh, the government is all knowing.' No, they're people just like you and I, they put their pants on one leg at a time and they screw a lot of stuff up and you have turnover every four to eight years in administrations, and then they're all re-learning again and often they're just flailing," he said.

Wall Street is no different, as many in the space have no geopolitical experience, "whereas a military person understands, 'Yeah, I've seen this before,'" he continued.

Applying that perspective to the current war in Ukraine, Russo mentioned a friend from the Naval Academy that is in Germany at the moment and "still deeply involved" in the military.

"Talking to him, it's nothing new. It's what we're used to, it's getting logistics and supplies ready to fight this war. How do we support the Ukrainians in their battle against the Russians? How is the United States getting involved? How does the United States get prepared and prepare NATO in case Russia expands the war? All of that is normal, and of course in the short term, Wall Street and the market would be in panic if Russia invaded Finland, but Finland's been through it before, historically," Russo said.

"You've got to go back and put on your historian hat to see what happened and what the territorial disputes were back then. Chaos is always part of the world, and it can often lead to opportunities," he said.

Julie Cane, ceo and managing partner of Democracy Investments and former U.S. Naval Aviator, finds veterans have more geopolitical awareness as well as the ability to "see the bigger picture" in addition to being calm under pressure "and when there are significant world events, being able to anticipate what that's going to do to financial markets," she said.

"What are all the downstream ripple effects of, for example, if China invades Taiwan [next]? What will that look like? We really need to have a broad, diverse team to think through all the different scenarios," she continued. "No one saw the invasion of Ukraine coming except for maybe people that were serving on the front line that had access to that intel. It caught markets by surprise. Once we heard the news, we were quite nimble in how we handled it."

Veterans Weather The 2022 Storm

While veterans have the characteristics and experience to prepare their firms for unexpected volatility, 2022 still presented itself as a challenge for even the most well-insulated portfolios and put the



Greg Parsons

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VETERANS: Training Brings Eye Toward Risk Management

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forementioned veteran characteristics to the test.

Semper's Parsons noted the fixed-income markets saw "levels of volatility and pressure that they haven't seen in arguably 30 years if not 40 years."

"Rates are moving like we haven't seen in decades. You're trying to manage or enable a portfolio manager or a team to operate in this environment, and from a personal perspective, the training, skill set and comfort in operating in uncertain environments is a distinctive edge or value add, from ensuring that your platform and/or your portfolio management process is nimble enough, robust enough and confident enough in dealing with uncertainty," he continued.

Putting it plainly, Parsons expressed that it feels "like we've been punched in the face every day for the last two and a half years."

The end of 2021 saw some stability after the majority of 2020 was lost to the COVID-19 pandemic, but the war in Ukraine flipped everything over once again at the start of 2022.

"I feel like a lot of my military training has been put to the test relative to not just portfolio management, but how do you manage an organization in periods of heightened uncertainty and stress," Parsons said. "How many once in a generation, six-sigma events can we have? I feel like the last two and a half years, every time I turn around, it's the once in a thousand-year storm."

However, everything always comes down to the people and employees at a firm and helping to prepare them to navigate the uncertain times, Parsons said.

"How do you ensure or train leadership and culture in extremely challenging times? How do you ensure that your team is motivated, excited, confident? You can pick your backdrop, but how do you lead or build the infrastructure and culture in place that when the proverbial world is falling apart around them, folks are still getting the best out of your team," he said.

In order to effectively build and lead a team, Parsons aims to identify ways to ensure that morale is high during challenging markets and put in place infrastructure and culture at a firm "to ensure that people are still showing up to work like, 'alright, let's go one more round in the ring,' so to speak," he continued.

"The military takes a very deliberate approach to training people around how to build culture, how to build leadership, how to empower subordinates. Those aren't just best practices - it's deliberate training and

economic factor was transitory because the U.S. and global economy were experiencing "too many pressures," he said.

"High inflation historically has led to rising interest rates. I don't think anybody could have foreseen how fast, or how sharply, rates would rise," he said. "The benefit of a military background is the realization there is no such thing as an isolated event, that challenges tend to come in waves and life is complicated. From the perspective of a military veteran, it becomes a chance to adapt to change or just be part of the herd."

I feel like a lot of my military training has been put to the test relative to not just portfolio management, but how do you manage an organization in periods of heightened uncertainty and stress.

focus," he said.

For Russo, facing the challenges presented by 2022 meant remembering that crisis often creates opportunity.

"Just like this war is different and we're not directly involved except in providing supplies, looking at the impact it's going to have ... there's fear, there's unknown and the markets hate instability and the unknown, so that drives prices higher in the short term. But that crisis creates opportunity for us as a value investor," he said.

Veterans are able to adapt to challenging situations and think through them critically when others may not have the context or historical experience to overcome them, according to Newport's McGavic, who notes that the ongoing war has had an immediate impact on energy, high inflation "and the subsequent dramatic rise in interest rates."

"Most investors and managers do not have a historical context for these shocks - it's been 70 years since Europe was at war, 40 years since inflation hit current levels and the Fed hasn't raised rates by 75 basis points since 1994," he explained.

In looking at inflation, McGavic noted that it was not understood that the macro-

Sroka admitted that because NovaPoint runs their strategies "with an eye toward risk management," they tend to perform better in a rocky or volatile market and lag in a "go-go market like 2021."

"Being a veteran-owned firm and having the attributes we've discussed in our management and decision-making, it does attract both institutional and individual clients that value our framework for investing and managing risk," he said.

AlphaArchitect has managed to excel across the board on both the business and investment side, according to Gray, who attributes that success to the fact that the firm will "follow processes in good times and in bad times."

"During the 'easy times' we were tested many times because our processes seemed to 'not work' relative to alternative ideas (i.e. go all in on bitcoin and growth stocks)," he explained.

"But that's why you have systems/procedures in the first place - they work on average if you stick to them," he continued. "An analogy to the military is [standard op-

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VETERANS: Allocators Not Always Aware Of Veteran-Owned Mgr. Benefits

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erating procedures]. Do they work in every single event/episode/situation? Of course not. But they work in the majority of cases and are proven across time. So, deviating from SOPs, while seemingly savvy at a stressful point in time, is often foolhardy because it is very rare to engage in a 'this time is different' situation."

Clients, Investors Not Always Aware Of Veteran-Owned Mgr. Benefits

While many thought pieces and investment consultant papers came out during the onset of Russia's invasion of Ukraine, many in the investment space likely did not think to turn to those in their midst who have previously experienced war firsthand.

That can be partly intentional, at least for Gray, who noted his firm does not "lean heavily on our past service to impress clients since our time in the service was in the past but we live in the here and now."

"So, we focus on educating clients on our current process and why we think they are effective. Also, a lot of civilians can't relate to being in a gunfight/war, and it kind of freaks them out a bit (understandably). I never talk about my time in the military unless directly asked," he said.

McGavic said his firm has had conversations with limited partners who have reached out primarily in a "what's going on" context.

Similarly, NovaPoint's Sroka said "world news that impacts market returns always prompts client conversations."

"We get questions about Putin and what he might do. I've had a couple of clients ask what do we think would happen if Putin launches a nuke?" Sroka said, noting that his answer does not differ much now from his time studying the Soviet Union.

"Just because the guy at the top says he wants to do this, there are several layers of command that it goes through to create an action on the battlefield. What happens when one of the lower-level commanders says, 'no, I'm not going to do that.' The campaign in Ukraine has seen some tactical level refusal to follow the plan," Sroka explained. "There's the saber rattling at the top, but then the execution happens out in the field and those field-level commanders may assess the gravity of the situation and decide that's not an order they feel like following."

Since NovaPoint also provides outsourced cio and subadvisory services for other firms, they have private clients that are also veteran owned.

"We can tend to have a little more in-depth conversation with the military veteran clients about what is going on in the world,

but that is a two-way conversation that we value because they have important insights to share," Sroka said.

For Altrius, their clients come to them more for the stability that their dividends have provided for 25 years and less for their veteran status or experience, according to Russo.

"It's not their first rodeo. They've been through the tech bubble when the market went down 50%, they've gone through the financial crisis when the market went down 50%, they've been through COVID when the market collapsed," he said.

Most of the time, those clients do not necessarily realize that Altrius is a veteran-owned firm or that Russo himself is a veteran, "because most of the time if you're a family office or a wealth manager or an allocator, you're just looking for a great team, its process and performance," he said.

Evolution Of Veteran-Owned Mgr. Space Continues

Despite the evidence that veteran-owned managers and veterans in the investment space can offer a unique perspective, they are still working to get their foot in the door for meaningful allocations.

"There are a few states that look for emerging manager [programs] that we hope that would give us opportunities to get our foot in the door since we manage less than a billion; we're not huge. But a lot of them still, because we manage less than a billion, still won't even entertain us. We've found, even though we're now a disabled veteran-owned firm, nobody cares," Russo said, noting that Altrius has been designated as a disabled veteran-owned firm for over a year, but has not seen any opportunities based off the designation.

But Russo is not necessarily upset by that, noting that "we have to perform and regardless of our ethnicity or race or creed or gender or military background, we have to perform like anybody else, and that's fair."

Russo still believes there has not been much progress in expanding the universe of veteran-owned firms or the inclusion of them within emerging manager programs and portfolios.

"I think it feels the same for every minority, and it's that much harder," he said. "We're fortunate, most of us as veterans, that we haven't had to overcome the challenges that other minority groups have just to break through. Their struggle is that much harder in breaking through."

McGavic finds consultants tend to be indifferent to whether a firm is veteran-owned or not because they do not necessarily see the value proposition.

"Most consultants are focused exclusively on what has worked for the prior decade. It's hard to argue against that rationale. When the NCREIF ODCE index delivers a 20% return year after year those returns have nothing to do with asset level skills or a manager's military experience," he acknowledged.

During the last six years, industrial and multi-family managers made a lot more money driven by an extremely low cost of debt,



Derrick McGavic

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VETERANS: Support Focuses On Hiring Practices, Not Allocations

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according to McGavic, who finds that “the correlation of investment return to property skills was nonexistent.”

“Larger managers and diversified managers, which of course are not veteran-owned, benefited from significant tailwinds in capital formation,” he said. “What will be fascinating to watch is the consultant perspective of manager performance during a decline in the U.S. economy. It’s going to be rugged for a while in real estate with a fairly lengthy period of time of pricing discovery.”

For McGavic, future success will be driven by managing investments versus capital flow tailwinds.

“I also think that veteran-owned companies likely manage their assets better during times of change. I think smaller managers, which includes military veterans, will show an outperformance on a relative basis because there’s no huge tailwind making a diversified manager look good,” he said.

Semper’s Parsons is a buyer on the potential and value proposition of a veteran-owned manager and believes there is a “backdrop of support and acknowledgment of the value prop and a desire to engage,” he said.

Despite that, support most often translates into hiring practices and individual positions at firms, according to Parsons.

“I think looking at veterans or being a veteran is a check plus, and the skill set and the value add is acknowledged when folks are thinking about constructing teams,” he said. “I just think that the world has been so volatile that you haven’t really seen any structural paradigm shift yet on folks thinking about, ‘hey, how do we better address or be more inclusive or recapitalize on the value prop of a veteran-owned asset management platform?’”

Thinking about how 2020 spurred conversations and real change “in terms of receptivity and/or adoption or asset flow around the ‘minority-owned element,’” it is now translating to more immediate opportunities and asset flows for those managers, according to Parsons.

“My particular take is you haven’t seen that kind of shift from conversation to actual allocation within the veteran cohorts. I think you see a lot of change – folks are better incorporating the additional value proposition that a veteran brings in their hiring and firing practices, but you haven’t seen that move up the ladder institutionally to be, ‘hey, we’re now carving out veteran as a group that we should be thinking about allocating to purely as a function of that designation,’” he said.

Parsons understands that is most likely to do with the challenges presented by COVID-19 and the volatility of 2022 just when things felt like they were getting back to normal.

“With the number of headline challenges that everyone’s facing, the ‘let me think about how to better utilize the veteran platform,’ that’s not one of the top three things they’re addressing. That has certainly slowed any pace of adoption that might have been in place coming into 2020,” he said.

At the same time, AlphaArchitect’s Gray finds there is a definite

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Former Naval Aviator Pilots ETF Fund With Eye On Democracy

Julie Cane, a former U.S. Naval Aviator, credits the democracy running through her veins for her very existence.

Cane, managing partner and ceo of San Francisco-based Democracy Investments, was drawn to serve at an early age – her father was a German immigrant who managed to leave the country before World War II and retired as a Naval commander while her maternal grandfather was a P-38 pilot during WWII.

Her call to serve and path to founding Democracy in the summer of 2020 started with ROTC while an undergrad at the University of Virginia, where she “chose the aviation track and did everything I could to make sure I could go to flight school,” she said.

Once in the U.S. Navy, she was eventually deployed to the Philippines to fly the SH-3 Sea King, where she did combat search and rescue training out of Cubi Point and accomplished “some really exciting flying.” When the base closed and she was transferred to a squadron in Coronado, Calif., “things started to slow down and I started to realize that the adrenaline that I’d enjoyed early in my career was not going to continue,” she said.

Cane ended up accepting an honorable discharge as there was a surplus of pilots at the time and from there was recruited out of the Navy by SEI Investments in 1993, which served as her introduction to the financial markets.

She eventually met Democracy Partner and CIO Christopher Browne in the corporate venture capital group at Autodesk, where they became friends before eventually going their separate ways professionally, with Cane being recruited to Wells Fargo’s private bank and Browne joining investment manager CCM Partners.

Despite their separation, Cane started “bugging him pretty much at least once a year saying we need to do an impact fund,” she said.

Cane had been watching the rise of ESG but could not figure out the right play into the space before being introduced to Richard Rikoski, a data scientist with a doctorate from the Massachusetts Institute of Technology, in the summer of 2020. Rikoski would become Democracy’s third partner.

“We were brainstorming with him on how to do something that would stop the trend that we’ve been seeing of the passive index funds overly investing in authoritarian states. MSCI and FTSE, the large index providers, have been pressured over the years to allocate more and more and more into authoritarian states,” Cane explained, noting the trio had been attempting to come up with an alternative strategy.

At the time, Rikoski had been modeling COVID-19 death rates using The Economist’s Democracy Index in his spare time to see if there was any correlation, and that was when the impetus for Democracy Investments came to fruition.

The Democracy International Fund was officially launched on March 31, 2021.

“[It’s] a passive strategy where we overlay The Economist’s De-

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DEMOCRACY: Investment Strategy Inspired By Military Bonds

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mocracy Index over an All World ex-U.S. index and then we can mutually tilt to reward democracies and tilt away from authoritarians, thereby creating market-based incentives for democratic reform,” Cane said. “So, as our fund gets larger, our hope is that every country, even the ones doing well, will be incentivized to improve their democracy score.”

Democracy has an exclusive license agreement for their use of The Economist’s Democracy Index, which is produced annually and provides a comprehensive picture of trends in democracy across 167 countries. It also allows comparisons across countries and between time periods since the start of the index in 2006, according to the firm’s [website](#).

Cane’s team viewed an ETF as the best vehicle for a retail investor as it is “more tax efficient, it’s liquid throughout the day, it trades like a stock and they’re cheaper,” she said, adding that they would be able to do a separately managed account if requested.

So far, the firm is working with high-net-worth and ultra-high-net-worth individuals as well as RIAs and is in talks with



Julie Cane

banks and family offices.

Looking ahead, Cane hopes to have the firm’s assets under management “much larger” by this time next year and to “have recognition across the U.S. and then start a strategy for expanding internationally.”

Mostly, Democracy is looking to raise awareness and support for its namesake.

“Our fund strategy was inspired by my

friends who are still serving. When I would meet with them, I’d see the look of concern in their eyes with the direction the world’s going, and they knew things that are not in the press,” Cane said.

The 2021 Democracy Index, which revealed the percentage of people living in a democracy has fallen below 50%, is available [here](#).

“Over half the world’s population no longer lives in a democracy. Scores keep going down and when you look at countries by population, it’s scary. Democracy is on the defense. And what can we do? Well, investors can be more aware of what’s in their portfolio and stop passively investing in authoritarian states,” Cane said.

“It’s time to have more awareness on that and to do what you can to support democracies. It goes without saying that I’m grateful to those still serving who are fighting for democracy and to the veterans who served. I hope that collectively we can all help raise awareness on what’s really going on in the world and do what we can to support democracy,” she added.

VETERANS: Veteran-Owned Firms Finding Own Community, Voice

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value for veteran-owned firms within the institutional community.

“I think veterans can bring a can-do attitude and they bring discipline and a practical mindset for solving real-world problems in chaotic environments,” he said, adding that veterans are also “service/community/team-oriented and will have a healthy respect for the underlying people they serve (teachers, firefighters, et cetera) versus looking at a client as a bag of money to be exploited.”

However, there is also a downside, where veterans can be perceived as “too transparent, too direct, and may have an odd sense of humor — all of which can rub people the wrong way at times,” Gray said.

“I think veteran status can go both ways, people can use it as a ‘branding’ vehicle and not deliver a strong value proposition or they can leverage the lessons learned in the military to enhance their value proposition,” he continued. “We like to focus on earning the business because we have the strongest value proposition; we don’t want to earn the business just because we are veterans. Having service-disabled veteran status is more of a ‘bonus’ but should never be a crutch to get business.”

Sroka noted that on the institutional side, it seems “a lot of RFIs dried up during COVID [and] a lot of firms that maybe were on notice that they were going to get fired, got kept on,” he said.

“There was lower turnover of managers mandates during COVID, and it feels like it hasn’t quite picked back up yet. We’re not seeing pre-COVID levels of RFIs or mandates out for bid, and I think that’s industry wide,” he continued.

Where Sroka is seeing much more progress for veteran-owned firms is in the venture capital space, as those same attributes about veterans still apply whether they are an investment manager or an entrepreneur, he said.

“Discipline, work ethic, risk management and crisis management, and organizational leadership are all essential for success,” he said. “The veteran-led affinity groups have been a great help within the community. Success is being achieved not because of set asides or mandated inclusion, but a community supporting itself independently and saying this is important to us.”



Joe Sroka