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EPISODE 167:

**How Top Investment
Consultants Pick
Managers | The Future of
Due Diligence with Callan**



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, investment consultants, and other industry leaders to 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 visit our website at dakota.com. 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, 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 today. Welcome back to Dakota Live. Well, today's episode is a little different. It starts in a classroom at Drexel University. Over the past 10 weeks, we have been running an experiment. We took a group of students, many of whom who have never sat in front of an investment committee before, and asked them to do something in the an industry that typically takes years to learn, and that's to underwrite an asset manager. Not study it, not write about it, but actually do it in practice. Students were charged to build a thesis, ask questions, identify risks, and ultimately make a recommendation. And what was unique about it is they made a recommendation on a real asset manager, 13 of whom volunteered to join us in this classroom. But none of this would've happened unless we partnered with a very special institution and two very special guests who are here today. Allen, who we've interviewed before on the show, is a prominent investment consultant headquartered in San Francisco with offices all over the country. We've been lucky to interview members of their team in the past, but today I'm joined by two of the people who helped bring that classroom experience to life. Ashley Kahn, who oversees private equity manager research and due diligence, and Tony Lissuzzo, who works closely with endowments and foundations and thinks about portfolio construction and private markets in the context of the work he does with his clients. Ashley, Tony, welcome to the Dakota Live podcast.

Tony Lissuzzo: Great to be here.

Ashley Kahn: Thanks for having us.

Robert Morier: I am also joined by Professor Leah Mealy. Leah is an adjunct professor at Laboe College of Business, where she worked with us in the classroom for this experience. She is also a professor who teaches a first-year writing program at Drexel University as well. So Leah, thank you for being here. Thank you for being part of this course with us as well.

Leah Mealy: Thank you.

Robert Morier: Well, Ashley, Tony, before we get started, I'm going to read your biographies very briefly for our audience, and then we're going to get into the conversation. Ashley Kahn began as an intern at Cowen more than 11 years ago and has progressed through the firm into her current role overseeing private equity manager research. Ashley graduated from William Mary with a BA in history. Tony Lassuzzo serves as investment consultant with Cowen, closing in on his 3-year anniversary. Before joining Cowen, Tony was with Cambridge Associates, focused on alternative investing and the director of research with Northern Trust, where he led a team responsible for managing over \$2 billion in alternative assets across commingled fund-to-funds and customized separately managed accounts. Prior to Northern Trust, Tony had a successful career on the portfolio management side of the business. Tony has a BS in economics and math from the University of Wisconsin and his MBA from the University of Chicago, though he is proudly wearing a Drexel University hat right now that the students gifted to him when he visited us in the Philadelphia classroom a few weeks back. Ashley, Tony, thank you again for being here. We are grateful for your time, and we were grateful for your time in the classroom. You were in the classroom. Maybe Tony, we'll start with you. You were in the classroom. You had an opportunity to come down to Philadelphia and see the students in person. Ashley had laid a tremendous amount of groundwork prior to your visit. So she did a lot of the heavy lifting, I will say, before you came in. But what were you expecting, Tony, when you came in sitting in front of 15 students who were at that point in their 7th week of, of really learning this, this process of, of manager research and due diligence?

Tony Lissuzzo: Well, I was expecting a lot of questions that I would be answering, and what I was pleasantly surprised by was I learned a lot from, from the class as well. So they did a lot of great work, had done a lot of preparation. My, my part of the course, the first, the first time I was there was to talk about tough conversations with boards. And I think they asked some really good questions and got me to think a few times about situations that I've had in the past. So great experience and very, very encouraged by how everyone was very engaged. And I think, I think the students enjoyed the process.

Robert Morier: Ashley, when you started with us, it was at the very beginning of the course. What were some of your expectations coming into it? You had a copy of the syllabus. I think that's about all we had collectively across both the professors and Callan. We had a framework, but what were you thinking coming into that first class?

Ashley Kahn: I think like you framed it as an experiment, we weren't exactly sure what it would ultimately look like, but we were very excited about the opportunity to work with all the students. And so it seemed to kind of organically evolved as we prepared for the course to launch. And then I think I was surprised by how many investment managers were willing to participate where each student essentially got to underwrite a different one and present it. I think that's a really unique experience. And so I'm happy that the whole community kind of came together to help these students.

Robert Morier: Excellent. Thank you, Ashley. I appreciate you sharing that. And I'm curious about that. You know, each of the students had their own asset manager that they were underwriting. And I think what I found from the 10 weeks was how much of the experience ended up being an apprenticeship. So yes, they were being taught theory, they were being taught practice by practitioners, but it felt very familiar and it sounded very familiar from each of the people that we heard from within Cowen that it's very much an apprenticeship in nature. Did you find that in your own respective careers as you were coming up through Cowen, even going back to Northern Trust, Tony? I know you were in charge of a team then, but before that, what did that apprenticeship look like in practice?

Tony Lissuzzo: I've been fortunate to have some great mentors in my day. So, you know, opportunity to pass that along for sure. You know, some of the things that I think you learn in the apprenticeship process is the soft stuff, I guess. You know, we can all learn the theory and I've probably got too much stats in the back of my head to do anyone any good, but it's really sort of How you put all the information together, how you create that mosaic, how you ask the second question, how you dig deeper. And really mentors were a good part of that process of creating, I guess, my own research style, which we all, we all learned from one person in Chicago and I won't name his name, but we call it his style. So, you know, we all have that. And I was fortunate to have that and I hope the students got a little bit out of that. And I know Ashley has learned a lot at Calendly here too.

Robert Morier: Ashley, how do you define your style?

Ashley Kahn: Similarly to Tony, it's watching other people, especially in like a manager meeting setting. How do you ask questions? Because within that setting, you are guiding the meeting, asking questions, taking notes so you remember what was talked about. And sort of being an active listener. And it's hard to do all those things at once. And so developing your own style takes a few years.

And so for my experience, taking pieces like, oh, I really like how this one person approaches these tough questions, or which aspects of the meeting are the most important to write down in my meeting notes, And so I think it, it takes time to develop really that overall investment judgment where you can come away from a meeting and be like, yes, I want to dig into that manager. No, that doesn't seem that interesting. So like you said, training can teach you the modeling and the quant aspects, but that intangible piece takes a while to learn.

Robert Morier: Is that intangible piece, Ashley, really where the decisions get made? So when you think about the final say, you know, once that manager's in front of the investment committee, you've gone through all of the research, the due diligence, you've married the qualitative and the quantitative, do you think that's where the decision actually happens or is it somewhere else?

Ashley Kahn: I think it's definitely an important element, sort of going behind closed doors when we're looking at an opportunity at Calend, we need to be excited about the fund. And think there also could be a good client fit for it. As the consultants, we're ultimately the ones typically conveying those investment ideas to clients. And so we need to have enough conviction in it ourselves to feel that, to feel compelled to kind of push it forward. And usually we're developing consensus from amongst the research team. So decisions are typically more team-based. We want to get everyone's opinion. And I think within the private equity team in particular, it's a pretty flat structure. Everyone's opinion is valued and there's a high level of sort of trust amongst different team members. And so when one person says, hey, I think this is a really interesting opportunity, everyone listens and pays attention and kind of thinks through the merits and risks of any fund opportunity.

Robert Morier: The closed-door aspect of this I think is interesting. We talked about having these asset managers volunteer to do this class. I suspect one of their motivations may have been to get a peek behind that closed door, you know, how decisions get made, how a manager is underwritten. When you think, Tony, about that process, you know, once the doors are closed, you know, and decisions are getting made and those discussions, as Ashley just laid out, are happening, you, more often than not are representing the client, those endowments and foundations, for example. How is that injected into the conversation from your seat? So once Ashley and the manager research team, they're, let's say that they're debating or, you know, trying to underwrite a private equity manager, but you know the actual application has to go into a client portfolio. What are you bringing to the table in those conversations specifically?

Tony Lissuzzo: Well, hopefully the first thing I'll bring to the table is all the knowledge that Ashley and her team has gathered. 'Cause really that's the important part is doing that homework upfront. And my job then is to help distill some of that information down to the really the important factors, you know, and you mentioned earlier about sort of the data versus the soft side of it and stuff.

And one of the things I always think about, especially with sort of consensus decision-making, which I think is actually a great application for selecting managers, is that you have, maybe you've got 4 managers, they're all very good. There's a lot of very high-quality people in the investment management industry. Sometimes picking between 2 is like picking between your 2 favorite children. It, it is not, you're not going to make a bad decision. So really it's try, then it's what fits with, what fits with the portfolio. Is this exposure a little bit better? Do we think this manager has the right temperament in a difficult environment versus one manager? At the end of the day, these are normally partnership documents, so we want to make sure they're good partners. So it starts, that's where that consensus comes is, yes, we all feel comfortable saying we're going to be partners with this fund. We're going to do good things for the beneficiaries of this pension fund. Through this partnership.

Robert Morier: My daughter is about to start at a Quaker school, and it sounds like you're already teaching her first lesson of first grade in terms of consensus decision-making, everyone getting together, making sure that everyone's voice is heard before the final decision is made. So I appreciate that. That's really interesting. Tony, you talked a lot about your experience in looking at hedge fund managers over the course of your career when you were in the classroom in Philadelphia. What are some of the patterns that you've seen in the hedge fund inside of the book that worked earlier in your career but don't seem to be working as well in today's market?

Tony Lissuzzo: If we go back really earlier in my career, there was much more of a, I would say, arbitrage opportunity. So spreads on different arbitrage opportunities were often wider, right? Markets have become more efficient over the past 30 years for sure. The amount of free money sitting in arbitrage has been reduced. That doesn't mean arbitrage strategies are bad. It just means you have to be very, you know, there's a lot more checking and making sure it's not just a layup trade. So those types of things, you have to have a little bit, be a little more discerning with to make sure that it's a stable, long-term arbitrage that will persist over time.

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Robert Morier: How has the definition of concentration changed in hedge fund portfolios? What was a concentrated portfolio, let's say pre-GFC versus what you're seeing today?

Tony Lissuzzo: Yeah, there definitely used to be a lot more concentrated portfolios, especially on the long only. There were a lot of long only managers, Michael Price and people like that who were great stock pickers who would have top 10 portfolios would be 70, 80% of their portfolio. I think these days too many mathematicians and people that went to University of Chicago are trying to efficientize everything. So they've gotten rid of some of that. It is interesting though when you do find managers that have the skill to concentrate and do it in the right way. It can be an integral part of a portfolio. Wouldn't pick it as the only investment, but people that have skill still do have the ability to concentrate, and it's interesting to see how they wield that.

Robert Morier: Ashley, how do you distinguish that skill in private markets?

Ashley Kahn: Repeatability, pattern recognition. Are they able to generate the same return over and over and over again? So whether it's a buyout, they're, you know, improving organizational structure or revenue growth or even cost cutting, like, are they able to do that successfully multiple times? And we have confidence they'll be able to do that going into the future. On the venture side, are they able to identify successful startups and have proof points? And they've done that multiple times. They just have one, that's a little tough. Maybe it's luck. A little hard to know. Yeah, looking for something that's a little bit unique or differentiated, like why are they successful at what they do and does it clearly resonate when they convey that to us?

Robert Morier: What are some of the tells that, that give you that conviction earlier, maybe not to make the decision on the manager as it relates to an investment, but at a minimum to continue the conversation?

Ashley Kahn: In some initial meetings, we oftentimes go in completely blind. We have no idea what their performance is. Maybe it was, maybe we don't even have a deck to look at ahead of time, right? This is private markets. Information isn't readily available. So if I'm going into one of those early meetings, I think I'm really looking for two things: clarity and confidence. I want them to convey a clear message, like I can firmly grasp sort of the basics of the strategy and the firm in a short period of time. And they convey that message with a lot of confidence and passion and excitement for what they're doing. That intangible piece, I think it's especially important. It also helps if they lead with performance. Usually that means performance is good. If performance isn't mentioned in the deck, that's like a clear sign as well that maybe there's more to uncover.

Robert Morier: When you think about the confidence in a meeting, because I suspect a lot of the students when they were sitting down with these managers for the first time, the managers probably felt very confident. They were speaking to a student. But sometimes confidence can blur into overconfidence, that they may be overstepping their bounds, they may be sharing more than you expected or sharing less than you had hoped. Whatever it is, how do you delineate between a confident manager and somebody who's overconfident and may start playing around in areas of risk that you're not comfortable with?

Ashley Kahn: After doing many of these meetings over many years, again, that like pattern recognition skill that you have to develop as a researcher, I usually know right away. It's usually pretty clear if they're confident and able to support that confidence with good performance and good investment execution. And if there is some like arrogance or overconfidence, usually it's covering up an underlying issue. So it often comes across as like a pretty strong red flag. And so the tough situations are maybe when we feel that in a meeting, but their performance is good. And so then it's kind of reconciling, you know, where potential issues are. They're not evident in performance. I mean, they're evident elsewhere. And so that's where the diligence really comes in. You kind of have to dig around.

Robert Morier: Tony, I'll ask the same question of you because growing up at a time with hedge funds where it seemed like the most overconfident portfolio managers were the ones that were having the most success, you know, that whole rock star, you know, type of persona, particularly in the long-short world. So how do you see through that?

Tony Lissuzzo: I like to distinguish between confidence and ego. And I think where people's ego bleeds in, it is very obvious. And I think it's how they treat other people a lot of times, and maybe not even someone's in the room, But how they talk about their process and how they talk about the people that work with them in that process, I think a lot of times gives you an idea of how collaborative they are as an individual. And I think it's very rare that you will find someone who can be an island and do this all them themselves. So if you take the ego out of it, I think the confidence is a great thing. And sometimes in their personal interactions, you can, you can suss out that ego and make sure that the ego is not going to get in the way.

Leah Mealy: As we mentioned, students were assigned managers to evaluate. Each student got their own manager. And one night when Rob had to leave a bit earlier, the students came over to me and they're expressing being a bit nervous to have their first time meeting, especially with somebody who has had so much industry experience where they were just undergraduates. And it was a little bit of a pep talk to get them ready for their first meeting. But luckily with Callan, you really helped provide a framework for them to feel confident in that meeting.

The question goes into the first 10 minutes of a meeting with a new manager. What are you evaluating? As you mentioned, Ashley, that you can get some of those signals right off the bat. But when you applied that to what students could use as a tool in their first meeting, What would that come down to? What, what are some red flags that you might have seen?

Ashley Kahn: I remember that nervousness very well in my early days. It's totally normal, right? When you're a young 20-something, it's intimidating to walk into these meetings with sometimes really experienced and really successful investment managers, and you're going in there and asking them all these questions. So it took a lot of prep for me at first. I would totally script out the meeting, have all of my questions ready to go, make sure I was overprepared, which is something I tend to do just in life. And, but it's, it's helpful. And then eventually you're, you know, you tend to ask the same questions in these meetings over and over, and so you get better at it. The fear that maybe some students have of of like not being able to maybe keep up with a manager, or they're going to be talking about something confusing. A good manager can convey their message clearly, like I mentioned before. If you as the researcher don't understand it, it's not you. That took me many years to like fully understand. It's the manager not telling you it in a clear and understandable way. You should be able to get, start getting a grasp of what the manager does in the first 10 minutes if they're successful in conveying that message clearly.

Robert Morier: Tony, the same for you. I'm curious when you think about those first 10 minutes when a manager, maybe less than the manager research side, but when they're sitting down in front of an investment committee, a client's investment committee for the first time, what are some of the things that you found that some of your clients tend to, tend to, tend to hold onto, or what resonates with them.

Tony Lissuzzo: And I think, and this goes with research too, is that if the manager, like we have prepared, if the manager is somewhat prepared as well and understands his audience or her audience, as well as what the portfolio context of their investment would be, I think committees find that very helpful when a manager can say, here's what I do and here's how it works in your portfolio. And here's how all these people that I've brought together do this for you. It hits home and it, I think it's almost essential that the manager understands how their investments fit into a portfolio. So usually you can tell if they've understood their engagement going into it.

Robert Morier: Ashley, I'm curious, one of the situations we had in the classroom was one of the managers, we didn't get to meet any of the portfolio team. We ended up staying with the product specialists and the IR people for most of the, most of the classroom experience with these students, which we completely understood. This is a volunteer experiment, no commercial interests. But I was thinking about your seat and Tony's seat when you're just not getting the person you want to talk to. You know, the lead portfolio manager is very busy.

They're traveling. It's earnings season, whatever it is. How do you, how do you bridge that gap? Because I think that's just some practical advice. What does that conversation sound like when you are, you know, telling a very kind and well-intended IR person that it's time for them to step aside and, you know, and it's time to talk to the portfolio team? So I'm just curious in your experience how that, how that sounds, what it looks like.

Ashley Kahn: I understand where the IR person is coming from. They're— a lot of their job is scheduling and coordinating between different parties. So what I've found to be helpful is when I need to meet with the investment team for my due diligence process, I'll give them a few options and be like, hey, I would like to meet with this person, this person, or this person for 30 minutes. And then I'd like to meet with this person or this person for 30 minutes. Then they can kind of coordinate schedules and see who's around within whatever timeframe I provided, and that seems to be easier just from like a coordination perspective. Sometimes they don't— I don't necessarily need to meet with every single person on the investment team, but I want to meet with a few key people. And then it's also helpful to meet with some of the maybe mid-level investment professionals too. They can give you some insightful information. They're a little less maybe polished compared to kind of the head of the firm. The worst case is the IR person says no, they're not available, and then you maybe reevaluate whether it's a good fit and sort of go from there.

Robert Morier: Tony, how important is client service? So when you're evaluating a manager and you're, you're thinking about kind of an example of what Ashley just went through or could potentially go through, let's say you do get access, you know, through the investment team, so that's not an issue. But when you are evaluating a manager for a potential opportunity, a potential mandate, how much of it is the client experience?

Tony Lissuzzo: I think the client experience is actually very important. To me, there's 3 things that a manager does. They manage their business, they manage the portfolio, and then they pick their securities. So the managing the business side of it is very important. This, you know, they have a partnership, they have a business. They're professionals, we're professionals, and if we treat each other with respect in a, in a professional manner, and that includes very good client service, the experience is much better. There's still an IR person that I met early on in my career who to this day, I wish he was, he was the IR person for every one of my managers because he was very proactive. I think we are always prepared and we come with respect and if the manager reciprocates, it's a great relationship.

Robert Morier: Ashley, on that point, let's say you have an IR person that you love or a portfolio team that you just really start to admire and believe in. How do you— how do you, for lack of a better way of describing it, how do you not fall in love with them? You know, how do you remain unbiased or as unbiased as you can without showing your cards?

Ashley Kahn: I think you always need to kind of keep them at arm's length, even if they act like it. That IR person is not your best friend. They can be nice people. You can be friendly, maybe socialize in like a networking type setting. But I think it's always important to kind of keep those underlying intentions in mind. They are selling to you ultimately. I think it's good to always come in with skepticism into meetings, right? Don't just blindly go in thinking the manager is great. Make them prove it.

Robert Morier: I like that a lot.

Ashley Kahn: Yeah, performance doesn't lie usually.

Robert Morier: Yeah, yeah, we teach that in the classroom. We tell our students, actually in the beginning of the class, we told our students to start with a no and make them earn your yes. You know, start with the no, make them earn your yes. So they have to back it, you know, essentially what that puts on the student is that they have to back into it rather than leading with something, as you know, with a great story or whatever that may be. Something else very important in our world, Tony, is risk and risk management. So where do you think allocators are maybe overlooking some of the more prominent risks in the market today? And it's not to say that you're overlooking it, anyone at Cowen is necessarily overlooking it, but what is something that is starting to become more topical as it relates to risks that are kind of increasingly coming onto the table?

Tony Lissuzzo: I always look at, if you look at most of the market scenarios that have not been pleasant for people to live through, they are some combination of illiquidity and leverage. When I see the crossing of those two, that's where I see risks. You don't know if it's a risk that's going to blow up or not, but there is heightened opportunity for deeper loss of capital when you leverage an illiquid strategy. So I'm not saying that, you know, every CTA, because they use a lot of leverage, has issues, but in general, when you get into asset classes that have too much leverage and too little liquidity for the liability side of the business, which is the investors, you can have some problems and loss, real loss of capital.

Robert Morier: Sounds like you might be talking about private credit.

Tony Lissuzzo: No, and I'm glad you mentioned that because it definitely is showing in private credit, but it has shown before in structured credit in 2008. This same confluence of illiquidity and some volatility and some leverage, and you have situations. Doesn't matter the asset class.

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Robert Morier: Ashley, in, in private markets, in private equity, in venture capital, is access a risk? Either not getting it or maybe getting it too easily?

Ashley Kahn: The dispersion of returns within private equity is exceptionally wide. The latest stat I saw, I think was 60 or 70% between the top and bottom managers in private equity compared to maybe 7% in the public markets. It's important to pick the top managers. That is, can be very difficult. So access to the top managers becomes important, especially if those fund sizes are constrained, right? They can only accept so much new capital from new investors. So developing relationships with managers becomes more important, especially in areas like venture capital, which are characterized by very small fund sizes. So if you have good access, hopefully that translates to good returns. Sometimes there's a bit of kind of herd mentality. Everyone wants into the same manager. And if that manager maybe gets too big, that can dilute returns, or people don't do their diligence enough. They say, oh, so-and-so's going in, must be good. So really understanding the manager and doing your homework is important regardless of how difficult to access the fund is.

Robert Morier: When you're thinking about portfolio construction in that context, I was thinking about public equities. So when Mark Stahl was speaking to us, Not that by any means are you leveraging style boxes as your mechanism to allocate among public equity managers, but there is that luxury behind public equities that you can kind of see very clearly where they are from a style perspective. And as a result, you can kind of map them on that quadrant and figure out where they might fit in an overall asset allocation model. Things are a little different on the private market side. So when you think about the fact that you do have illiquidity, you've got access issues, you've got vintages. How are you all approaching portfolio construction with your clients? And maybe this is for both of you. So Ashley, how are you approaching it when you're thinking about the fit? And then how is it being conveyed, Tony, to the client?

Ashley Kahn: It's important to maintain kind of a diversified portfolio, right, within private equity. So you want— you're balancing diversification and manager selection. And so the sort of optimal portfolio in private markets, we think, is, you know, core buyout exposure. Then you have a little venture, a little growth equity, maybe a little distressed, or things like secondaries and co-investments.

So making sure you have sort of enough managers in the portfolio to provide that diversification, not too many, and enough of each sort of flavor. While also picking the best managers within those buckets. What we've done recently, and it's sort of an ongoing effort, is doing these market maps within specific sectors. Like we just did aerospace defense, we did tech buyouts, consumer, or strategy types like growth equity. And so really understanding within a small subset of the private equity universe, who is the best consumer growth fund. And so that helps us kind of narrow down the universe and kind of map out, you know, the top picks that we can then recommend to our clients.

Tony Lissuzzo: I'll expand it a little bit beyond privates, but I think in privates, that sort of industry and sector mapping is very important to get a view of what is available in the space. And then that's your private equity portfolio that fits into the bigger portfolio. One of the things I, I love about all the AI and technology and things like that that's coming out, it is very easy these days to do a lot of really thoughtful work on sort of component analysis and, and things like that. So you may be able to uncover hidden correlations between managers that'll show up at a time when you don't want 'em to. So I think the idea is, Like Ashley, they do all the quantitative or the qualitative work to really understand that. I think we do the qualitative work as well to really understand where managers fit within the portfolio. And I think that's one of the great benefits of all the data that we have these days is to be able to do that work in a thoughtful way and present it to the client in a way that says this manager and this manager fit like a puzzle piece. That's why they're in your portfolio.

Robert Morier: Talking about the human element, when, when you strip it all down at the end of the day, so the RFP, the first pitch, the presentation, what, what really defines great judgment in manager selection from both of your perspectives? So what do you think it, it really boils down to? Maybe Tony, starting with you.

Tony Lissuzzo: First of all, to have really good judgment, you don't have to be 100%, right? If, because if you're narrowing your universe already and you're getting a good group and then you're trying to pick the best one on top of that, it really is that additional value that you add to get that extra judgment. But I think the real judgment is taking where we are today, where's the history, and really thinking what's going to happen for the next 5 years. And does this manager, do you think this manager's going to do a great job over the next 5 years? Whenever I recommend something to a client, I always think, I always have a 5-year view. Is it, do I think this is sustainable for the next 5 years, both from a strategy, from a manager, and from a business point of view? If that's the case, then we go with it. So I like to take a little bit longer view than just, oh, this is a great environment today. Because everything, because volatility's high. Really, what's the next 5 years look like?

Ashley Kahn: Understanding sort of the broader universe of broader, you know, private equity industry in particular for me, and then being able to use that context and kind of articulate why a certain manager stands out. Knowledge of what works, what has worked in the past, what do you think will work in the future, 5, 10, 10+ years. Sometimes private equity funds last 18, 20 years. So you better be right when you pick a manager. Clearly understanding the risks. There's never a risk-free investment, right? So, but making sure you have them all thoroughly documented. We look for what, you know, what are the mitigants to each of those risks? How do we get comfortable with all of them? And so being able to compile not just the merits and what's great about the manager, but the other side as well.

Robert Morier: Wonderful. Thank you so much. Let's have a little bit of fun before we let you go, because we had this serious conversation about manager research and due diligence after 10 weeks of instilling all of our knowledge on these young students. Tony, if you were in a client meeting, what's one thing you hope you never hear again from an asset manager? Either a word or a phrase. That you wish would be retired?

Tony Lissuzzo: Well, it used to be synergy, but we'll go beyond that. But yeah, whenever someone starts to use big words like that, they're trying to impress someone that's not me.

Robert Morier: Ashley, how about yourself? What's a word or phrase you hope you don't have to listen to again in a first or second meeting?

Ashley Kahn: Mission critical. I hate that. I had to like spend years figuring out what that meant.

Tony Lissuzzo: Yeah. And, and did you figure that out? Because I'm not sure.

Ashley Kahn: Customers don't fire them and the companies have stickiness to the revenue.

Tony Lissuzzo: There you go.

Ashley Kahn: Just say that instead. Yeah.

Robert Morier: Yeah. Ashley, you were a history major. What was your concentration?

Ashley Kahn: Initially I studied a lot of European history, but then I was at William Mary, which is like the center of American history. And so towards the end, Scott, inspired by that environment, um, and focused on U.S. as well as, um, fashion history.

Robert Morier: Do you have a book that you could recommend? Something that, uh, you remember fondly maybe from your undergraduate years or something that you still kind of draw on?

Ashley Kahn: I mean, now I love historical fiction, so that always gets me. A lot of the books that I focused on towards the end were sort of period clothing and how you preserve clothing and what different fashion trends looked like in the, you know, 18th century in particular, given Williamsburg. So there are some good books on that. I studied under a woman named Linda Baumgartner, who I think has since retired, but she wrote a few, a few books.

Robert Morier: Well, I'm going to ask you then, what are some fashion trends in the financial services industry you wish would go away?

Ashley Kahn: Well, things have gotten more casual since COVID especially for men, which I think is good. No, no one needs to wear a tie anymore. And then they always say, ladies, wear the equivalent of a sport coat. So it takes some years to figure out what that means.

Robert Morier: Yeah. Tony, I don't know what kind of advice your father or one of your mentors told you, but my dad always told me, never wear a more expensive suit than your boss?

Tony Lissuzzo: Yeah, I won't be— I will not be accused of that.

Robert Morier: I was never accused of that either.

Tony Lissuzzo: The Chicago office and my— and my son has my most expensive tie, so I don't even wear that anymore.

Robert Morier: Tony, you talked a lot about teams. Who are your— who are your teams?

Tony Lissuzzo: Big Hawks fan. I'm very disappointed the Badgers are out of the NCAA tournament, but very excited that the Big Ten has its best showing yet in the NCAA tournament. And we're going to be rooting for them this weekend. But yeah, and a big Badgers hockey fan as well.

Robert Morier: Thank you both so much. One last question for you. You spent all of this time with our students at Drexel University. So some, some parting wisdom for them, and I'll contextualize it in the environment that they're going into, especially graduating seniors. It's one of the worst job markets that a lot of these students will may ever see potentially, at least in the next few years. It's certainly been the worst in the last 10 or 20 years for folks who have seen some tough job markets previously. So when you think about kind of the difficulties that some of these students are facing, what's some advice that you would like to leave with them?

Tony Lissuzzo: Your first job will not be your last job, and bring your genuine self. Everyone appreciates that when you're going looking for a job. When I talk to people and they're their real selves and they're two people that have the same qualifications, I think we're all naturally attracted to someone that we can engage with. So be yourself and do the hard work and enjoy your life. You're just getting going.

Ashley Kahn: You can do anything for a year. Just get a year's experience somewhere, and then getting your next job is easier, and then it's easier. And then eventually you take your 20s to kind of figure out what you want to do. I don't think you need to know what you want to do right away. I didn't. It, it does work out usually.

Robert Morier: Yeah. Well, that's great advice from both of you. Thank you so much. Thank you so much for joining us here today, sharing such a thoughtful look at manager research and due diligence. From the eyes of Callan in the context of, of what you both do day to day and what your colleagues shared with our students over the course of the last 2 and a half months. We set out to do something relatively straightforward, but as we all said in the beginning, this turned out to be a very successful experiment. And it was really as successful as it was because of Callan, the educational platform that you provided us through Callan Code, which I recommend to all of our listeners who are tuning in. If you're interested in continuing your education as it relates to the asset management industry, the CODE platform turned out to be the framework that we were able to build all of this knowledge on top of. So we're grateful for that as well. For Drexel, this is exactly what we were hoping for, hoping for, which is working with practitioners like, like both of you and your colleagues over this time and really creating that apprenticeship type of model in, in a classroom environment. So thank you both for your time. A warm thank you to your colleagues as well. Thank you to Leah for co-teaching this course with me and obviously to everyone at Drexel. So thank you both.

Tony Lissuzzo: Thank you. It's a pleasure.

Ashley Kahn: Yeah, thank you so much. It's been great.

Robert Morier: If you'd like to learn more about Ashley, Tony, and Callan, please visit their website at callan.com. You can find this episode and past episodes on Spotify, Apple, or your favorite podcast platform. We are also available on YouTube if you prefer to watch while you listen. And for more content, please visit us at dakota.com. Ashley and Tony, thank you again for being here. Leah, thank you for joining me on the desk. And to our audience, thank you for investing your time with Dakota.