

# New Private Markets

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## NEWS & ANALYSIS

# How Ellie Rubenstein aims to build a 'next gen' private equity firm

The daughter of Carlyle co-founder David Rubenstein is applying his globe-trotting fundraising approach to her mission-driven investment thesis.

The Dolder Grand is a familiar hotel for the Zurich private equity community. It is a stylish, lavish fusion of old and new, perched on a hillside above the city. It is here that Manna Tree Partners, the food-focused private equity firm co-founded by Ellie Rubenstein, hosts its inaugural Global Finance Forum in early June.

Rubenstein is the daughter of David Rubenstein, co-founder of Carlyle and someone who helped shape the private equity industry of today. Rubenstein senior built a reputation as a globe-trotting fundraiser, building Carlyle from his jet. Rubenstein junior seems to be following in those footprints.

In the first panel session of the day, Ellie Rubenstein describes a 323-day, 18-country fundraising tour, that was curtailed only by the arrival of the global pandemic. "It really destroyed my microbiome," she explains. "[But] I earned my father's trust; my father's language is fundraising."

"He really saw that we were going to figure out how to do this," she adds.

As well as earning her father's trust, the younger Rubenstein's intense year of travel contributed to a fundraising total of more than \$560 million across funds and co-investments, the firm says. Fund I closed on \$141.5 million in 2020, and the firm is currently in market with a second fund, MT Nutrition II, according to regulatory filings. Manna Tree declined to comment



David and Ellie Rubenstein  
Picture credit: Kevin Johnston, [invstly.io](https://www.invstly.io)

on fundraising activity.

David Rubenstein is a limited partner in Fund I. He is also a 10 percent owner of the general partners for funds one and two. His interests in Manna Tree are separate from his family office, Declaration Capital.

Manna Tree, which is headquartered in Vail, Colorado, is a growth equity investor in the food industry with a focus on improved health. Its 11-company portfolio spans the food system, including consumer brands, growers and farmers, B2B tech and food technology.

The firm has had one exit: Vital Farms listed on Nasdaq in August 2020, returning 4x invested capital and a net IRR of 80 percent, according to the firm.

When asked whether any segment of

the food industry is overcapitalised at the moment, the forum's host is quick to point to venture-stage food technology. While some investors wanted to see Manna Tree back "these sexy deals" in cutting edge food technology, says Rubenstein, the firm told them it would not be able to return their capital from them in its three- to five-year time horizon.

In an email exchange following the event, she expands on her bearish view on VC in food: "High valuations coupled with significant cash burn and questionable consumer adoption will be a challenging trifecta for many businesses at the bleeding edge of foodtech. We have been focused on mature growth-stage businesses that advance human health with broad-based

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consumer adoption and profitability, or near-term expected profitability.”

## SDG adoption

Manna Tree is not an impact firm by design. It was European investor LGT Capital Partners – a firm that also happens to have backed Carlyle funds – who first handed the Manna Tree founders a report on the UN Sustainable Development Goals: “I turned to Ross [Iverson, co-founder and CIO of Manna Tree] and said, ‘SDGs? I thought we were building an ESG report,’” jokes Ellie Rubenstein.

Manna Tree frames its sustainability approach as being “ESG+H,” with the H being for health. “We have been working on how you get the KPIs for that H, which is crucial,” says Ellie Rubenstein. These KPIs are “accessibility and affordability” of healthy food products. It is scale that allows the price of these products to come down and their availability to increase. As a growth equity investor, Manna Tree is in a position to drive this scale, she explains.

What does success look like for Manna Tree? For its co-founder, a big part of success involves changing the way investors view food. “Number one is that food is known as an asset class,” she says, “It is seen as a category.”

Her other measures of success for the firm revolve around the engagement of the team (“they enjoy it and feel like they have a career”) and the firm’s global expansion (“we are global with investors; we are soon to be global with talent and deals”).

Rubenstein graduated from Harvard in 2010. Since then she has done a masters degree in agricultural economics and an MBA in agribusiness. She has spent time working for a family office, for which she

helped establish an impact investing thesis and launched an asset manager in Alaska, according to the Manna Tree website. She likes to source her own food through hunting and fishing.

To the outside observer, Rubenstein appears to be adopting a similar role within her firm as did her father in the establishment of Carlyle. Rubenstein senior was one of three Carlyle co-founders; in an interview with Private Equity International back in 2001, he said he split his time between raising money, recruiting people and “to some extent being the face of the firm”.

Ellie Rubenstein is one of three co-founders of Manna Tree; Ross Iverson is CIO, Brent Drever is responsible for the firm’s day-to-day operations; and CEO Rubenstein is responsible for the “global investor solutions” team, which comprises “everything from fundraising, to product design, to co-investments, to LP nurture”.

For David Rubenstein, being a presence in his daughter’s professional life involves striking a difficult balance. He has three children, all of whom have gone into private equity. “I want them all to be successful. The difficulty is you don’t want people to think their success is your success, but you want them to feel that you can help them from time to time.”

How involved is David Rubenstein in Manna Tree? “I’m helping with some introductions, but I am trying not to smother it. She has assembled a pretty good team and doesn’t need me that much.”

Rubenstein senior’s presence at the event adds some long-term perspective to the proceedings, and large helpings of his trademark wide-ranging discourse. His

comments throughout the day touch on the origins of the private equity industry, the life expectancy of cave dwellers, his time in the Carter Administration, the longevity of dinosaurs and his parents’ attendance of Weight Watchers.

The most important fundraising lessons he has imparted to his daughter? Persistence in following up with contacts, and being nice, he says. “Basically, try to be nice to everybody on the basis that somebody might bring you a deal, somebody might invest with you five years from now. You can’t make too many contacts, and you can’t be too nice to too many people.”

While the global covid pandemic forced both father and daughter to think of business travel in a new light, it has not dulled the desire to make personal connections. “Trust-building is done in person,” Manna Tree’s Rubenstein says. “You can build connections on Zoom, but trust is done like this,” she says, gesturing to the in-person three-way conversation.

According to a survey conducted by LGT Capital Partners, 22 percent of its clients now have an allocation dedicated to impact or SDG-aligned strategies, with a further 44 percent intending to create one. It is still relatively early days for Manna Tree. As a mission-driven, SDG-aligned growth investor with a sector specialism, it is well set up to benefit from this shifting investor demand.

Update: This article has been updated to include the correct IRR figure for the Vital Farms investment, and to clarify that David Rubenstein owns 10 percent of the general partners for Manna Tree’s first and second funds. ■