



A Next-Generation Rubenstein Seeks Investments in Healthy Food

By

Heather Perlberg for Bloomberg

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Gabrielle “Ellie” Rubenstein is getting into the family business. The 31-year-old daughter of Carlyle Group co-founder David Rubenstein formed Manna Tree Partners last year to invest in companies focused on healthy food. As a downhill racer and food allergy sufferer, Ellie Rubenstein has long been interested in nutrition. The 2010 Harvard University graduate, who went on to study agriculture economics and agribusiness management in a joint program at Purdue and Indiana, saw the opportunity to create Manna Tree while making food investments at Declaration Capital, which manages her family’s fortune.

Co-founded with Ross Iverson and Brent Drever in May 2018, the firm’s first bet was Vital Farms, among the largest brands of pasture-raised eggs and butter in the U.S.

“Ellie and her partners have an immense amount of drive and have found an attractive niche, which is clearly resonating with the marketplace,” said David Rubenstein, who is also the host of a Bloomberg Television series in which he interviews fellow business luminaries.

Private equity firms like Carlyle have ballooned in size since their inception in the 1980s, when they gained fame for leveraged buyouts of firms like RJR Nabisco Inc. Today, they’re among the world’s biggest lenders and owners of real estate and the founders of the largest groups have all become billionaires with their own family offices.

For now, Manna Tree is relatively small, operating with a team of nine, including six women.

Ellie Rubenstein says the next generation of asset managers will focus on helping companies grow without taking complete control.

“Managers want to be involved, but need help getting to the next level,” she said. “We want to make sound decisions with what we see in our own generation.”

Manna Tree will face considerable challenges. Among them: Having to chase deals at a time when competition is more fierce than ever. A record 3,749 private equity funds were in the market at the start of this year, according to Preqin.

While investors still have an appetite for smaller firms, they’re giving more money to giants, with the 10 largest funds in 2018 accounting for almost a quarter of capital raised, Preqin data show.

‘Big Difference’

Vital Farms considered about 40 different players in the private equity arena before settling on Manna Tree. Having a link to the Carlyle co-founder made it easier to go with a new firm, said Matt O’Hayer, executive chairman of Vital Farms.

“Carlyle by itself is not the kind of firm we would look to,” said O’Hayer, who started Vital Farms in 2007. “Mission is really important to us. Ellie was really focused on good-for-you foods and sustainable agriculture, all the things we are about, and that made a big difference.”

From the perspective of a potential portfolio company, taking on a private equity firm as minority partner is more palatable than losing control, said Drever, co-founder and chief operating officer of Manna Tree.

“It opens more doors for us,” said Drever, who has experience coaching and training companies. “We’re not a threat to them.”

Manna Tree had raised about \$23 million as of the end of March, a regulatory filing shows. The Vail, Colorado-based firm declined to comment on how much money it’s raised. David Rubenstein has a 10% stake in the general partnership.

Learning From Dad

Ellie Rubenstein and her team are seeking businesses with \$10 million to \$50 million of revenue -- and with a chance to grow to as much as \$250 million in five to seven years. To find the next opportunities, Ellie Rubenstein has borrowed a page from her father’s playbook. Since she started her own business, she’s spent about 300 days on the road.

Ellie Rubenstein said she’s been learning from her father for most of her life. She remembers accompanying him on a trip to Japan when she was in third grade, watching him make global connections as she toured a fish market. These days, he’s quick to swap his suit and tie for farm clothes, joining Ellie to meet with prospective companies.

“It’s exciting for me to have my dad in an environment that’s not expected,” Ellie Rubenstein said. “He gives us advice to help us achieve milestones.”