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**EPISODE 156:**

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**Aksia, Alternatives  
& the Wealth Channel:  
Chris Schelling on Private  
Markets Today**



**Robert Morier:** Welcome to the Dakota Live! podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, and other important players in the industry who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and our Dakota Live! content, please check out our website at [dakota.com](https://dakota.com) to learn more about our services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker, who is not affiliated with Dakota. Not a solicitation, testimonial, or endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota.

Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases. And say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit [dakotamarketplace.com](https://dakotamarketplace.com) today. Well, I am very excited to introduce our guest today, Chris Schelling, managing director at Aksia. Chris joined Aksia in May of 2025 to help bridge the firm's deep institutional research capabilities with the evolving needs of the private wealth channel. Based in Austin, Texas, he is responsible for creating research and content for wealth, building the Aksia brand, and networking with registered investment advisors to deepen their engagement with alternative investments. For those less familiar with the firm, Aksia is a specialist research and portfolio advisory firm dedicated exclusively to alternative investments. Headquartered in New York City with a global presence, including offices in London, Tokyo, Dubai, and of course Austin now, Aksia advises approximately \$400 billion in assets under supervision as of September of 2025. Chris holds a BS in psychology from the University of Illinois, an MBA from the University of Illinois, Chicago, and a master of science in financial markets from the Illinois Institute of Technology. He brings more than two decades of experience in the alternative investment industry, having allocated roughly \$7 billion across hedge funds, real assets, private credit, and private equity. Before joining Aksia, Chris served as the managing director of private investments at Caprock, a multi-family office where he led the deployment of capital into private markets for ultra-high-net-worth families. Prior to his time in the wealth channel, Chris spent nearly a decade in institutional asset management. He was the director

of private equity at the Texas Municipal Retirement System and the deputy chief investment officer at the Kentucky Retirement Systems. Chris is also a well-known thought leader in the industry. He is a contributing columnist for Institutional Investor and the author of Better Than Alpha... Three Steps to Capturing Excess Returns in a Changing World, a book that challenges investors to look beyond beating benchmarks and focus on behavior, process, and governance. At Aksia, Chris is leveraging his unique background as both an institutional allocator and a wealth strategist to help advisors navigate the complex landscape of private markets. Chris, thank you for joining us. Congratulations on your new role with Aksia.

**Chris Schelling:** Well, thanks so much for the very generous introduction. And yeah, it's a pleasure to be back chatting with you again, Robert.

**Robert Morier:** Yeah, I'm glad you're here. It's always fun to talk to someone a second time, particularly if they've changed houses, they've changed shops. And in this case, it's very interesting that you've been going through this evolution, from that traditional institutional pension plan into a multi-family office, and now into Aksia, which is very now well known in institutional circles, particularly among alternatives and alternative advisory works. But you're bridging something different. You're kind of bridging that institutional with that high-net-worth retail type of strategy. So what drove the decision to join Aksia earlier this year?

**Chris Schelling:** My time in the wealth channel, I learned a lot about advisory business models and all the challenges there that you don't have to deal with, frankly, in the institutional world. And so that was a great experience. And I realized a few things. I realized that the institutional engine, effectively, of accessing private markets and alternatives and building portfolios in a scalable way really makes sense. But structuring it, packaging it in a way, and translating that strategy into the language of advisors who sometimes have different backgrounds but certainly have different business models, they have different time constraints, there's a really big opportunity to have a big impact on that space over the next 10, 20 years. The experience of what you've seen in index funds and how they've scaled and grown and continue to capture wallet share, I think that same sort of opportunity is at play. And so when I was coming to that realization, I wanted to be part of the investment side of the industry again and leverage that institutional capability, but then be part of translating that for wealth. And that's, frankly, this role in a nutshell.

**Robert Morier:** That makes a lot of sense. I appreciate you letting us know about that. You've famously called yourself a lapsed allocator. Does that mean you've relapsed?

**Chris Schelling:** Maybe. I mean, I'm not necessarily an allocator per se in this role. And while we still have a lot of institutional clients and I work with our institutional advisors, it's not my main purview. I'm definitely working with more of an investment strategist type role and working with the wealth channel.

**Robert Morier:** Is it a pan-alts team then? Are you working across the alternatives asset class spectrum?

**Chris Schelling:** Correct. Yeah, correct. I'll lay out how we're organized. So we have four asset class verticals... private equity, private credit, private real assets, and hedge funds. That's kind of how we view the world. And frankly, that's how I viewed the world in alts for the last 20 years. And we have asset class specialists, so investment teams that are deep in those relevant markets. They're meeting with managers. They're sourcing and underwriting deals. They're approving things. They're doing IDD. We have a big ODD team that sits across that, as well. And then panels is where I work. That is the portfolio advisory team. So if you want to think of that in legacy institutional consulting world, that's where our consultants work. Yeah, some people do have more fluency in given verticals, maybe private credit or hedge funds. And they gravitate towards clients that work with us in those mandates. But other people certainly do sit across all those asset classes. So I would view my role as one of the more generalists, having more experience across all of them.

**Robert Morier:** Well, it must be helpful then, when you're going out and speaking to potential clients or educating advisors, whatever the role is that day. How were you then applying what you're hearing from manager research into the conversations that you're having with your potential clients?

**Chris Schelling:** It's in real time. And we have research insights that come from our manager research teams. We've got PMs and heads of the ICs that are approving decisions. There's a lot of ICs, I will say that. So just in PE and private credit alone, there's probably about eight or nine hours worth of ICs in just those two asset classes per week. So I'm able to listen in and participate in them. I'm obviously not a voting member. But there's a ton of information you can get from that. We also have a research portal where all of our stuff is just put in there in real time... 500 people, nine offices around the globe. That helps me stay on top of what they're seeing. And then just translating that to conversation. Part of the fun of the role is, now, not just that that information is super helpful, but understanding what an RIA is doing. So I'll have conversations where, what's your client look like? I can ask, what's your business model? What's your investment philosophy? Do you do alternatives? How do you do alternatives? Just some of those big, basic questions that really understand, from their perspective, some of those concerns. And then I can take that knowledge and make it really applied. So some of that is

just research pieces. Some of that is potentially new products or new business lines that we could offer to them.

**Robert Morier:** What are some of the common concerns that you've been hearing over the last six months as you've started making these outbound calls?

**Chris Schelling:** I mean, the two biggest ones are things that probably won't be a surprise to you because they're all over the headlines. I mean, one of the big ones is, does private credit have too much money? Is private credit a bubble? The Jamie Dimon comment on cockroaches. We're certainly seeing some signs of stress emerge in certain segments of the credit markets. And I would say not just private credit. We just saw some great research that looked at default rates over the last year, December '24 to December '25. In all segments of private credit markets, default rates have actually dropped. In the broadly syndicated bank loan market, default rates have actually dropped. The only market where we're seeing default rates increase is in high yield. So some observations just like that, super helpful to dispel what are often sometimes misleading headlines. I'd say the other one is liquidity and private equity. DPI has been low for years. Is the exit market ever going to open up? I mean, we have some thoughts on that. Those are probably two of the best examples in real time. But it's everything. I mean, you'll get questions on structure and what makes sense for wealth. How does a multi-manager or multi-origination platform compare versus a single-manager product? And so there's a whole host of questions that we deal with in real time. And figuring out the best way to address them and get that information in front of wealth is an interesting challenge.

**Robert Morier:** Are you actually receiving questions on hedge funds?

**Chris Schelling:** We are. I mean, it's a good question. So part of my role is interfacing with CIOs, director of alternatives, head of private markets at wealth platforms. But in our registered product space, Aksia has a partnership with Calamos Investments, another registered investment manager. We're true joint venture partners, 50/50. And so they have a great sales force and distribution team that is engaged with RIAs and wealth managers, independent broker dealers, wirehouses even, in real time. And so that's another 50 touch points where there's lots of engagement and questions coming back on us. On hedge funds, I'd say there's definitely questions that are, how do you do it? How do you use them in a portfolio context? And there's definitely more interest in the last, call it, year or even six months in hedge funds probably than the last few years before that.

**Robert Morier:** I'm just curious. It seems like the one topic that doesn't get a lot of coverage. A few institutions that I've spoken with, let's say over the last 12 months or so, are starting to look again a little bit more diligently at long-short equity, for example, thinking that there might be more opportunities as it relates to some of



the challenges that are taking place in public equity markets today. So from your perspective, do you think now is a time to be looking a little bit more seriously at, say, for example, long-short equity?

**Chris Schelling:** Yeah, I mean, I do think so. I think there's a number of trends that, not just immediately now but the last few years, have been more supportive of alpha generation and hedge funds. So if you rewind five, six years ago, it was maybe a tougher market environment. And what a lot of institutes... I mean, I was in that seat at the time. A lot of institutions began to reevaluate their allocations to hedge funds. How should we do it? How much should we have? And frankly, we saw a few big institutions either rip their allocations down to 0 or just reduce them. And what happened for a span of time was subsequent returns in the hedge fund space were muted. They weren't necessarily so great. But there were really three trends during that period that probably caused that, or were at least strongly associated with it. So one was just declining volatility. Overall, levels of market vol dropped substantially, kind of 2010, '13, '14, '15. Dispersion of returns, so the individual difference between individual stocks' correlations... the dispersion dropped, which means correlations all went to one. And then the other thing was interest rates went effectively to 0 for a long time. Well, post-COVID, all of those things changed at the same time. So really, the last two or three, four years, we all know interest rates have risen. Volatility has crept back up. Vol has also crept back up. But one of the things that has occurred in recent periods is the increasing dispersion between individual stocks again. So in light of those three phenomenon all moving higher, what we've seen is three, four years of very strong hedge fund returns, again back up to that, call it, 7, 8, 9, 10 kind of range. And so people are taking an interest in that. The other thing is that they've done a better job of diversifying equity risk than bonds have. With rates being high and inflation being stubborn and persistent, stock-bond correlation has moved into positive territory. And we saw a period where it was very low or even negative. But if you look back historically to longer periods, it's pretty volatile. It moves around. And so in light of that, hedge funds, institutional-quality hedge funds with relatively low beta, have done a much better job of diversifying equity risk in your portfolio. So those dynamics have been all supportive of increased interest in the institutional space, as you yourself referenced. But we're also seeing that now flowing into the wealth channel and people trying to figure out how to do it for their clients, as well.

**Robert Morier:** One of the challenges that's been going on in the institutional space is, within private equity, the lack of distributions. But in retail, high net worth, that is not the case in the sense that there is money to be deployed. These RIAs, as they grow, are looking to deploy capital into private equity in particular. So does that allow you and the teams at Aksia, particularly covering private equity, to introduce newer, younger emerging managers into the pool of opportunity?

**Chris Schelling:** I think there's a lot of trends occurring there. And yes, it is new capital coming into the space. There's not a lot of overallocated investors in the wealth channel. If you look at the... I forget where the research was from, but it was from one of the big wirehouses. And they had a survey of advisors' allocations. It was something like 1% across the industry with hundreds of advisors. So you're talking about very, very low allocations in private markets. And so most of the questions are like, how do we do private equity? Should we be doing private equity? Frankly, with public stocks having done so well the last three, four, five years, there's a lot of advisors that think, do we even need to do it? We've gotten what we need to from the public markets. So the questions are more about should we do it, rather than, how do we do it? I think to your point, maybe how you do it is more important than, should you just do it? But certainly we believe that there's an opportunity in small market, lower-middle market. And that's kind of where we're focused within the wealth channel.

Narrator: For years, legacy data providers have made private fund performance benchmarking complex and expensive. That's why we launched Dakota Performance and Benchmarks, the first-ever benchmarking platform built by people who are using the data themselves every single day.

We've made our benchmarking affordable, customizable, and very, very easy to use. You can log in to Dakota Marketplace today to start creating your own benchmarks and viewing our created benchmarks. Or you can learn more and book a demo at our website at [dakota.com](https://dakota.com).

**Robert Morier:** One thing that Aksia is very well known for is its extensive due diligence process, that mosaic theory, where they're looking at multiple tools and insights in order to ultimately come up with a recommendation and then deploying capital on behalf of their clients. How do you distill all of that for this new audience that you're talking to as it relates to actionable insights that you can translate into the RIA community from this very robust and complex methodology around due diligence and manager research?

**Chris Schelling:** It's a great question. I mean, it's the crux of the challenge, is, how do you take all that information, distill it down to sound bites, if you will, in a way that's digestible? And the simple... I mean, the simple answer is I don't know. I'm working on it.

**Robert Morier:** It's a work in progress.

**Chris Schelling:** I don't think that you can take all of it and just simply distill it. Some of it has to be proven you know what you know, and we're going to do this for you. Here's what we do. You can't replicate all of that. Even just reading the research... so 10 years in the institutional world, I ran a team of three people in private equity alone. Oftentimes, that's more than the total investment team at a

mid-sized RIA or even a large RIA. I didn't have time to read a 30-page consultant research paper or hundred-page due diligence, when I was used to reading 220 pages of the PPM word for word. So it's a different universe. And you can't just take that same level of depth and just transcribe it. And so a lot of it is simplifying it into ways that are still data supported. They're still driven by deep research. And there's a logical argument around what you're trying to say and how you're trying to say it. But probably the simplest example is our little, what we're calling "RIA pieces." We publish it on our brand that's a joint venture with Calamos. It's AC private markets. We've got a research portal on there. And it's kind of a simple formula. It's, what's the question? What does our data suggest that the answer is? And what's the three or four data points that can prove that answer? If we can't prove it, there's no piece. But we go through the data before we actually write the piece. And so the end result is, think of it as three, four charts, three, four pages. That's it. Can't be deeper than that, can't be longer than that because it's just not digestible. And so other... I mean, we're working on other formats, maybe a video series where it's quick, 15-minute coverage of something on a one-on-one level. The other challenge that I'll say is, in wealth, there's a lot more variability than you see in the institutional world. So you will have \$100-billion platforms that do have people with 20, 30 years of experience running their alts. And they'll have deep teams. And they're already doing it. They're doing drawdown. They're doing evergreen, maybe even co-investments, direct stuff... super sophisticated. On the other end of the spectrum, you'll have the billion-dollar RIA that's... it's advisor driven. They're investors, but they don't know private markets. And they're like, we need to get smart on this space because our competitors are, and our clients are asking the questions. And so modulating your content... it's like being a teacher. It's like, modulating your content for your classroom, for your audience, is super important so that you can give the right level of sophistication to the right people. And overall, what you're seeing is certainly that industry is becoming more sophisticated very, very rapidly. So that convergence, I mean, I think is happening in real time. And it's no surprise that you see some of those big firms buying institutional advisors, buying institutional OCIOs because they're bringing that skill set in-house. And so if we fast forward 5, 10 more years, I think the conversations will be almost identical on both sides of the house.

**Robert Morier:** Making sure that, before you distill something, it's worth distilling. Otherwise, you're just feeding information through a fire hose to your potential investors or partners. And everybody ends up drowning as a result.

**Chris Schelling:** I mean, I would say there is some value in just data. Some of it is interesting and exploring the data and seeing what it says. And sometimes, when you find no effect, that in and of itself is worth sharing. Yeah, 'everyone thought this mattered. We looked at all the data. It turns out maybe it doesn't matter. Here's the actual data.' So I think, yes, like making sure there's something valuable to say and



that you're answering questions that are relevant. But sometimes just saying 'turns out there's nothing there' is also important.

**Robert Morier:** Do you think this institutionalization of private markets that's being introduced into RIAs and wealth managers is essentially making this democratization of alternatives safer for the broader market?

**Chris Schelling:** So I would like to think so. I don't know if I have an affirmative answer for that because it's growing so rapidly. There is no one size fits all. To be clear, it's not like that this is the way to do it. There's lots of different ways that work for different advisors. \$100-billion firm, billion-dollar firm... very different. But what if one has \$500,000 average accounts and one has \$10-million average accounts? Also very different. And so because of that, there's evergreen product. There's drawdown product. There's technology-enabled things because reporting needs are very different for advisors than they are for institutions. And there isn't going to be a single "one size fits all" how to do it. I do think that there are product providers that maybe don't have the true capabilities and experience and scale, but they have distribution that has allowed them to access money in the wealth. And those are the advisors that, in the long run, I don't think will win. But I think there are stuff out there like that. And then on the other side of the spectrum, certainly there's a big cohort of really good firms that have deep experience, 10, 20, 30 years in private markets. They've done it in the institutional world forever. And they're bringing product that is very high quality. So a part of... obviously self-serving, but part of joining the Aksia platform was that I want to be part of that side of the industry because I do think that democratization, when done right, is absolutely valuable for the average individual investor.

**Robert Morier:** What ultimately sold you on Aksia? What was the competitive edge? What was the X factor, the X ratio that sold you on Aksia? Because I'm always curious. We don't talk about it a lot broadly on podcasts or in the industry, but we move around. We go to new shops, and we spend time... sometimes a couple years, sometimes several years... at organizations, and then something moves us. It could be a call from a recruiter. It could be a reference from a friend. It could just be something that you read that Aksia put out at some point. What was that X ratio? We talked about the X ratio last time you were here, which was coming from your book. So I'd love to hear what the X ratio was for you with Aksia.

**Chris Schelling:** Maybe I'll lean into more mosaic theory than X ratio as opposed... for making this decision. So it was definitely like a mosaic, looking at tons of stuff. I've known Aksia for 15 years. When I was in the institutional world, I ran RFPs for hedge funds. I ran RFPs for private equity, et cetera. And so I've known of their capabilities for a long time. And this is no bull. You can pull my search scores from two different public institutions, and you'll find that they were consistently number one or number two. I think it's unique to see that across all

four verticals of private markets. So certainly there's firms out there that are great in one or two, or maybe even three. But in terms of private equity, private credit, real assets, and hedge fund capabilities, I think we have a unique platform. You also have the benefit of scale. There's certainly advantages of scale in alternatives in private markets, and then translating that to wealth. So not exactly a first adopter. There are firms out there that have been faster to market with very similar products. But I think, as a result of our thorough diligence, skeptical approach to everything, and being thoughtful in how we move, we're following some of the things that people have done very, very well, and learning from that first-mover advantage, and then, at the same time, leveraging that platform. So I think we have a truly unique capability to be a single-stop solution across all private markets, learning from the people that have got there ahead of us to create this great match of the best-possible user interface and the best-possible underlying private markets engine.

**Robert Morier:** One thing you didn't mention but I'm sure we will talk about at some point are the people. Aksia's research process historically has dug very deep into mid-level and those upper-mid-level investment professionals who are part of these teams, not just that key person, that one... the rock star, if you will. Given your background in psychology, team dynamics, how do you assess whether a firm has built that sustainable culture versus its over reliance on that one person? And if you could take that to what you saw at Aksia, I'd greatly appreciate it, and I think the audience would, as well.

**Chris Schelling:** Certainly. Our investment teams get very, very deep when they're doing due diligence. I mean, these are very thorough processes. We've got... I think it's 245 people or so in investment teams and ODD. And so those are deep resources that are out there in their markets constantly. I mean, that's what they're doing. It's just constantly meeting with firms and researching. And so it's looking at the team. It's looking at compensation structure. Those really matter. I mean, one of the simple things would just be, how tightly is carry controlled on a drawdown fund? If it's one or two people that have all the carry, you have a lifestyle business. You don't have a very diversified management team. There's a whole bunch of things like that. Just personally, one of the great research pieces I saw on this was from Michael Mauboussin, a great behavioral finance author, investor, researcher, et cetera. And he looked at the size of investment committees inside of an asset management firm and then their alpha relative to their markets. Now, there's a whole bunch of complicating variables in there. Is it the same across different asset classes, et cetera? But he found that there's an optimal number. It's like three, four people making decisions. More than that's too many cooks in the kitchen. And less than that is just not enough eyes on the decision making. So I tend to think that that's probably fair... two, three, four, five... in terms of making decisions. And just tying it back to Aksia, across our asset class heads, we have four, on average, co-heads of each of our asset classes. And those are the people

that get to vote on the investment committees. And if you just look at how our committees run, they're huge. I mean, everybody in the asset class can opine. People can bring deals forward. But ultimately, you've got that optimal number of decision makers at the asset class.

**Robert Morier:** You've referred to size and scale a few times in the conversation so far. Can you still play small ball, selecting those smaller managers, those more boutique managers, when advising the amount of money that Aksia is?

**Chris Schelling:** Yes. So there's a great flywheel that's been built here, where we're very relevant to a huge number of general partners. I'd say, just throwing it out there, it's something like 5,000 diligence reports. It's like 15, 16,000 funds that we've dug into across all asset classes. The scale is an advantage. Our big institutional clients in private equity, I think, were deploying 8 or 9 billion a year in primary fund commitments; 13, 14 a year in private credit, for instance. So those are big numbers. And the clients that are doing that are generally large clients. So they're doing hundreds of millions of dollars a year. They might have a preference for one type of GP, maybe a larger fund. But you'll also see that some of them will hire us specifically to do smaller funds. Now, when you think of, why would a small fund want to work with you, because they want access to those large clients. But if you compare what we're doing in the wealth channel, a lot of it is small and mid-market. Now, those GPs are going to show us those deals because, again, they want to get in our good graces, if you will. They want Aksia to get to them better. And then maybe their next fund or the fund after that, we will have a formal rating. And they could be on our platform for clients to invest in them. So that's how that flywheel works. What I've found... and this is just my experience here anecdotally... is that there's probably a pretty strong positive selection bias as opposed to adverse selection bias for those small funds to show us the deal flow. They want to show us good things so that we think highly of them, we do work on the next fund, and then, again, they can come into the Aksia family. So I think, actually, it gives us the capability to be both at scale and punch into the market. But I mean, our average... again, our average deal size in our private equity interval fund is like \$6 million today. So we're able to be very, very nimble at the same time. No question, there is a diseconomy of scale at some point. And we would love to see where that is. I don't think we're close to that yet.

**Robert Morier:** And just really quickly, advice for an asset manager who is on the smaller side. If they're looking to access or contact Aksia for the first time, generally speaking, what's been your experience since you've started? What's the best approach to better understand and get to know Aksia?

**Chris Schelling:** Yeah, I mean, we have email addresses for our research team. So there's inbound... you can go to the website. You can find those email addresses. You can send an inbound request to meet with the research team.

They will do that. They have the capacity to. They're definitely busy, but they want as much inbound as they can. And what I found is that they're pretty responsive. I have a decent network of GPs myself that I've worked with and, since I've been in the new seat, have reconnected with a lot of them and have just passed them along to the research team to meet. So they're always happy to do that and want to see everything that's out there in the market. I'd say because of our scale and our relationships and our network, we do know a lot. So not everyone, but I think there's a pretty high probability that we're engaged with many of the GPs out there.

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**Robert Morier:** So when you think about those teams that you could inbound to, and yourself, where are you collectively seeing the white space in the market right now for opportunities? And again, just bridging those two, the wealth management and the institutional channels together, where are the opportunities that you see today that is driving your time?

**Chris Schelling:** Yeah, so it's a good question. I'd say, broadly speaking, we like middle market, lower-middle market, both in private equity and in credit. We've seen a lot of capital, particularly in credit. We've seen a lot of capital raised at the large end of the market. And spreads have compressed this. Competition there has increased. And so we don't have to deploy into any one vertical in terms of our discretionary mandates. And so I think we're able to move away from that and find pockets of relative value. And I'd say direct lending... a lot of people conflate direct lending and private credit. They're not the same necessarily. Direct lending is certainly a large component of private credit. But outside of that, it's been less well capitalized. And so we're seeing, again, areas where you can pick up significant spread premium, specialty finance, certainly different types of risk in specialty finance and asset-based finance. But you can pick up some spread premium in those areas. Just a couple of interesting things from our annual outlooks, which are set to come out here in the next couple of days, we're seeing opportunities in Japan. There's been a lot of governance reform the last few years in Japan. A lot of the cross-holdings between public companies have been brought down. And so this is across a couple different asset classes. In hedge funds, we see opportunity for event-driven and merger ARB strategies and maybe even shareholder-friendly-type activism strategies in Japan. And then on the private equity side, similarly, we

see a lot of value in middle-market private equity within Japan because valuations there are very small. And there's supportive of, again, mergers and acquisitions activity. So that's just one area where we see some interesting crossover across asset classes.

**Robert Morier:** As it relates to private credit, we touched on it a little bit before, some of the interpretations of where we are today. You talked about default rates actually decreasing instead of increasing, at least over the last calendar year through December 2025. Do you feel that the asset class is still structurally sound? And the reason I ask this is because I was at a conference in September. And it was a private credit conference. And all anybody was talking about was Europe. It was like the whole conversation had shifted out of the US market into the European markets. And it was interesting because I understand where the opportunities are in Europe. But it felt like maybe things were starting to quietly become a little bit more unsound or a little bit more saturated. So we were looking at other opportunities. And we wanted people to understand that it's not just the US market where this is happening. So I'd love to hear your thoughts because you were an early defender of private credit valuations. And now that rates have stayed relatively high, I'm curious where you land.

**Chris Schelling:** Our credit team has really good coverage. And we've got great data in that space, so like 50,000 private credit transactions where we have loan-level data. And so because of all this, we can see these trends pretty well. So I'll share some of their observations, I think. I mean, we definitely see value in Europe. And so we're looking at European direct lending. Within US, we've got some exposure to non-sponsor. Definitely different risks in that space, too. So you have to know where to pick your spots.

And then even within the sponsor-backed market, we're trying to avoid the areas where there is evidence of more frothy behavior. So we talked a little bit about default rates. But let's just look at capital formation in credit. I wrote an article, yeah, for Institutional Investor a couple of years ago saying it's not a bubble. And I don't know that it's a bubble in aggregate, but there's certainly areas that are bubblier. And so last five years, there's been about a trillion raised in drawdown funds. There's also been a trillion deployed into captive insurance pools from large private credit originators. And then there's been about \$200 billion raised in evergreen products. And so we're talking about \$2.2 trillion in a five-year span that's gone into the market in private credit. That is a lot. But if you break down, where has that gone?, in the drawdown space, half of it's gone to 15 funds. And in the evergreen space, 70% of it has gone to those funds. And if you look at the insurance space, 100% of it has gone to those top 15 funds. So really, in aggregate of all that capital raised, something like 75% of it has gone to just 15 different firms. And that's not to say that they're not good firms. But that's certainly a different market than the other 630 firms that are out there raising capital that have picked up a quarter of the total capital. And that, again, references itself in



spreads and in things like number of covenants, covenant head rooms, things like that. So we think that there's definitely areas where it's a little bubblier. And you probably want to be careful there. And having an open architecture platform, we don't have to deploy into those segments. We can pivot away where there's more relative value.

**Robert Morier:** What is one thing that you believe that the wealth management market needs to better understand coming into 2026? So if there's an area that needs arguably more education, where would you think that is?

**Chris Schelling:** Maybe I'll answer it with where we see more questions from advisors. One of the big ones is just, how do we build portfolios of private markets? I think the industry started with... which isn't that dissimilar than how institutions got into it years ago, which was find good deals and put them in your portfolio. And then you build a process around that. And so that's what's happening. And now people are like, we have clients coming in that don't have it. How do we build portfolios at scale across our client base? And so we're putting some thought against model portfolios. It's not necessarily what we've done in the institutional side because we're not a generalist consultant that runs capital markets assumptions and builds your portfolios. We help you implement within those verticals. But we do have great data. We have a great team. And so we're thinking about, how can we help model portfolio construction at scale? I think definitely liquidity is a big question. And managing liquidity requires a set of skills. Valuations is another thing. All of those are the big concerns. And there's definitely questions around, how does it work, where's there risk, and what do we not know? I mean, that's what wealth wants to really understand. What do we not know about the liquidity risk in these things and how valuation works?

**Robert Morier:** I'm always curious. A lot of times in private markets... and this happens often with institutions... there's a demand or an interest in the shiny object. So you're building a model, but you still want to present something that really sparkles, something that is a good story or a very successful investment, whatever it may be, as part of a fund. So I'm just curious. How do you balance the model with the bespoke attributes of wanting to create something that has some shine, but also it is a brass knob, and it's always going to turn, you're always going to get those distributions that you need as a result of the portfolio you're putting together?

**Chris Schelling:** That's the challenge that's occurring in wealth broadly right now, is that you have one set of advisors that want to be very bespoke and want to do individual deals and customize everything, and they're finding it's difficult to do, not that it's not possible. And then on the other hand, some of the large platforms are realizing, we have these investment teams now. We have to leverage them in order to build these portfolios. And we need standardization because you need

consistent client quality and client experience. And so it's a risk management tool to make sure that your investment team is consistently applying these things across the portfolios. So I think you're right. That is exactly the challenge of the industry as a whole. I think my approach personally is that I kind of want to make boring sexy. I want to make the portfolio construction, the nuts and bolts of how you do it and understanding all the data behind why you should do it that way, make that intuitive and appealing and an interesting story to tell. But you do have to talk about a couple of deals, a private equity deal that's already realized in a portfolio, or an interesting credit structure or a secondary that we source that was off the run. So interspersing the boring nuts and bolts with some of those interesting data points, I think, helps.

**Robert Morier:** Well, if there's one person that can make boring sexy, Chris, I think it's you. You've done a good job of it to date. But I don't find it boring at all. I think it's really interesting. I know our audience does, as well. It's so topical. And it continues to be the topic du jour as it relates to private markets access. So I think you've helped us better understand how it's operating and working at Aksia. And it makes a lot of sense as to why you've joined Aksia. You're still based in Austin, though. So when you think about Austin, it's increasingly become a major financial hub and alternatives hub, as it has with technology before it. So when you think about being outside of New York, which is where Aksia is headquartered, what do you think Austin brings to the table? What do you think you're bringing to the table as a result of where you're located?

**Chris Schelling:** New York is obviously the hub of finance. It is where a lot of the signal comes from. But it's also where a lot of the noise comes from. And just frankly, being outside of that, you get to separate noise from signal a little bit better. So I like that perspective. Specifically Austin, we have a great community of allocators. There's some of the biggest public pensions in the country. There's a very large endowment here in town. And so it's close to \$600 or \$700 billion worth of allocator capital. And it's very alts savvy. So GPs, they come through Austin. And you can take meetings here and see a lot. But it's a great community here in town. Not to mention that just Austin's a great place for food and music and weather.

**Robert Morier:** Yeah, I agree. I was just in Waco. So I think about that stretch between Dallas-Fort Worth, down through Waco, and then all the way down to Austin. And you're absolutely right. I think there's a lot happening there in addition to investments. We talked a little bit about the whiteboard. But where are you seeing some of those interesting dislocations or opportunities in private markets today?

**Chris Schelling:** Within credit, there's a lot of opportunity in the asset-backed finance. There's a lot of opportunity in specialty finance. You've got to pick your

spots. I think a lot of risk hidden in those markets. Consumer, subprime in particular within consumer, that's a lot of embedded risk. But if you're able to understand the structure, understand the collateral pool, you could pick up some pretty good spread premium. It's interesting in private equity. I'd say, outside of the sexy markets like venture capital, where the dislocations have been much more painful, a lot of the boring businesses have been kind of underloved. And so, again, we see opportunity there. I think in venture, there's some interesting trends occurring. Valuations have just actually skyrocketed again back in venture. After correcting really hard, they've gone back up. A lot of that is driven by AI. There's no question that there's ton of value being created in AI. But there's probably going to be a ton of value destruction, too. Within that venture space, I think applications of AI to hard-tech problems are very interesting right now. So seeing some opportunities there.

**Robert Morier:** What do you think about venture funds that are creeping into the boring businesses? So as they are being... I don't want to say pressured, but as expectations are changing around liquidity and distributions... maybe they're not getting it and investors not getting it in private equity, so they're looking at early-stage VC or VC in general as an opportunity to maybe squeeze some of that juice out... I've seen more and more venture funds moving into these more traditional businesses. So what's your view on that?

**Chris Schelling:** I think, within more legacy industrial-type, old-world industries, there are some opportunities. Now, a couple of quick thoughts. They're definitely more capital intensive. And historically what you've seen is, in the first round with hard tech, clean tech, is that the economics on those businesses maybe didn't make sense. Or the valuations were a little crazy. And outcomes weren't the greatest. I think there's a little bit more capital discipline this time around. But what you're seeing is a lot of cases where there's maybe some software component or AI specifically that the real-world users for that product are slow to adopt. And so what the venture-backed firm is realizing, if they're not going to adopt a product, what we'll do is we'll apply this to those real-world problems, and we'll compete with them, whether that's in mining or... we're seeing it in lumber. You're seeing it in desalinization plants made modular and small. And so it requires a longer hold period. And so I think it's not necessarily people looking for quick exits, but it's to find the true outsized venture returns where there's some interesting things happening there.

**Robert Morier:** So what's the one goal? What's the big goal for you? I don't want to say one. What's the big goal for you to achieve at Aksia over the next two or three years as you help bridge this gap, as you help merge these two worlds of institutional, research, and private wealth?

**Chris Schelling:** The personal goal is really to help people understand and access alternatives. It's always been the same for me. I kind of view that as a vocation, not just a profession. And I'm proud to be part of a platform where I have a ton of confidence in the investment capabilities and underwriting and operational due diligence. And so getting the word out, educating people in that space, helping grow and scale the assets, I feel like we're going to be serving a bigger and broader part of the community. So that's really the goal... increase the average level of knowledge of the space and just get the word out.

**Robert Morier:** Well, we wish you the best of luck doing it. If we were to come down to Austin and see you, where would you take us, barbecue or tacos?

**Chris Schelling:** Probably barbecue, but you'd have to be prepared to wait because Franklin's is... you got to get there at 9:00 in the morning to eat lunch.

**Robert Morier:** And have you been recently?

**Chris Schelling:** I have not. It's been a little while.

**Robert Morier:** Is it more common for tourists to visit it or locals?

**Chris Schelling:** It's a little bit of a tourist trap. But if you can plan an event around it, that makes it worthwhile.

**Robert Morier:** I like it. Well, thank you so much. I really appreciate it. What I thought we would do in the last few minutes is do a fun lightning round. These are unscripted, just us, an either/or just to have a little bit of fun as we go into the holiday season and hear your quick thoughts on a few topics.

**Chris Schelling:** All right, shoot.

**Robert Morier:** Morning coffee or an evening cocktail?

**Chris Schelling:** Coffee.

**Robert Morier:** Early workout or late walk?

**Chris Schelling:** I'll do a late walk, yeah.

**Robert Morier:** Oh, nice. City energy or a quiet escape?

**Chris Schelling:** Definitely a quiet escape.

**Robert Morier:** Ok, how about a podcast or a book?

**Chris Schelling:** A book. I'm definitely physical book, too, not an e-book.

**Robert Morier:** I like it. Texting or calling?

**Chris Schelling:** Ooh, that's a good question. I would have said calling a few years ago, but definitely texting more.

**Robert Morier:** 40 or 50?

**Chris Schelling:** 50.

**Robert Morier:** Happy birthday.

**Chris Schelling:** Thank you.

**Robert Morier:** Big 5-0 is today. Happy birthday, Chris.

**Chris Schelling:** I appreciate it. Thanks, Robert.

**Robert Morier:** We're happy here. And how about, as we think about work, listening or asking questions?

**Chris Schelling:** Ooh, that's a good question. I would probably say listening.

**Robert Morier:** First meeting... in person or Zoom?

**Chris Schelling:** Probably Zoom.

**Robert Morier:** All right, here's where it gets tough. Public markets or private markets?

**Chris Schelling:** That's a tough one. I'll go private.

**Robert Morier:** All right, emerging manager or established platform?

**Chris Schelling:** For me, emerging manager.

**Robert Morier:** Ok. Concentrated conviction... me, too. Concentrated conviction or diversified balance?

**Chris Schelling:** Oh, that's tough. As I get older, diversified balanced.



**Robert Morier:** I think this is a tough one for you. Research memo or a live conversation?

**Chris Schelling:** Ooh, that is a tough one. I'm gonna take... yeah, 50/50 on that one.

**Robert Morier:** Ok, and there's another tough one, I think, for you. Data first or story first?

**Chris Schelling:** Ok, making decisions? Data first. Selling? Story first.

**Robert Morier:** Excellent answer. Excellent answer. Teaching students or mentoring professionals?

**Chris Schelling:** Oh, also a tough one. I like them both. Probably mentoring professionals.

**Robert Morier:** I like it. And last question... write the book or build the firm?

**Chris Schelling:** Right now? Build the firm. I wrote the book. It's tough. Maybe another one, but I'm good building for now.

**Robert Morier:** Well, if you decide to write another book, I look forward to reading it. I know we all do. Chris, congratulations on the new role at Aksia. Congratulations on all your success. It's always one of my favorite conversations when I get to have a few minutes with you. So thank you.

**Chris Schelling:** Much appreciated. Thanks, Rob.

**Robert Morier:** If you'd like to learn more about Chris and Aksia, please visit their website at [www.aksia.com](http://www.aksia.com). You can find this episode and past episodes on [Spotify](#), [Apple Podcasts](#), your favorite podcast platform. We're also on [YouTube](#) if you prefer to watch while you listen. And for more content, please visit us at [dakota.com](http://dakota.com). Chris, thank you again for being here. Congratulations again, and happy birthday. And to our audience, thank you for investing your time with Dakota.