

The Business of Money Management

By **Monika Mantilla**
President & CEO, Altura Capital

This special section is exclusively dedicated to one of the most significant and influential businesses globally: the business of managing, as fiduciaries, the financial assets of institutional investors.

The total institutional investor market – commonly segmented into public pension funds, corporate pension funds, endowments and foundations and family offices – is estimated to be worth \$27.6 trillion dollars globally, of which \$12.5 trillion are US tax-exempt institutional assets¹.

So how do institutional investors get to select the managers that will help them to invest their assets?

Institutional investors typically guide their investment decisions by constructing investment policies and thereafter deciding on an asset allocation that achieves their risk /return level goals. It is usual for institutional investors to be broadly diversified across a wide variety of asset classes, and to select and hire managers specialized in the asset classes they have decided to have exposure to, frequently including domestic and international strategies from equity and fixed income, to hedge funds, to private equity and real estate, either directly hiring managers or hiring funds of funds or managers of managers. Broker dealers are also part of the mix. They, among other things, are the ones who execute the trades, as directed by the money managers or the institutional investors directly.

This is a world where talent, performance, innovation and creativity ultimately drive success. Unfortunately, it is also a world where the ticket to entry is a very difficult one to attain. As a result, there exists a large degree of concentration in the industry: the top 100 money management firms manage 81% of the world's institutional assets².

One of our key objectives has been to provide smaller firms that, historically, have had difficulty in penetrating the asset management business, with access and ability to compete. In my view, the most important challenges that a small company faces are: selectiveness, long business cycle, lack of track record and limited resources.

Latinos are not exempt from these barriers to entry. Below are some ideas on how they may be at least partially overcome:

1. The "selectiveness" very often is the principal obstacle, as asset management is a relationships-driven industry where building trust and credibility is paramount (would you have a stranger or a new firm manage your money? Would you

not prefer someone whom you know and trust and who has earned a long and well established reputation?).

Our answer to that is: if you are a savvy institutional investor, you'd better be on the constant lookout for new investment talent if you don't want to miss opportunities for higher risk-adjusted returns. Research has proven that smaller firms, at worst, do equally as well as their larger counterparts.

2. Another significant challenge faced by new entrants to the money management industry is the long business cycle: significant capital needs to be deployed – for at least three years and sometimes as long as seven years – before the money management company finds itself in a prosperous and profitable position. Market volatility makes the smaller player significantly more fragile than their larger and well-capitalized peers. Because of all of the above, the name of the game has always been one of size and scale. Without the size, you don't have the fees to establish an institutional grade organization, but the fees take long cycles to be built, so if you are not already a successful and well regarded manager, getting to become one is truly an uphill battle, full of business growth challenges.

Some of the solutions in this area can be drawn from the hedge fund and the private equity world. Seeders, sponsors and partnerships have prospered in these two asset classes and allowed many small firms or bright portfolio managers to strike deals in which they share risk and returns with capital and infrastructure providers. It seems to me that institutional investors should examine closer and find appropriate models to emulate the risks and returns involved in such propositions, especially those who have taken the lead in actively hiring emerging firms. Why not extract an additional alpha, like CalPERS has done with their MDP program, by taking small equity stakes in the companies they select to run their assets, especially when a positive effect is usually attained whenever such events happen?

3. Another prevalent structural barrier for new firms to enter the market today is knowledge and building track record: learning the ropes, gaining the reputation and building the relationships in the world of financial management. This is usually an apprenticeship-based field where older generations decide to open the doors for younger generations, frequently friends and relatives, who are invited to "follow their steps" and to be under their guidance and tutelage. If diversity and ability for a wide variety of investment talent to be capable of helping institutional investors to adequately manage and grow their assets is in fact a goal, why not make it a strategic intent to ensure that under-represented talent in the industry, such as women and minority talent, is given the opportunity to compete and the chance to prove its capabilities? From a long-term strategic standpoint, I believe institutional investors have a lot to gain and very little to lose by promoting and replenishing new investment talent.

4. Larger firms frequently argue that their access to research, market intelligence and relevant market information is superior due to their size and budgets. They further argue that smaller players will necessarily find it more challenging to obtain similar resources. However, technology and globalization has leveled the playing field significantly, and in today's world that is less and less the case.

An advantage that larger organizations also possess is their ability to deploy sophisticated and well staffed marketing teams where members frequently establish lasting partnerships through service and relationship building, which makes it challenging for new firms and smaller firms to compete.

The marketing muscle is a barrier that can be overcome with the commitment of institutional investors to evaluating all firms and promoting transparent and performance driven selection processes. Money manager databases, especially those focused on new and emerging investment talent, provide access to a wide variety of talent that in the past was hard to scout and analyze.

Despite all these challenges, a larger and more important truth prevails. Research has shown again and again that smaller, nimble, entrepreneurial firms consistently exhibit better or at least equal performance than their larger peers. This contradicts the general belief that larger firms have a competitive edge on the smaller ones. But didn't the larger firms supposedly have the leg up and the competitive advantage? So why are small firms still able to deliver better results? And furthermore, why don't more institutional investors give them the opportunities to manage more assets and grow?

There have been several reports published that attempt to understand the reasoning behind this superior performance of smaller money management firms when compared to their larger competitors. According to a PCA study hired by CalSTRS³: "As a firm's assets grow, it becomes difficult to implement (trade) new ideas into a portfolio. Smaller firms are more nimble traders, allowing for easier and more rapid implementation of added value ideas". Furthermore, according to a study published by Northern Trust⁴, among the reasons why emerging firms perform better are: "Less bureaucratic working environment, allowing crisp decision making; greater motivation and less complacency; greater organizations flexibility to deal with changing market environments."


Large firms are places where the portfolio manager is usually not the business owner. He/she is generally an employee. The best and brightest portfolio managers rarely remain employees: their ability, drive and determination, the quest to control the investment decision-making without layers of bureaucracy prevalent in larger firms becomes a huge incentive to leave and start their own firms. So many of the portfolio managers in smaller firms are seasoned individuals who decided to explore the entrepreneurial route to become the owners of their own destiny. Technology again has played a key role in enabling individuals to set up institutional grade investment shops.

So why do smaller firms, even when they perform better than their peers, are still not given the opportunity to manage institutional assets?

The most common answer provided to this question is size, business risk and anonymity. Regarding size, the challenge is that institutional investors must deploy capital in tranches larger than what smaller firms can manage. Regarding business risks, the inherent risks present in smaller firms, such as working capital and infrastructure, may make it a more difficult decision. Will they blow up? Do they have the back office, process and business infrastructure to adequately manage the assets? What happens if the founder or key employees decide to leave the firm? Do they have enough working capital to sustain the business? Solving anonymity is what Altura has been focused in for the past three years.

The answers to these questions are not simple. Due diligence and access to the best managers, as well as a commitment to find the best talent and to innovation is an integral part of the constant pursuit of alpha. The truth is that many of these smaller firms are quite worthy of examining more closely and are quite capable of managing institutional assets.

The Troubled Asset Relief Program authorized by Congress earlier this month is in fact a once in a lifetime opportunity to lead the reshaping of the financial services and asset management world. High degrees of market concentration have proven to be a big obstacle for a healthy financial system. I truly hope that as new players emerge and old players re-accommodate, that women and minority owned firms will be given an opportunity to show their caliber and capabilities. It is a pristine opportunity to build a more inclusive and more diversified, and therefore more robust, financial services industry.

Today, not one single Hispanic-owned money management firm is part of the top 100 list. Hispanics and minorities in general are largely under-represented in the industry. This special section is intended to bring light and a better understanding to some of the best Hispanic-owned money management firms. We hope it inspires many institutional investors to look closer and find the hidden gems. 

1 Statistics extracted from P&I 2007 data reports.

2 Statistics also extracted from P&I 2007 data reports.

3 Parker, Emkin, Rue and Thiessen "A Review of Developing Managers and Developing Manager Programs", Pension Consulting Alliance, April 2003.

4 Krum, Ted "Can Elephants Dance? Tenth Anniversary Study Reconfirms the Emerging Managers Have Edge Over Larger Investment Firms", Northern Trust Corporation, 2006.

The Broker Dealers

Broker-dealers are companies that trade securities for customers as well as for their own account. In the United States, a broker-dealer must be registered with the Financial Industry Regulatory Authority.

When executing trade orders on behalf of a customer, the institution is said to be acting as a broker. When executing trades for its own account, the institution is said to be acting as a dealer.

Securities bought from clients or other firms in the capacity of dealer may be sold to clients or other firms acting again in the capacity of dealer, or they may become a part of the firm's holdings.

Multitrade Securities, LLC

Luis F. Restrepo

Chief Executive Officer

(212) 277-8175

www.multitrade.net



Founded in 1999, MultiTrade is an agency-only broker dealer specializing in electronic and algorithmic trading. The firm offers its clients customized tools designed to meet their diverse investment and trading needs, combining conflict-free execution services with innovative trading capabilities. This allows clients to optimize the performance of their trading strategies.

MultiTrade's high-level strategy is part of a comprehensive set of services designed to address the needs of its clients. Its FIX-based infrastructure connects electronically to all major points of liquidity.

LL: When did you begin building your current firm?

LFR: In 1999 I founded MultiTrade Securities, LLC -- a broker/dealer.

LL: Was your career path in any way unusual?

LFR: Yes. Before finance, after Harvard, I worked in the administration of The Boston Public School system from 1979-1982, and with Procter & Gamble in marketing of consumer goods from 1984-1990. I entered finance at Instinet, the first electronic broker/dealer in 1990.

LL: What is your area of expertise?

LFR: My strength is general management with a focus on strategic planning, marketing and sales, which I now apply to financial services. I am the CEO of my company, and as a small business owner I wear many hats.

LL: What are the biggest challenges to Latino brokers these days?

LFR: Getting in the door of major institutions. Many false objections and glass ceilings present insurmountable obstacles.

Access to capital is another major obstacle. Brokers need capital in order to participate in significant transactions.

LL: Do you feel that being Latino in today's U.S. market is an advantage or a disadvantage?

LFR: Being perceived as a minority is never an advantage. It means hard work and hardship, discrimination, exclusion, glass ceilings. The increasing number of Latinos in the U.S. is now a compelling socio-economic phenomenon that cannot be ignored, but it is by no means an advantage or easy.

LL: What specifically would you say that you bring to the table that sets you apart?

LFR: Customer focus, knowledge of the markets, trading expertise and technology.

LL: Where do you see yourself in the next five years?

LFR: At the helm of MultiTrade, involved in leadership of the Latino community, advocating opportunities for our community and mentoring young Latinos to enter the industry.



De La Rosa
& Co.
Ed
De La
Rosa

President
(310) 207-1975
www.ejdelarosa.com

De La Rosa & Co. is a full-service investment bank with offices in Los Angeles and San Francisco. Since it was founded in 1989, De La Rosa has helped public entities and private businesses secure funding for capital projects.

The firm is registered with the Financial Industry Regulatory Authority (FINRA), Securities and Exchange Commission (SEC), and is a member of the Securities Investor Protection Corporation (SIPC).

LL: How did you get your career started?

EDR: In 1983 I moved to Dean Witter in San Francisco. When I received a job offer at First Interstate Bancorp in Los Angeles, I took it. After six years in the business, I had a loyal following of clients...an investor list. I went out on my own, with the approval of my dad, a man who didn't speak English until he was 12, and who had then built his career as an educator in the public school system. Dad said, "I think you should do it, Ed!" That was 19 years ago.

LL: What size assets do you control?

EDR: We trade 3.1 billion portfolios and reset the interest rate every week. Our clients borrow hundreds of millions of dollars...it takes somebody administering the paper. We have been very steady, focusing like nobody else.

LL: What sets you apart from the rest?

EDR: De La Rosa & Co. is one of the most prominent investment banks in California – the state that represents up to 25% of a \$400 billion U.S. market in public finance. We've trumped some of Wall Street's biggest firms...Merrill Lynch, Bear Stearns by deepening our commitment.

In the summer of 2007, when many firms started to suffer from their exposure to the sub-prime market, we didn't have any exposure. Our capital was fresh. We were able to use it to provide liquidity. We took over pieces of business while our competitors were flatfooted, moving capital into that market.

LL: What are the pros of being a Latino in this business?

EDR: Speaking from the heart, Latinos played a huge role in the development of the state of California since the turn of the last century...Agriculture, military, transportation...

Things that I do are a continuation of my people who walked north. At De La Rosa's, that's a strong identification. We focus on institutions in California that build the infrastructure. That's why we're so successful.

Funds of Hedge Funds

A fund of hedge funds is an investment company that invests in hedge funds – rather than investing in individual securities. Some funds of hedge funds register their securities with the SEC. These funds of hedge funds must provide investors with a prospectus and must file certain reports quarterly with the SEC. Not all funds of hedge funds register with the SEC.

Many registered funds of hedge funds have much lower investment minimums (e.g., \$25,000) than individual hedge funds. Thus, some investors that would be unable to invest in a hedge fund directly may be able to purchase shares of registered funds of hedge funds.





Provident Group Asset Management, LLC Pavlos Mavrides Matos

Partner & CFO
(212) 742-1851 www.provident-group.com

Provident Group Asset Management is dedicated to the management of alternative asset funds and private investment vehicles on behalf of the clients of Provident Group and its strategic partners. Provident Group Asset Management focuses on creating unique fixed income alternative asset management products.

Provident Group Asset Management also can act as a sub-advisor on assets managed by a client of the Provident Group, as well as develop structures that facilitate the pooling and management of assets acquired outside the realm of activities of the Provident Group.

LL: Tell us a bit about yourself.

PM: I studied at Yale in 1992 and Columbia Law School 1995, beginning my career as a project finance and securities attorney for Brown and Wood LLP — now Sidley Austin, LLP — in 1995. Born in New York City in 1970, I grew up in a large extended family on 116th Street and Broadway. My mother had fled Cuba in 1961, and I remember the challenge of starting school barely speaking English. It was one of the most important formative experiences in my life.

LL: How many assets does your firm manage?

PM: Approximately \$50 million of assets under management in fund of hedge fund and managed account assets. On the broker-dealer (Investment Banking) side of our business, we close between 4-6 transactions per year with a focus towards transaction sizes between \$20 and \$200 million. Our investment banking business, which is focused on raising private equity, mezzanine and structured finance for middle market enterprises, has been active, given significant investment opportunities globally.

LL: What skills do you bring to the table?

PM: Legal training, Investment Banking and Private Equity experience with cultural consciousness and international experience. I'm fluent in Spanish, Portuguese, Greek, Italian and English and have done business in the United States, Canada, Brazil, Argentina, Chile, Mexico, Costa Rica, Guatemala, China, South Korea, Australia, Austria and Hungary.

LL: Do you think that being Latino in today's U.S. market is an advantage or a disadvantage?

PM: I think it is a potential advantage. The cultural awareness that comes with being Latino optimally positions the American Latino to succeed in today's U.S. markets.

However, exploiting these advantages requires the confidence to overcome the potential barriers to entry (financial, discrimination) that may come with being Latino. I encourage all American Latinos to view "ser Latino" as an advantage rather than a hurdle in achieving success in the financial sector.

Money Managers ~ Fixed Income

Fixed-income investments are "loaned" assets. Investors in this market loan their money to a government entity, corporation, or financial institution and receive interest on a regular basis. The rate of interest paid can either be fixed for the life of the investment or can fluctuate with the general movement of interest rates.

The principal is returned at maturity — the date at which principal must be repaid — although its value can fluctuate according to changes in interest rates. For many fixed-income securities, as interest rates rise, asset prices decline and as interest rates decline, asset prices rise. This inverse relationship of interest rates and asset value, called interest rate risk, affects the value of fixed-income securities if they have to be sold prior to maturity.





Taplin, Canida & Habacht

Tere Alvarez Canida

President & Founding Partner

(305) 379-4452
www.tchinc.com

Taplin, Canida & Habacht (TCH) is a minority owned registered investment advisor located in Miami, Florida. Founded in 1985, the company provides institutional fixed income asset management services. All portfolios are separately managed and customized to meet each client's guidelines and objectives.

With \$7.7 billion in assets under management, the firm offers core fixed income, core plus fixed income, intermediate fixed income and corporate fixed income account management. Its clients include public and corporate pension plans, endowments, and foundations. TCH also has a limited number of high net-worth individual clients.

LL: In a nutshell, what's your story?

TA: I was born in Havana, Cuba in 1953, the second of four children. My parents migrated to Florida in 1961. I received my B.S. from Georgetown University in 1975 and my M.B.A. from George Washington University in 1976.

In 1977, I began working at Southeast Bank in Miami. I became a Chartered Financial Analyst (CFA) in 1983, and began building the firm, Taplin, Canida & Habacht in 1985, after leaving Southeast Bank.

LL: What level of assets does your firm manage and what's been the pattern of growth of your business over the past 48 months?

TA: We currently have \$7.5 billion in assets under management. Growth over the past 48 months would mostly be described as very positive; however, over the trailing three quarters – specifically the last several weeks – the volatility in the financial markets has been markedly increased as liquidity in the credit markets has diminished significantly.

Growing our assets during this period has been challenging. We are cautiously optimistic.

LL: What constitutes a valuable player in your field?

TA: A valuable player is someone who is ethical, works hard and puts their clients' goals and objectives before anything else... a person who respects their clients, their co-workers and their competition.

LL: Is being Latino in today's market an advantage or a disadvantage?

TA: I am very proud of my heritage. I think the demographics are such that the Latino market will continue to grow and be a very important factor in the economy.

LM Capital Group, LLC is a San Diego-based investment advisory firm registered under the Investment Advisory Act of 1940. Founded in 1989 by investment veterans Luis Maizel and John Chalker, LM Capital provides fixed-income investment services to institutional, corporate, public, multi-employer, endowment and foundation clients.

LL: How did you get started in the business?

LM: I was born in Mexico City in 1950 and moved to San Diego in 1984. I'm very much self-made, with no mentors. I started my career in money management in 1984 with LM Advisors Inc., a high net worth manager. I also studied Industrial Engineering at the National University of Mexico (UNAM) and later got an MBA from the Harvard Business School, where I also taught.

LL: What was your window of opportunity?

LM: When I arrived from Mexico in 1984, the U.S. Senate had eliminated the withholding tax on NRA's that opened the door for an advisory firm for foreign investors. We started there, later branching out to the institutional market. New to financial services, I was very fortunate to see my company prosper. I now run the Strategic Investment Committee, concentrating on the Emerging Debt market, setting policy and supervising my traders and analysts.

LL: What size assets do you manage?

LM: Between both companies, we now manage in excess of \$5 Billion, and growing. In the last four years we have grown about 300%.

LL: What's the biggest challenge for you as a Latino investments manager?

LM: The biggest challenge is convincing consultants that a company doesn't have to be the size of PIMCO, WAMCO or Loomis Sayles to produce good results. We visit clients consistently and produce the results.

LL: What makes your firm special and what is the advantage of being Latino?

LM: Our secret is a very strong network throughout the emerging markets and a very disciplined 'top-down' process that has stayed consistent over 24 years.

It is an advantage to be Latino. Many public and private plans require a more diverse roster of managers and have very few Latinos on board. It has helped us a lot, particularly in states like Illinois, where diversity is mandated by the law.

LL: Any predictions for your firm?

LM: I expect to double in size in 5 years, hopefully breaking the barrier separating the 800lb. gorillas from the rest of us. We're the little bee that'll make a bigger buzz.



LM Capital Group, LLC

Luis Maizel

Co-founder & Senior Managing Director
(619) 814-1401 www.lmcapital.com

Money Managers~Equities

Equity investment generally refers to the buying and holding of shares of stock on a stock market by individuals and funds in anticipation of income from dividends and capital gain as the value of the stock rises. It also sometimes refers to the acquisition of equity (ownership) participation in a private (unlisted) company or a startup (a company being created or newly created). When the investment is in infant companies, it is referred to as venture capital investing and is generally understood to be higher risk than investment in listed going-concern situations.

Ativo Capital Management, LLC Ricardo Bekin

Chief Investment Officer

(312)263-7600 www.ativocapital.com

Ativo Capital Management is an independent Registered Investment Advisory firm that seeks to wisely choose each portfolio security to deliver portfolio growth. The firm's approach is based on rigorously applying discounted cash flow return on investment methodologies ("DCFROI") to the management of equity portfolios.

LL: Who is Ricardo Bekin?

RB: I was born in São Paulo, Brazil, and currently reside in the Northwest suburbs of Chicago, Illinois. I have a Bachelor's in Business Administration from the Escola de Administração de Empresas da Fundação Getúlio Vargas and an MBA with concentration in Finance from the Graduate School of Business at the University of Chicago. In 1989 I joined Chuck Callard as an intern. As a money manager in 2001, I launched what was then called Callard Asset Management and is now Ativo Capital.

LL: What is your area of expertise?

RB: Stock Valuation, Quantitative Modeling and Portfolio Construction. As CIO, I have overall leadership of the investment function, including the development of the investment strategies and processes.

LL: What constitutes a valuable player in your field?

RB: Ativo is considered a "quant" firm. For us, a valuable player is someone who is at the intersection of Economics, Finance Statistics and Information Technology. It is important to have the technical tools in terms of stats and computer programming, so they can be applied to problems involving investment decisions.

LL: How has the growth of your business been affected over the past 48 months?

RB: We currently manage around \$81 million. Four years ago we managed approximately \$11 million, so our assets under management have grown at an average rate of over 60% per year.

LL: What are the challenges for Latino money managers in your specific sector?

RB: In the money management business, it is a big advantage to be one of the well-established, name brand firms. Virtually all Latino money managers are relatively small and relatively new, so we are considered riskier because we are unknown quantities.

LL: What is your approach to this challenge?

RB: Our main focus is on performance. Good risk adjusted returns are ultimately going to get noticed and will get you hired. We populate a large number of manager databases to be included in as many searches as possible. Finally, we work with Latino advocacy groups such as the NAA.





Lombardia
Capital
Partners, LLC

Jorge
Castro

Chief Executive Officer
(626) 568-2792
www.lombardiacapital.com

Lombardia Capital Partners is a private, independent money management company, managing over \$1.7 billion in assets, for Corporate, Public and Individual Investors. The firm's current portfolio management team has an average of 28 years of industry experience.

Founded in 1989, Lombardia Capital Partners ("LCP") has been offering investment management services for over seventeen years. In addition, LCP is one of the largest and oldest minority owned investment advisors. LCP specializes in Small, Mid and Large capitalization sectors of the U.S. equity market with emphasis on shares of companies with attractive valuations.

LL: How did you become involved in this industry?

JC: I was recruited at Harvard University by J.P. Morgan to join their training program. I come from an entrepreneurial family and have always been interested in financial markets. My parents, Henry and Thelma Castro, owned a Mexican restaurant in South Gate, California and two of my three siblings are also entrepreneurs.

LL: Who were early role models?

JC: My father, who worked two jobs, owned a Mexican restaurant on the side, and bootstrapped up to ten rental properties all at the same time, was and is my role model. His work ethic and belief in the marvel of the American Dream inspired me to succeed.

LL: In your current position at Lombardia Capital Partners, what challenges do you see for Latino money managers?

JC: Building assets to critical mass, i.e. \$2 billion.

LL: How have you addressed those challenges?

JC: By focusing on investment performance and recruiting outstanding professionals to work on our team.

LL: Do you remember any instance where you helped another Latino, or were helped by someone to become established as a money manager?

JC: I have spent most of my life involved in the cause of social justice. I believe that I have an obligation to improve the chances for the U.S. to become a true meritocracy.

Money Managers ~ Quantitative Alternative Strategies

Quantitative techniques were once reserved for a handful of players in the marketplace. But things have changed since. These days, most fund managers would claim to use some form of quantitative analysis as part of their investment process. Their growing acceptance and use is no accident. Using these techniques brings many advantages, in particular when dealing with large amounts of data or when looking to exercise discipline.



Trajectory
Asset
Management
Juan
Ocampo

Chief Executive Officer
(212) 755-5070

Trajectory Asset Management is a firm that specializes in quantitative investment strategies, who has developed proprietary methodology used to manage a variety of Funds. The firm manages about \$700 million in assets.

LL: How did you become involved in this industry?

JO: I began as a consultant, but decided I'd rather do instead of advise. I founded Trajectory Asset Management with a partner and former colleague in 2001 and in June 2004 we launched our flagship High Watermark Funds. We developed a patented methodology that allows us to back-up our investments with warranties. We refer to it as a disciplined quantitative risk management.

LL: Who were your early role models?

JO: My father, Jaime Ocampo.

LL: In your current position at Trajectory Asset Management, what challenges do you see for Latino money managers?

JO: Like all emerging managers, it's hard to find institutional clients. In our case, our unique strategies help by setting us apart, but it requires extra educational effort on our part.

LL: How have you addressed those challenges?

JO: We do a lot of outreach. We speak regularly at conferences. We write. This enhances credibility, but you have to have something new to say. Beyond a pitch, you have to appeal on an intellectual level.

LL: Do you have an anecdotal example of how you helped a Latino, or were helped by someone to become established as a money manager?

JO: Before we launched, I visited with a senior executive at an insurance company who had been a client. I showed him our quantitative approach to managing retirement funds and he agreed to provide our first warranty. We built upon prior relationships.

LL: What has been the key to your success?

JO: Doing something I believe in. Having an innovative idea and the patience to stick with it and develop it fully. Passion is also extremely important. It made me highly motivated.

LL: What advice would you give Latinos interested in this industry? Two things: First, try to find out what part of business interests you most; it may not be what's most lucrative. Know who you are and where you can be the best. Second, get good partners. Identify people you can trust. It's an important component for building a business.

Private Equity Funds

Private equity funds are a pooled investment vehicle used for making investments in various equities — and to a lesser extent debt — securities according to one of the investment strategies associated with private equity. Private equity funds are typically limited partnerships with a fixed term of 10 years, often with annual extensions.

At inception, institutional investors make an unfunded commitment to the limited partnership, which is then drawn over the term of the fund. A private equity fund is raised and managed by investment professionals of a specific private equity firm. Typically, a single private equity firm will manage a series of distinct private equity funds and will attempt to raise a new fund every 3 to 5 years as the previous fund is fully invested.



Craton Equity Partners Tom Soto

Managing Partner
(310) 954-2220
www.cratonep.com



Craton Equity Partners began in Los Angeles in the mid 1990s as an investment fund focused on small companies in need of growth capital in the basic industry and manufacturing sector. The core group of partners has remained together since that time, and with the addition of another partner, comprise a unique and valuable blend of expertise from the fields of finance, investments, law, accounting, energy, water and environmental policy.

In 2005, the partnership shifted its mandate and focused exclusively on clean tech and environmental technology.

LL: How did you become involved in this industry?

TS: In the first chapter of my professional life, I was an environmental activist working with non-profits and advocating for environmental justice. Eventually, I took the plunge to create my own fund with my longtime *compadre*, Bob MacDonald. Craton Equity Partners is an emerging managers clean tech fund, with nearly \$200 million to invest in small cap clean tech companies through the country and internationally.

LL: Who were early role models?

TS: My mother and father. They gave me a set of core values that encouraged me to enjoy every moment in life and make sure the people I interact with are treated fairly and with kindness.

LL: From your current position at Craton Partners, what challenges do you see for Latino money managers?

TS: The institutional framework nationally does not encourage participation from diverse interests within the fund management community. The last frontier of the Civil Rights Movement is based on access to capital and the ability to grow wealth.

LL: How have you addressed those challenges?

TS: I've worked to get more minorities appointed as trustees. I use education to demonstrate that as a fiduciary responsibility, getting a greater return for an investment requires diversifying partners to better reflect pensioners who rely on them.

LL: Have you helped a Latino investor access private equity funds?

TS: I am very proud to have worked with the pensions to encourage them to invest in funds that will help to combat climate change, such as CalPERS and CalSTRS, who committed about \$1.5 billion to the clean tech sector, one of very few silver linings on this current dark cloud of economics.

LL: What has been the key to your success?

TS: Having faith in what I'm doing... and that whatever I do has to have a positive impact in my community.

LL: What advice would you give Latinos interested in this industry?

TS: Identify your core values. Make your surroundings a priority and insure that the communities you serve are taken care of. That service will give you higher moral, spiritual, and financial returns for your investment.

UniWorld Capital, L.P. Jay C. García

Co-founder & Partner (212) 612-9173

UniWorld Capital is a lower-middle market private equity fund that was co-founded by Jay C. García after he spent seven years helping Hispanic companies seeking capital to grow and understanding that capital was scarce in this underserved market.

LL: How did you become involved in this industry?

JG: I started my career as an equity research analyst at Smith Barney in the Healthcare Industry. In 1989, when the privatizations of Latin America took place, I was offered the opportunity to start the Latin American department at Smith Barney – I was the only Spanish-speaking analyst in all the research department.

Thereafter, I held several positions as Head of Research for Salomon Brothers and Banco Santander, and I became a top Institutional Investor analyst. At Santander I managed a team of 100+ analysts around the world, including Latin America, Eastern Europe and Asia.

After almost 11 years in the sell-side, I decided to seek opportunities in the buy-side and thus was offered to manage two public funds for Santander.

In 2000, I teamed up with Ana Botin from Santander to create a private equity fund called Suala Capital. In 2001, I founded Discovery Capital, a merchant bank with exclusive focus on the Hispanic market. I created the first Hispanic Index in the U.S. Then, After 7 years of helping companies seek capital to grow and understanding that capital was scarce in this segment, I co-founded UniWorld capital, a lower-middle market private equity fund to fill this underserved market.

LL: In your current position, what challenges do you see for Latino money managers?

JG: The amount of managers and capital addressing this segment of the market is still limited and thus competition is steep from traditional funds.

LL: How have you addressed those challenges?

JG: By creating UniWorld we were seeking to address this shortcoming and wanted to actively help underserved companies and thus create wealth in the community.

LL: What has been the key to your success?

JG: Certainly hard work and discipline coupled with transparency and honesty.

LL: What advice would you give Latinos interested in this industry?

JG: Reach for the few Latino managers and try to recruit them as mentors. If not possible, offer your services for free, if need be, so you can get a foot in the door.



Private Equity Funds of Funds & REITs

Funds of funds pool investors' capital and commit it to a portfolio of underlying private equity funds. A fund of funds is an ideal way to invest in private equity for all but the largest institutions, family offices and high net worth individuals.

A Real Estate Investment Trust (REIT) is a tax designation for a corporation investing in real estate that reduces or eliminates corporate income taxes. In return, REITs are required to distribute 90% of their income, which may be taxable in the hands of the investors. The REIT structure was designed to provide a similar structure for investment in real estate as mutual funds provide for investment in stocks.

Nogales Investors Private Equity Luis G. Nogales

Managing Partner
(310) 276-7439
www.nogalesinvestors.com



Nogales Investors' mission is to invest in growth companies in partnership with superior management teams capable of generating significant value for all stakeholders. The firm invests committed capital for some of the largest institutions in the world. These capital commitments enable the firm to make quick investment decisions without the need for outside approvals.

LL: How did you become involved in this industry?

LN: I ran several companies as a CEO, including Univision and United Press International. Eventually, I set off to find investment funds to buy several radio stations. I learned about investment and pension funds, specifically CalPERS. They eventually backed my radio station venture, which proved profitable. That, along with my experience in business and on national boards and commissions, allowed me to launch my private equity management firm.

LL: In your current position at Nogales Investors Management, what challenges do you see for Latino money managers?

LN: The challenges I see involve raising capital and having a network to help get through the door to tell your story.

LL: How have you addressed those challenges?

LN: By the time I became involved in this industry, I had an extensive track record. I was attractive as a fund manager because I had the experience to assemble a good team and to make successful investments.

LL: Any examples of how you helped a Latino investor access private equity funds?

LN: When I get reference calls from public pension funds I take a broad view of what experience is transferable for qualified money managers. Not many Latinos come from traditional investment firms like Lehman Brothers, but you can still look at the experience they bring that can be helpful as money managers.

LL: What has been the key to your success?

LN: Getting a formal education, learning from others, and a lot of persistence.

LL: What advice would you give Latinos interested in this industry?

LN: Get a formal education, an advanced degree in business if possible. You need to have a strong business background. As you begin to work in the field, identify people you can learn the most from.

**Stepstone
Group, LLC**
**Jaime
Guzmán
Fournier**

Managing Director
(858) 558-9700
www.stepstonellc.com



StepStone, Group LLC is an independent, employee-owned specialist firm focused exclusively on providing private equity asset management, consulting and advisory services. StepStone develops customized global private equity portfolios for its clients through single limited partner (separate account) relationships.

StepStone's private equity portfolios are structured to generate maximum net risk-adjusted returns through a combination of fund investments, co-investments; strategic direct investments and secondary transactions tailored to the needs of each client.

LL: How did you get started in this industry?

JG: I began at a firm in Puerto Rico that was fully devoted to investing in private equity and venture capital on the Island. I received my most important career opportunity to date, advising and eventually heading, the U.S. Small Business Administration's Small Business Investment Company (SBIC) program.

LL: What challenges do you see for Latino investors?

JG: There is still a perception out there in the U.S. asset management and investment industries that minorities are not as good at money management and investing as non-minorities. Demographic changes in the U.S., which are causing more qualified minorities to enter these fields, will continue to alleviate this wrong perception.

LL: How have you addressed those challenges?

JG: By finding talent and investing private equity capital through that talent, and speaking publicly about the need for more minority participation in the private equity industry at all levels—general partners, limited partners, and service providers.

LL: Do you have an anecdotal example of how you pooled Latino investments together into a private equity fund-of-funds?

JG: I am very proud of having a role early on—in 2002 and 2003—in licensing the first Latino-owned and focused fund through the SBIC program, Hispania Capital Partners.

LL: What has been the key to your success?

JG: Being honest and respectful with everyone—no matter their position or status—and devoting myself to completing tasks assigned to the best of my abilities.

LL: What advice would you give Latinos interested in this industry?

JG: Always be honest and respectful, work to the best of your abilities, and network, network, network (without losing sight of your end-goal), as this is a business of people.

Valencia Capital Management is a progressive, privately held real estate investment firm providing intelligent and innovative services to institutional investors including comprehensive investment management programs. The firm specializes in the formulation, validation and execution of unique value creation strategies.

**Valencia
Capital
Management**
**Michael J.
Romo**

Managing Principal
(214) 520-2600
www.valenciacm.com



LL: How did you become involved in this industry?

MR: In 1985, six weeks before graduating from Southern Methodist University with my MBA and becoming a banker, I realized that my real passion was real estate. I passed on my banking job offer and went to work for a Canadian development company with offices in the U.S. I launched my own firm, Valencia, in 2004.

LL: How do real estate investments fit in the big picture of money management?

MR: Institutional real estate investments make up a significant component of public and private pension funds or private endowment fund investments, approximately \$3.9 trillion or four to ten percent of the total assets of most institutional investors. The investments made by Valencia on behalf of our clients focus on commercial real estate.

LL: What challenges do you see for Latino investors?

MR: The world of Latino institutional real estate investment managers is very narrow. If I estimate that there are five other Latino-owned companies in this sector, I'm being generous. There are challenges to getting in and growing, and there are not a lot of role models to present success stories.

LL: How have you addressed those challenges?

MR: In two ways. First, I made sure that I was prepared to participate and second, I did not position myself to be advantaged solely as a Latino-owned firm. I have tried to build a company in the manner that the industry expects and would recognize.

LL: What are your thoughts on the current financial crisis as it relates to real estate?

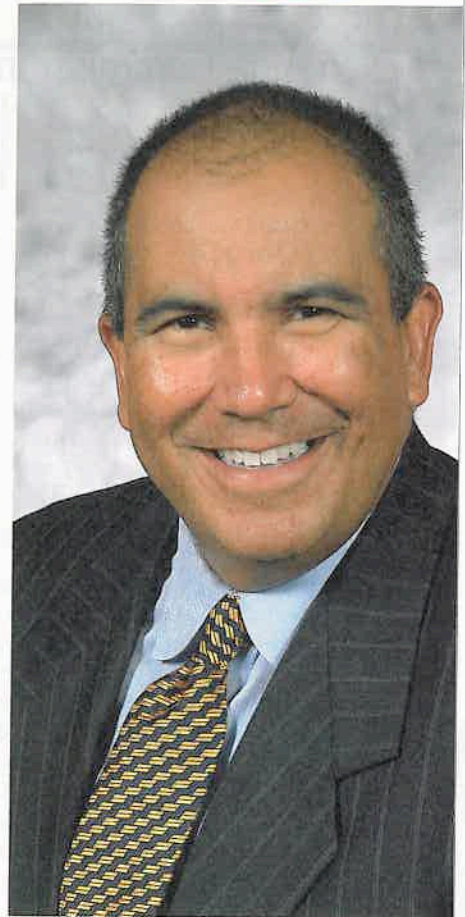
MR: Financial markets need liquidity. They need buyers of assets. Currently, there are no buyers, only sellers. The \$700 billion should revive buyers, e.g. banks, which can then hopefully re-enter the market.

LL: What has been the key to your success?

MR: Becoming educated and very good at our area of expertise. You need to be willing to put in the effort to succeed and have the discipline and mental toughness to see it through.

Adelante Capital Management Michael Torres

Chief Executive Officer
(510) 986-2100
www.adelante.com



Adelante Capital Management, LLC (“Adelante”) is a boutique investment manager, specializing in real estate securities. Since 1995, Adelante’s team of investment professionals, led by Michael Torres, has delivered superior risk adjusted returns for investors built on the conviction that real estate assets are the key drivers to long term security performance. As an employee owned firm, Adelante offers clients the kind of attentive, customized service difficult to find in today’s world of investment management. Adelante currently has \$3.1 billion under management.

LL: As the CEO of an investment management firm, what has been your number one hurdle in recruiting Latino investment managers?

MT: A lack of awareness of their opportunities. Part of it is that in business school they’re not exposed to investment management, as it’s a very small community.

LL: The New America Alliance (NAA) recently completed a survey in which it was able to identify less than 20 Latino asset managers. On a personal level, do you find it a challenge to operate in this environment?

MT: No, I don’t. It’s a privilege to manage other people’s money. There’s a great deal of responsibility in it. The fact that I’m a Latino shouldn’t give me any privilege over others, but I do have to be able to compete. All I’m asking for is the opportunity to compete. There are opportunities in the business. The issue is how do those of us in the industry continue to encourage people to inquire about them? We need to encourage young people to build a resumé that would qualify them to go into this industry.

The Regulators

Securities regulation in the United States is the field of U.S. law that covers various aspects of transactions and other dealings with securities. It includes both Federal and state level regulation by purely governmental regulatory agencies, most notably the Federal level United States Securities and Exchange Commission (SEC).

The U.S. Securities and Exchange Commission is an independent agency of the United States government that holds primary responsibility for enforcing the federal securities laws and regulating the securities industry, the nation’s stock and options exchanges, and other electronic securities markets.

In addition to the SEC, regulators for the investment industry, by definition, include the lawmakers of the country at the local, state and federal levels.





U.S. Securities and Exchange Commission Roel C. Campos

Former SEC Commissioner
Partner in Charge
Cooley Godward Kronish, LLP
(650) 843-5000
www.cooley.com

Roel C. Campos was first sworn in as a Commissioner of the United States Securities and Exchange Commission on August 22, 2002. On June 2, 2005, he was nominated by President George W. Bush for a second term, and was confirmed by the Senate on July 29, 2005.

Campos served for four years as the Commission's liaison to the international regulatory community. He became an influential voice for the convergence of standards and for rational regulation that promotes cross-border transactions. As the Vice Chair of the Technical Committee of the International Organization of Securities Commissions, he developed productive relationships with securities regulators in Europe, Asia, Australia, and Latin America.

Campos also facilitated the development of international auditing and accounting standards through his work as Chair of the Monitoring Group, which oversees the setting of International Standards of Audit.

He is currently a Partner in Charge at Cooley Godward Kronish, LLP, a national law firm for the converging worlds of high technology, high finance and high-stakes litigation.

LL: As an expert on regulatory matters in the financial industry, do you agree that the solution to increasing the number of Latinos in the money management field would be regulation and legislation?

RC: Diversity has been shown to provide business value to companies across all industries and all sectors, and pension plans are always looking to achieve the best returns to their beneficiaries, as appropriate to risk.

Diversity is properly an element in their investment considerations, in that diversity can contribute to a portfolio company's bottom line and can also contribute in asset management. It is an item that needs to be looked at as a factor in producing better returns.

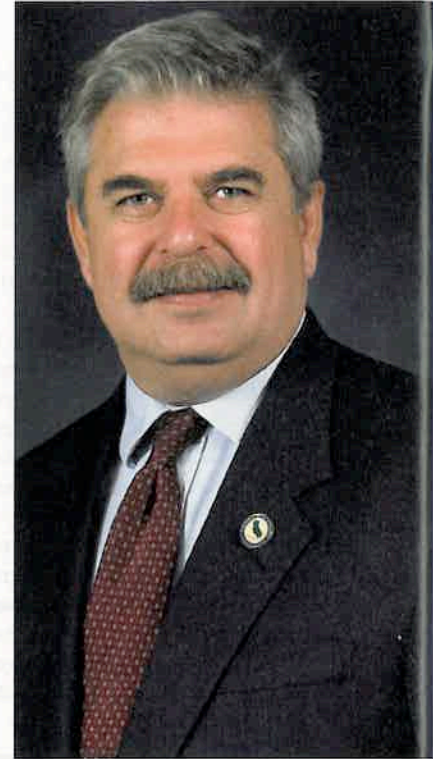
California State Assembly Juan Arambula

Assemblyman, D- Fresno
(916) 319-2031

Assembly Member Juan Arambula (D-Fresno) represents the 31st District in the California State Assembly, which includes the central San Joaquin Valley communities of Cutler-Orosi, Dinuba, Firebaugh, Fowler, Fresno, Kerman, Mendota, Parlier, Reedley, Sanger, San Joaquin, and Selma.

Since his election in 2004, Arambula has chaired the Assembly Jobs, Economic Development and the Economy Committee. Arambula also chairs Assembly Budget Subcommittee 4, which oversees state administration. In addition, he serves as a member of committees that oversee the state budget, higher education, revenue and taxation, the 10th University of California campus at Merced, and state procurement.

Assembly member Arambula's top legislative priorities are to improve California's business climate, encourage job creation and retention, and improve student academic achievement.



LL: There is a definite and documented lack of Latinos in the management of pension funds, despite the high numbers of Latino-owned assets. What is the underlying cause of this deficiency?

JA: I think the field is one where there's almost exclusive control, and it's been difficult for folks to break in. That is beginning to change and there's a new attitude that we need to encourage new people and create a pipeline to help the public pension systems to invest in areas that historically have not been looked at. There are many good opportunities, but it takes someone with special talents who knows how those opportunities work. It almost needs someone who is financially bilingual.

LL: What is being done at the state-level to encourage the development of Latino human capital in the financial marketplace?

JA: The New America Alliance (NAA) has been participating with me and with a coalition of minority money managers and representatives from the two largest public pension systems to come up with recommendations for state action. I value their recommendations and have great confidence in their assessment. I look forward to implementing their recommendations.

LL: What are some of the obstacles and barriers to implementing these recommendations?

JA: We need to bring the different parties together. We've already begun to pull people together—for example, we held several workshops with the National Hispanic Chamber of Commerce.

We provided an opportunity to minority money managers to meet one-on-one with representatives from CalPERS (California Public Employees Retirement System) and CalSTRS (California State Teachers Retirement System).

Institutional Investors

Institutional investors are organizations that pool large sums of money and invest those sums in companies. They include banks, insurance companies, retirement or pension funds, hedge funds and mutual funds. Their role in the economy is to act as highly specialized investors on behalf of others.

For instance, an ordinary person will have a pension from his employer. The employer gives that person's pension contributions to a fund. The fund will buy shares in a company or some other financial product. Funds are useful because they will hold a broad portfolio of investments in many companies. This spreads risk, so if one company fails, it will be only a small part of the whole fund's investment.

Institutional investors have a lot of influence in the management of corporations because they are entitled to exercise the voting rights in a company. They can engage in active role in corporate governance.

California Teachers' Retirement System Solange Brooks

Investment Officer
(800) 228-5453
www.calstrs.com

The California State Teachers' Retirement System, known as CalSTRS, administers retirement, disability and survivor benefits for California's 813,000 public school educators and their families. CalSTR's assets are \$179.6 billion as of October 31, 2007, making it the largest U.S. teachers' retirement fund, and second largest U.S. public pension fund, second only to CalPERS.



LL: What do you recommend to increase the presence of Latinos in money management?

SB: Let's have them graduate from high school. Our folks are not in financial services and this is where we want them to be. Latinos represent only 6% of our nation's money managers. We can increase this number by making sure our children graduate from high school, go to college. Then you can guide them to an education in financial services and also ensure that the opportunities exist so they can easily make that transition.

LL: What can you do to encourage young Latinos to go into financial services?

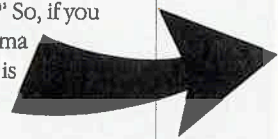
SB: There are enough of us in financial services to provide mentoring, take care of them and open doors, because this industry is a very social type of business. Let's go into the high schools and maybe Junior high schools and talk about what's going on in the market, how this country got to this position, the issue of ensuring that people save and invest, and people will start paying attention.

I would remind young Latinos that the business of this country is business and that the engine that runs this nation is the financial services industry. It's important to learn the language, be part of this society, learn how it works and that this is a very rewarding career.

LL: Does the college that one attends make a difference after graduation?

SB: What really matters is getting the education. You take someone with a Harvard MBA and that person will get far. But you take somebody like me, with an MBA from California State University and you can get just as far.

When I interview people that want to come into financial services, the great universities of our country do a fantastic job in preparing people, but then I tell them, 'You told me about your Harvard MBA. Now, what have you done with it?' So, if you happened to graduate from a small college in Alabama or Texas, what have you done with it? That really is where you see the mettle of the person.





Teachers Retirement System of the State of Illinois Juan López, Jr.

Investment Officer for
Emerging Managers Programs
(217) 782-0244
<http://trs.illinois.gov/>

Founded in 1939, the Teachers Retirement System of The State of Illinois (TRS) is a public pension benefit plan that provides retirement, disability and survivor benefits for Illinois public school teachers and administrators and their beneficiaries.

Funded by contributions from members, employers, and the State of Illinois, as well as by investment income, TRS manages more than \$35 billion in assets, about 40% of which are invested in US equities. Approximately 100 outside investment agencies help TRS manage its money. It serves more than 300,000 members from all Illinois public schools except those in the city of Chicago.

LL: What's your assessment of the Latino presence in money management?

JL: I've been in the financial industry for approximately ten years... There aren't many Latino investment money managers. When I was at Merrill Lynch, I was a financial advisor, actually trying to tap into the Hispanic market, hugely untapped in terms of Latinos being involved in investment and financial services in general.

I think that with time you'll see there are more and more Latinos entering the field. While I think that Latinos are in general very entrepreneurial, a lot of them are going into the mainstream companies, like Merrill Lynch or Morgan Stanley, to develop their expertise... and eventually venture into the emerging management space.

We're kind of seeing the growth of Latinos in this area, not just in the main funds, but with smaller emerging manager types of funds.

LL: How are Latinos shaping the industry?

JL: In the case of TRS, its emerging managers program was created in May of 2005, but at the same time there wasn't a full time person to take the lead role in taking the program to the next level.

We now have a Latino firm that manages \$500 million for us, Taplin, Canida & Habacht. We also have a Hispanic private equity firm by the name of Hispania Capital Partners that manages approximately \$2.6 million for us. This is a step in the right direction, but there is a lot of work to be done.

I think that having a Latino in this kind of role really enables the investment staff and the Board of Trustees to understand the momentum that's out there and figure out some of the right moves to make next.

The Los Angeles City Employees' Retirement System (LACERS) is a public pension fund that provides service retirements, disability retirements, and health insurance subsidies to its members and their families.

Established in 1937 under the exclusive management and control of a Board of Administration, LACERS covers over 30,000 active employees and 15,000 retirees. The Board has seven members, each serving a five-year term.

LL: Why are Latinos disproportionately underrepresented in financial services?

ME: There has been progress, but still limited. When you go from two or three firms – years ago – to one hundred, that's huge progress. But that one hundred still represents a tiny fraction of the overall economy. One issue is the limited number of Latinos trained in the financial sector, who have advanced degrees in finance or marketing or MBAs and who have chosen to pursue this field. Another issue has been the relatively "good old boy network" that is represented by Wall Street in the financial services market.

However, both things are beginning to change. There is a sign of opening in opportunities that are available right now for participation in growth and prosperity in the field for Latinos.

The current financial crisis, aside of being a tragedy for many people, it is also an opportunity for Latino-owned firms everywhere, from asset managers to attorneys to appraisers and even management companies of individual properties. There are huge opportunities for participation.

LL: What opportunities does the current financial crisis and bailout offer Latinos?

ME: The recent Financial Recovery Act that was passed into law provides for the inclusion of diversity and minorities. And there is a very aggressive effort that is being made right now to have the (U.S.) Treasury provide guidelines to the major asset managers that are going to be involved in this restructuring of the economy and the bailout to include Latino firms at all levels, as well as other minority groups firms.

LL: What groups or associations foster more Latino participation in this sector?

ME: The New America Alliance is an important organization that has been supporting the inclusion of Latinos in the financial services field. It holds an annual Wall Street Summit attended by hundreds of Latino-owned firms and Latinos who are very experienced as senior executives in financial services firms, who attend, network and support each other and participate in seminars.



Los Angeles City Employees' Retirement System Moctesuma Esparza

Board Member
(213) 473-7200
www.lacERS.org



Illinois Municipal Retirement Fund Carmen Heredia-López

Investment Analyst
(800) 275-4673
www.imrf.org

LL: What's the difference between working for small and large firms?

CHL: I started in the industry working for a minority-owned, emerging (private) money management firm. After business school, I worked at what was J.P. Morgan Investment Management Inc., a public asset management firm that was actually in London. When I came back to the U.S., I worked at another privately-owned, smaller management firm. And the major difference that I saw was that in the smaller firms, there's more accountability and also more of a desire for the entire team to succeed. I guess you can say there's more teamwork versus what I found at larger firms, which obviously tends to be public firms, where you know you're looking out for yourself.

LL: How has the Latino presence changed in money management throughout the years?

CHL: Overall, there is minimal participation of Latinos in this industry still, whether it's in the pension fund side, where I am now, or the asset manager side, or in investment management

The Illinois Municipal Retirement Fund (IMRF) was created in 1939 by the Illinois General Assembly and began operating in 1941 with five original employers and \$5,000 in assets. Today, IMRF serves approximately 2,900 employers and has approximately \$24 billion in assets.

Since 1941, IMRF has provided employees of local governments and school districts in Illinois with a sound and efficient system for the payment of retirement, disability, and death benefits.

consulting. There are few of us out there. Over the years I've seen an increase, but at a slow rate.

LL: What challenges do Latinos face to enter and succeed in money management?

CHL: First, some people stereotype Latinos and don't see them in these roles. Secondly, it's not having connections. A lot of us, many of us, are immigrants or from the working class and don't have these embedded relationships that other people already have, where their families know each other or they belong to the same country clubs. This industry, like many others, is relationship-based. So we just start out at a disadvantage because those relationships aren't there, and it takes time for us to build them.

LL: On a personal level, what can Latinos do?

CHL: Try to find out more about finances through their peers and attend conferences. I actually got more information about this industry when I attended a gathering of the National Society of Hispanic MBA's back in 1993.

Let my fun never end




Adopt me and help manatees survive.

Visit www.savethemanatee.org

Or call 1-800-432-JOIN (5646)

Save the Manatee Club

Photo © Kim Walker Stanberry

A professional portrait of Monika Mantilla, a woman with long dark hair, wearing a black blazer and a colorful striped scarf. She is smiling and has her arms crossed. She is wearing a watch on her left wrist and rings on both hands.

In Conclusion: A Conversation with Monika Mantilla

CEO and president, Altura Capital

Interviewed in October, 2008 in
New York by Wendy Pedrero

"I think the country will be better off, and I think institutional investors will be better off by having a wide variety of investment talent at their service, as opposed to just a few options."

LL: You've seen the responses of all the leaders in this feature and it seems that some of the themes and concerns are shared across the board. Tell us your impressions about it. . .

MM: I would tell you that, as I read them all, I just couldn't stop thinking about why these stories cannot be multiplied by one thousand. The Hispanic statistics would allow us, in theory, to have one thousand more times the successful firms that we have today. So, it truly is an alarming number. . . that we are still so few. So, the question is: 'What do we do about it?' 'What is the solution?'

I would say that there are two key ingredients: one is certainly education. The only path to a successful financial career is education. If you look at the biographies of all of these individuals, they are all highly educated. If we multiply that by a thousand, then you have right there the beginning of the theory of change.

There are also some organizations out there that are quite phenomenal. For example, the Toigo Foundation and SEO (Sponsors for Educational Opportunities). These two organizations take bright kids at different educational levels and they give them mentoring, they give them training. . . they give them a small scholarship, but they give them the training they require to make it successfully in a financial services career. . . and they have demonstrated that their model works. What we need, frankly, is more of them. We need to give to our youth in colleges and high schools exposure to the financial services [industry]. We also need to give them mentoring. That is a responsibility that we all have.

LL: Are they already out there and haven't had the opportunity yet, or are they currently in the making?

MM: Oh, the potential is in the millions. Every kid that is now 5, 10 or 15 years old has the potential to be a CEO of a management firm. And so, the key is: 'How do you get them exposed and to learn about the trade, and once they learn about the trade, and once they do and get excited, how do you make sure that you channel them so that they get the education and the training', because this is an apprenticeship business, and unfortunately, when it comes to the asset management world, it is not an industry that has distinguished itself for diversity. That's a fact.

My idea of a theory of change is to have more institutions that are minority – Hispanic-owned – that as they grow will provide apprenticeship opportunities for the newer generations and hopefully then the higher will pull the lower and the whole chain will move forward.

LL: What other hurdles do you think are currently affecting Latinos?

MM: The other hurdle is access to capital. This is a business where, because of the long cycle, you need to be well capitalized to start an asset management firm, and capital has always been a hurdle for our community.

Everyone you read about in this feature has been resourceful and clever enough to find the capital to develop their businesses. That is not an easy job, and in today's market, with not enough financial conditions and with the state of the economy the way it is, that is going to hurt firms that have a weak capital structure.

LL: How do you make the market "see" you more, trust you more, so that you can continue to thrive?

MM: We have truly embraced Ghandi's saying: "Be the change that you want to see in this world." Altura Capital, the firm I started because progressing and making sure that we have a great new breed of healthy and robust financial institutions is my passion, has developed a set of tools that attempt to change the paradigm as to how financial institutions come across as management firms.

So, we have developed a database, a tool that enables institutional investors to look at a wide spectrum of talent, including what we call emerging managers, which include women and minority-owned businesses. The tool allows any institutional investors that are interested in emerging money managers to look at a wide spectrum of choices. So, now, the objection that we used to hear years ago: 'we don't know where they are, we don't know how they perform, we don't know how to compare them to their larger peers' . . . is no longer an excuse, because we have overcome them with our tool. And it is a tool that is updated everyday.

LL: Do you think that the current economy will make it more difficult for Latinos to progress at the pace that they have been so far?

MM: I think the future is extremely bright. I think that the financial crisis and our globe is still halfway and that we will be in it for a while, and that is a paradigm shift that will bring many good things, and I will point out two: we need to develop and shift from a culture of spending and a culture of maxing out credit cards to a culture of saving and of being better managers with our money.

And I think that's a great paradigm, so it's a shift that comes at a cost, but I think it'll be a good thing for our country, and it may be a wonderful opportunity for our country to change from a consumption economy to a savings economy. Usually, change comes with a little bit of pain, but maybe there is a lot of good at the end of the road.

I think that's one good benefit. . . and the other reason why I say it's very bright is because the whole financial system is changing, and hopefully the net results will be that there will be many more valuable players, not just a few as we have today in financial services and asset management, because the current concentration has proven to be not good for the market overall.

So, we go back again to the importance of competition, of having many service providers. . . and we've sort of learned the hard way the lesson of how the concentration of a few is not a good thing. So, hopefully the net result is that we'll have a vibrant asset management structure and a vibrant financial services industry where many innovative, nimble, small players will be able to provide very cost effective and valuable services.

I think the country will be better off, and I think institutional investors will be better off by having a wide variety of investment talent at their service, as opposed to just a few options.

It is a hard time, no doubt. . . but I think it'll bring great things. **■**