

# dakota live!

---

## ALLOCATOR INTERVIEW

**GUEST  
SPEAKER:**  
**Sam Kirkland,**  
Research Director,  
Wells Fargo





## ALLOCATOR INTERVIEW

### Sam Kirkland, Wells Fargo



#### Interview by Dakota Live! Team

Sam Kirkland is one of the Research Directors on the Global Manager Research team, a division of Wells Fargo Investment Institute. The GMR team selects and oversees the third-party money managers used throughout Wells Fargo's various platforms. In his role, Sam is a voting member on the GMR Due Diligence Committee charged with approving all new additions and rating changes for covered strategies. He also manages GMR's Data and Analytics team overseeing GMR's advanced analytics, quantitative processes, technology and tools, and data collection. Previously at Wells Fargo, he served as the asset class lead for Liquid Alternative Strategies and was a Portfolio Manager on the Wells Fargo Private Bank Guided Portfolio Models. Sam earned both a Master's of Business Administration and a Bachelor of Science in Finance from the University of North Carolina at Charlotte. He is a CFA charterholder and a chartered alternative investment analyst charterholder.

**DLT: Give us an update, and for those who maybe haven't heard your interviews in the past, an overview of Wells Fargo and the Investment Institute.**

**Sam:** Yeah, so just as a recap the Wells Fargo Investment Institute was created in 2014, and GMR was the first team to go in there. The initiative at that point was to bring all the different research teams that were sitting in the different channels like WFA, the bank, or retirement, bring them together and have 1 centralized team that was performing research across the organization. We started that in 2014 and really have just kind of kept going and kept growing the institute since then, building a world-class investment thought

leadership entity. So within that, the GMR team oversees all of the third-party managers that can be used within client portfolios within any of our channels serving as the investment due diligence and gatekeeper for any of those strategies that are used by the financial advisors. There have been some changes in evolutions within Wells Fargo in the different channels over time. But really we've just stuck to our core of performing due diligence and analyzing money managers. And we still continue to do that.

**DLT: You mentioned centimeter research team for all asset classes. Can you expand a little bit on how the research team works with underlying divisions within Wells Fargo, whether it's WFA or private bank, and how you really interact with them and how they interact with you from a research standpoint?**

**Sam:** Well, I'd like to think that we're the subject matter experts on any of the managers that we cover. So whenever you have financial advisors or investment specialists within the bank working with clients, building portfolios, they need to come to us as a subject-matter expertise on all the different strategies of third-party managers that they can put into the portfolio. So we really serve as that thought leadership on the investment side and what they can use with clients and just having that deep knowledge of all the different managers that they offer, what fits better together, what's good to use with different client situations. So we provide that resource to all the Wells Fargo client-facing investment professionals.

**DLT: Last time we had you on Dakota Live! you shared the focus and emphasis at the**

**firm on DEI and working with women-owned enterprises. Can you give us an update on that process?**

**Sam:** Yeah, sure. That was a really important initiative for us that we started a couple of years back, and we continue to work towards that initiative. I think it's good to think about it now as it's more a part of our day-to-day process. We're always looking for diverse-owned managers, women-led investment teams, and strategies that we can bring onto the platform to create that diversity of our investment offerings. So yeah, it started as a very important initiative several years back. And now it's kind of evolved and just the thing we do day to day that's part of our process and part of how we think about the landscape.



**DLT: Just going back to the previous question about the vast footprint that you have at Wells Fargo, can you provide maybe a couple of best practices for a sales professional when approaching your team. And maybe also to take that a step further, what does the platform look like? What would the win look like when approaching the Wells Fargo team? Is it a recommended list? Is it making a model and so on?**

**Sam:** Yeah, so the GMR team has what we call the ACL, which is our aggregate coverage list. The aggregate coverage list contains all the managers, strategies, funds, ETFs, hedge funds that we recommend that can be utilized. So in order to get on that list, a rigorous due diligence process is applied to any strategy that's on there. Then from that list, the different channels

can select different strategies from the list that works best for them. What we've noticed and what's intentionally happened actually over the last several years is the differences between the different platforms are diminishing. So the GMR aggregate coverage list is becoming more representative at the bank and the WFA. Those two platforms are looking a lot more similar in what they offer. So that's how the GMR team is structured with the aggregate coverage list. Now to your question about the best way to interact or get on that, I would always say to go to the asset class leads, depending on what the asset class is for the strategy. They can help navigate to whatever analyst is particularly covering that. They can help you with information on, is this a place where we have a lot of that we're not really looking to add? Or are we looking for something here or not? So the asset class leads can really help to be a centralized point of communication for that level of information. And of course, we have our list of analyst coverage out there, which has changed a lot recently because we've added a ton of great new analysts over the last couple of years. But we have that list out there also that you could utilize to contact. From previous conversations, you guys pretty much know all the analysts on the team and what everybody covers. So you guys are pretty dialed in there.

**DLT: For some of our listeners and even for us who we work with boutique managers, but for those who maybe do qualify as a boutique, can you talk about how you utilize them, how you interact with boutiques, especially given the size and the scale of the platform?**

**Sam:** Yeah, we're always looking for new interesting ideas in a boutique manager, something a little different and a little unique, I think we recognize that in order to find the best managers, especially in a lot of those niche spaces, you might have to be a little early with discovering the manager. So we're always looking for boutique managers. I think as long as there's a good track record and the strategy is unique



or concentrated or something is special about it, we'll always take a look at the strategies and are always interested to hear about them. I think, honestly, there are some technology challenges whenever you're dealing with a smaller shop. And sometimes we can work through those. But we're definitely here to help work through those. Where we've been presented with an interesting,



unique strategy that we want to work with, we shouldn't let technology obstacles stop that. We'll definitely work forward with the managers to help with that. But I think at first, you do need a good track record and be able to have a really good communication strategy on your investment philosophy and what you're doing there so that we can absorb it and understand it easily.

**DLT:** Just expanding on that, is there any criteria that maybe you cut a manager off or they need at least a 1-year track record, 2, 3, and so on that you guys will hold off and wait to see that track record build off?

**Sam:** We don't have any hard cut-off limits like that. Of course, we have preferences in a track record point of view. You're going to want to be

able to communicate the history of it so we can develop forward-looking expectations. So, of course, you're going to need some kind of track record. Whether it's somewhere else or maybe in a sleeve of a different strategy, we're always open to look at different things like that. So we don't like to put rigid rules around AUM and track record and stuff like that. Of course, there are some things that are best practices. But for the most part, if it's a unique strategy that's going to fit well on the platform, we can look at a lot of different areas there and try not to just cut anything off at the start.

**DLT:** Switching gears and having more of a focus on the alternative side of things, where are you spending a lot of your energy and time on the alternative side?

**Sam:** So right now in the hedge fund side, I think we are looking for some new relative value managers. We're also looking for long-short equity. Found a couple of those but still looking in the long-short equity space but really focusing on relative value right now and some of the options we can do there on the hedge fund side. Also spending a lot of time on private capital - we got a deep pipeline on that. So from a search point of view, I'm not really sure there's much there. But I know that that's a core area of focus too. A lot of the time, we're spending on private capital strategies that we've got in the pipeline.

**DLT:** Are you seeing any specific trends in terms of products or structure types that are really gaining traction within Wells Fargo, whether it be active ETFs or interval funds, anything that's particularly interesting to you all that you're looking for?

**Sam:** We've been looking at the active ETFs for a while. We have a couple of them on the platform where it makes sense, and so we do like to be vehicle agnostic. We're going to take a look at the strategy, make sure it makes sense and we

like it if it's on the platform. Then the vehicle decision comes with what works best for the clients? What works best for the client-facing investment professionals that are going to utilize these in the portfolio? Is it extra liquidity and an active ETF or maybe the fee structure? So we're open to a lot of different vehicle structures. But it's really going to come down to the strategy and what the different characteristics of those structures do to create a benefit for the client.

**DLT:** Just going back to the alternative side of things, when you mentioned long-short relative value, are these traditional hedge funds? Or are these liquid alt strategy? Is it all the above? Can you elaborate on that?

**Sam:** Yeah, I would say it's all of the above. Primarily, the search focus is on the hedge fund side more than nonliquid side of it. But where we look at it with liquid alternatives and alternatives, we want to make sure there are offerings across the spectrum for the client, depending on what their preferences or ability is. So yeah, we're looking at both in there. I'd say the core focus on that, though, is going to be on your traditional hedge fund side with relative value but always wanting to make sure the liquid alts offering is built out as well.



**DLT:** Anything else on the traditional side that you're looking at? Any other alternatives that you're currently looking at that you may have an active search?

**Sam:** Yeah, I think a lot of it's been income-based with the rise in interest rates and yields, wanting to make sure we have strategies that can deliver that higher level of income relative to a couple of years ago and in good strategy. So there's definitely an income focus for the platform right now that we're looking to add more there with market levels where it is the covered call strategies or something else that we're focusing on a lot of right now in addition to all the alternative strategies. So I think that with the covered call income-focused strategies and also a direct indexing provider, too, I think we're hearing a lot of interest on direct indexing, customized SME portfolios. So we're looking into that to expanding our offering there as well.