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EPISODE 180:

How Elite RIAs Evaluate Private Markets | Dhruv Maniktala, CIO of True North Advisors



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 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, 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 today. Our guest today is Dhruv Maniktala. Dhruv is the Chief Investment Officer and partner at True North Advisors and Chief Investment Officer of Western Alternative Strategies. In those roles, Dhruv oversees investment strategy, asset allocation, manager selection, portfolio construction, and alternative investment initiatives across the firm's client portfolios. Through Western Alternative Strategies, he also leads the sourcing, evaluation, and implementation of private market and alternative investment opportunities spanning private equity, private credit, real estate, infrastructure, energy, and hedge funds. Dhruv's career spans more than 2 decades across infrastructure finance, institutional consulting, equity research, family office investing, and wealth management. Prior to joining True North Advisors, he worked on infrastructure projects involving power generation, water utilities, LNG terminals, natural gas pipelines, and desalination facilities throughout North America, Europe, Latin America, and the Caribbean. He later joined Russell Investments where he worked within the firm's institutional research and asset allocation group, supporting some of the world's largest organizations. Following Russell, he gained experience in both buy-side and sell-side equity research before serving as a principal at a multifamily office responsible for strategic asset allocation, manager selection, and portfolio construction for high-net-worth families. True North Advisors manages approximately \$5 billion in client assets and serves high-net-worth families, foundations, endowments, and institutions. Through both True North and Western Alternative Strategies, Dhruv has become a leading voice on portfolio construction,

alternative investments, and the evolving role of private markets within wealth management. Dhruv earned a Bachelor of Technology in Mechanical Engineering from the Indian Institute of Technology and an MBA from the University of Georgia with concentrations in corporate finance investments and quantitative analysis. He is also a CFA charterholder. Dhruv, thank you for joining us on the Dakota Live! podcast. Congratulations on all your success, and we look forward to hearing about your role at True North.

Dhruv Maniktala: Well, thanks, Robert. I didn't realize I was that accomplished.

Robert Morier: Very accomplished and a lot of responsibilities. The first question I usually ask our guests is, how do you fit it all into one day?

Dhruv Maniktala: It's actually easy if you don't have any hobbies and your job's your passion. So I love investments and finance, and there's so many disciplines to it in terms of psychology, geopolitics, just all these disparate parts of the world that come together and making an informed decision. It's just fascinating. So I sometimes can't sleep at 3 in the morning. My brain's racing to think about things that are happening. So it's actually fun for me.

Robert Morier: What initiated the pivot from mechanical engineering? So when you thought about how your career started versus what you had just said, which is not terribly different, but it's much more big picture, much more top-down in scope relative to mechanical engineering, which arguably could be very bottom-up, very granular.

Dhruv Maniktala: I probably didn't want to be a factory worker. But more seriously, so the institution I went to in India, it's really well known. So for example, the CEO of Google, he was one year ahead of me. From that college and you have multiple other people that you would know of that went there, highly competitive. And so I went there because that was the thing to do if you were a kid in India, you know, you did that and you made it. But I think when I went there, I just, it just didn't appeal to me in terms of engineering. And so I started to take some minors in business and finance and realized that was my passion. I don't know why, right? And so that started my journey of applying to business school in the US and I was fortunate enough to get a scholarship to go here. Otherwise I wouldn't be able to make it into the US. And so I came straight out of engineering into business school with no work experience, thankfully with a scholarship. And so that started my journey from point A to point B.

Robert Morier: So University of Georgia offered you a scholarship. How was your time there? Definitely, I would assume, a big change from where you were before.

Dhruv Maniktala: The first thing I remember is the most number of bars per square meter, I think, in any place in the US. So I felt I was home. I thought the education was interesting because it felt a lot more practical to what I was doing. So when I joined, when I was there, it was a top 25 program from an MBA

perspective. It's a small program too. So you get a lot of one-on-one attention. I think the education concept in India is to make things as hard as possible. Without actually having an end result in mind for it. Just being hard, being hard for the sake of being hard. So it, I felt like I fit really well. You know, I grew up listening to R.E.M. And to be in Athens, Georgia, having seen those guys walk around was kind of cool.

Robert Morier: Yeah, that's really cool. I appreciate it. That's a great anecdote. I, I would've loved to go into school and see R.E.M. walking around. I went to school up in Vermont, so I saw Phish walking around. It wasn't quite as cool for me, but it was still, it was still something. What I think is something as it relates to your career is that you started working in real assets. You were working on infrastructure projects involving what I had mentioned before in your bio— power generation, water systems, pipelines around the world. What lessons working in that industry continue to shape the way that you approach your job today?

Dhruv Maniktala: I think the bedrock of any investments that you make in that space means that you have to have a line of sight into reliable cash flows at some point in time. From your investments. So this was M&A, project finance, right? Everything's dependent upon the cash flows that come out of the project. So you're making an investment and then you're expecting cash flows in return over a period of time to pay down your debt, to get your return on investment. And in some sense, it's the purest form of investing that you can find. You're not even looking for an exit in that sense. You're looking for cash flows to pay you back. And I think that's really the essence of any and every investment that you can make, be it on the private side or public side, you bring that mindset into making an investment. And I think if you do it right, it can really help you avoid the pitfalls and point you in the right direction. So that was super interesting and valuable for me. And I take it, you know, I didn't realize the value of that because I was just young and coming out of school. I appreciate it more every day. And the second thing would be just the length and duration of those projects. And no matter what you've modeled out, things will always go off track. So your best control in terms of setting up your investments is setting up your terms and conditions upfront with a line of sight, which in private markets may be how you're thinking about your entry points or what kind of opportunity you're looking at or et cetera, et cetera. And in public markets, it's really the only thing you can control, which is the price. And so putting those together, I feel like it's just invaluable. I can't imagine investing without those concepts.

Robert Morier: When you do think about your role today and your experience investing in infrastructure, how is True North taking that opportunity today? Is it through private infrastructure investing, public infrastructure? Is it a combination of both? And what do you look for in those managers as you think about your own experience?

Dhruv Maniktala: I think if you take a step back and think about every investment as just an investment opportunity, and to me the wrapper or the structure, be it private or public, is almost secondary. So for me, yes, it's the universe is our universe. And so be it private or public, so we will attack both parts of the ecosystem. There was a time 4, 5, 6 years ago, especially after COVID, when you saw infrastructure, especially related to, you know, green energy infrastructure that was trading at, you know, maybe priced to give you 4% returns because there were so many subsidies embedded in that. And so there was no reason for us to do any of that. We were, however, doing something on the public side and we started, right around COVID,, at some point we exited because, you know, those things appreciated and we couldn't make a return on that. But for us to be able to control both sides and look at where the better opportunity set is, is the way for us to do that.

Robert Morier: When you think about the threads through all of that experience, thinking about your time at Russell, thinking about your time at a family office or a multifamily office, what are the threads that continue to carry through into the role that you're sitting in today?

Dhruv Maniktala: You want to be an investor and not an allocator, right? So in my career, I've been able to thankfully work on the private side and the public markets. I've been an allocator, but I've also picked investments in equities and on the private side. So I think looking for a broad-based experience, just, I feel like that's almost essential to being a good investor. As opposed to being an allocator where you are so top-down, your view becomes a little bit one-dimensional as opposed to being more investment-oriented. So that flows through our team as well from an investment standpoint where we have all kinds of sort of experiences. People have actually done principal investing. That's just my experience. People have been successful doing it different ways, but those threads come together really nicely, at least for me to be able to make effective investment decisions.

Robert Morier: Does that carry into how you hire for your team? So when you think about hiring the folks who are working on manager research, due diligence, asset allocation as part of the broader unit, are you looking for generalists, you know, people with multidisciplinary experience, or are you looking for that specialist who knows that asset class incredibly well? The reason I ask it is because the way that you answered it was really interesting from my seat as a university professor. It's effectively the antithesis of how a lot of students are being taught these days. They're kind of tracked into investment banking, they're tracked into private equity, they're tracked into business consulting, um, without a lot of room to deviate into all of the different areas that asset management has to offer and wealth management has to offer. So I'm curious, based on your answer, how that translates into how you hire, how you build your team.

Dhruv Maniktala: It's such a great question. And different groups do it differently. We take a little bit more of a hybrid approach. So I'll give you an example, right?

So if you are a public equity specialist, the only thing you ever hear from your managers is it's a great opportunity. There's no one else to give you a contrarian view because of where you invest in the space that you live in. I think being a generalist and looking at different asset classes, gives you a much better appreciation for the relative valuations of different asset classes and what is good and what's not. We try to have everyone in somewhat of a generalist role. So if you break up the world into public markets, drawdown-type private markets, and call it alternatives hedge funds, we have everyone cover at least 2 areas in our firm, 2 of those verticals and being a specialist in one of them. So from that standpoint, everything that they're doing is, you know, they're using the expertise and specialization to make good decisions, but they're drawing on information from multiple spheres of the investment world to inform that decision. And so I think that works for us. We are a team of about 9 or 10 people now on the investment side.

Robert Morier: I remember working for a firm that had a very successful small-cap strategy. And one of the reasons we felt it was successful is because it sat next to a high-yield strategy. So the guys that wanted things to go down were sitting next to the guys who wanted things to go up. So between those 2 mindsets, both teams actually ended up benefiting tremendously. The analysts who were thinking about the upside potential of a particular name and then the analysts on the high yield who were thinking about the other side of the trade. So it makes a lot of sense. When you think about your team, how do you encourage patience in their decision-making process, or I should say more in their recommendation process to you? A recurring theme in your commentary is patience. You've suggested that investors often feel compelled to act when uncertainty rises, even when doing nothing may be a better decision. I would assume you may see some of the same behaviors in professionals who are doing it on a manager research and allocation basis. Why do you think patience is such a difficult skill for investors to develop?

Dhruv Maniktala: I think it's because it's hardwired into our genes, right? Our limbic system takes over. That's the primitive part of our brain that takes over anytime there's a flight or fight type response, and our cerebral cortex is not as developed. That's not as primitive. And so, you have to almost force your brain to make those decisions for you despite every other part of your body screaming to do something. And so, I think it's just, it's knowing the people that you have and just taking a step back and asking them to say it's okay, nothing's gonna change, we don't have to act. And I will say if people on our teams — they are experienced. So I don't have really that kind of an issue from people on my team. Actually, I would say, you know, this is the one place I've worked at. When you think about emotional intelligence, right? It's so hard. And I worked in firms with 20,000 people and small family offices. This is the first place I've seen where just the emotional intelligence is so high in terms of the first question when something is wrong down a lot would be, if we like it, should we add to it? As opposed to saying, do we need to redeem from something? So it's given me the freedom, thankfully, to be able to

do what makes the most sense for our investors as opposed to reacting to something that the market does.

Robert Morier: When you think about your investors, True North Advisors investors, would you mind giving just an overview of the business for our audience who are less familiar with the organization? And then where you and those 9 or 10 people sit within it.

Dhruv Maniktala: We are roughly \$5.5, \$6 billion in AUM now as a firm. Think of us as a multifamily office. So we make investments for small institutions and high net worth clients. We tend to look, our clients are generally qualified purchasers. And the reason for that is because we use so much on the private side in terms of our toolkit that qualified purchasers are the ones that can really benefit from that in terms of our full expertise. So we make investments as a team. So again, so we manage entire portfolios alongside our great wealth planning team that looks into tax and estate planning. But the investment group sits separately and informs those decisions in terms of portfolio construction for an individual. So we think of it in terms of scalability and best ideas from the investment side translated to the end client in a more custom bespoke manner. The investment side then almost looks like what you'd find at an endowment or another institution, standalone, creating the best portfolios it can from across the markets, equities, fixed income, alternatives, hedge funds, private markets, energy, real estate. And then that gets transmitted to the end client through the consultant or the advisor that's creating the portfolios for them with input from the investment team. And separately, Robert, it's interesting because some of those alternatives, and I hate that term, but let's just call it that, hedge funds and private markets, we have a platform that we launched about 7 years ago, institutionalized it for the benefit of our clients in terms of making allocations to private markets. And we started to get interest from outside groups who just wanted to use us for the private market side, on the alternative side, even though they were running the same sort of business on the public market side. So that's also become a core expertise of the firm where that's become almost a business line, if you will, for others to access alternatives in a scalable manner.

Robert Morier: That makes a lot of sense. I was going to say 7 years puts you about 7 years ahead of most of the wealth management community that's thinking about alternatives today. And that's obviously a broad stroke, but there's a lot of catch-up going on, not ketchup that I put on my hot dog, but catching up to what, you know, what is happening and accessible in terms of the ability and availability of private markets and alternatives for high net worth and kind of that retail investor.

Dhruv Maniktala: This is a, I don't know if it's a pet peeve or a passion, but what really I think irks me a little bit is if you look at the private market space, you see all the largest institutions with tons of marketing dollars moving their focus to the private wealth space. Because they've saturated the institutional space. And it feels to me that they've taken what works for the institutional space and hired a few

marketing people and are just offering the same solutions without regards to sort of the different characteristic of the individual, which is probably a little less sophisticated, it's a taxable investor. The time period is different. And that was one of the issues for us. So Western Alternatives is a platform for alternatives. We tried to use some of those solutions and we researched them really hard 10 years ago because we didn't really want to go out and build a whole platform. It's very time intensive, but we couldn't find any option out there that would really benefit our clients. So we had to go and build it from scratch. So if there's one thing I can say that's, you know, advice, if you will, is for anyone looking to allocate is just be careful as to what you see in the marketplace because in most cases it's repackaged securities or funds but with no really change to the investment philosophy that should have applied to institutions but is being now marketed to you. So I, I'll get off my soapbox here, but I'm passionate about this.

Robert Morier: If you've ever been frustrated trying to build custom reports in either Dakota Marketplace or Salesforce, we have introduced Dakota Joe for you. Dakota Joe is a natural language report builder native to Salesforce built inside of Dakota Marketplace. For all of our Dakota Marketplace users, you can find Dakota Joe today and start running reports on accounts, investments, contacts, and a whole list of other objects. For Salesforce users, we have Dakota Joe coming soon to your internal Salesforce logins. You can learn more about both today at dakotajoe.ai. Well, I'll throw something at you while you're on the soapbox. It's liquidity and illiquidity risk. It seems like that's the one area, as I speak to multifamily offices and RIAs, that when they run into issues with their clients in terms of presenting these types of strategies, is that after a certain amount of time, the lockup period either wasn't fully understood or fully communicated. And I won't say it's a communication issue necessarily, but there's clearly a moat between the reality of the illiquidity premium that you pay for and you receive versus the expectation of when you need capital, you need money in order to do something with your family or whatever it may be. How do you all address that discussion around liquidity and illiquidity when it comes to this very large alternatives platform that you maintain?

Dhruv Maniktala: To me, liquidity is your staying power, which to your point, Robert, is staying power after thinking about whatever needs you may have for capital and your ability to stay with something going through all the ups and downs of the markets. You can get to your ultimate decision, ultimate destination. I would actually argue liquidity is just as important even if you have an equity and fixed income allocation, because to me, if you have a high allocation to equities, your challenge would be tapping that equity allocation for funds when the markets may be down and you don't want to withdraw from a portfolio at the wrong time. So how you think about liquidity in a broader sense is lockups and availability of capital, certainly, but also your ability to harness certain asset classes because you may not want to. So from our standpoint, we look at our fixed income and fixed income allocation, and we have a diversifier allocation, call it an alternatives allocation that

we can use to tap for liquidity. So fixed income is pretty self-explanatory, right? It's just fixed income. It doesn't move that much. Our alternative strategy is basically 50% daily traded liquid and 50% in typical quarterly hedge fund type strategies, which is you get your liquidity every, you know, 90 days. That makes up roughly half of most of our clients' portfolios. And so using those 2 allocations then allows us to keep the other 50%, which would be in equities or private markets, longer drawdown type structures. And being able to stay with it through market cycles and through the drawdowns that may come, or, you know, not being concerned about being locked up for 8 or 10 years in a private structure. So, it's very intentional from our, you know, great advisors who are very focused on liquidity, hyper-focused on liquidity for clients. But you're right, right? You can have the best portfolio in the world, but if you cannot stay with it, it's probably not going to work out for you.

Robert Morier: How do you approach diversification in those larger drawdown structures? So when you think about diversification, I think about this balance between conviction and diversification, particularly in private market solutions. So at what point do you feel that concentration can become a risk rather than an opportunity? And how do you balance diversification in that private book?

Dhruv Maniktala: Diversification really shouldn't be about number of names. In some sense it is, but I think of diversification as what are your underlying risk exposures that you're trying to manage against, not just through the number of names, but through also, is it interest rate risk? Is it economy and growth risk, et cetera, et cetera, et cetera? And you look at your portfolio through that lens of rising growth, falling growth, inflation, you know, maybe deflation, a credit cycle, and how are different positions in your portfolio robust to all of those factors? It's not enough to say I have X% in energy and Y% in private equity and Z% in venture. I think it has to be more than that, right? So that's one. And the second thing is what in game theory, there's a concept called minimax regret. For those that are not aware, it means minimizing your maximum regret or your worst outcome. So we always take the tack of if we are wrong about everything that we are doing, right? Especially when we are making high conviction bets, how does it impact the portfolio? And we size our positions where if we are completely wrong, and we are wrong for 3 years, 4 years, 5 years, it does not negatively impact the portfolio to the extent it would cause us to make a change. So that's our way of balancing conviction with diversification, being completely wrong but still being okay to fight another day.

Robert Morier: So if you think about the areas of the market that you are currently finding the most compelling, so whatever that area of the market is, would you mind helping us or taking us through what that underwriting process looks like? And it could be just an example. It doesn't need to have to have happened. But when you think about an asset class, an area of the market that you're interested in, what does that process look like from top down to bottom up when that mandate is ultimately made?

Dhruv Maniktala: We are not exclusively top down and bottom up. So this is a statistic that may be interesting to our viewers. So I'll ask you the question, Robert. So how many publicly traded stocks are in the US?

Robert Morier: 5,000?

Dhruv Maniktala: Yeah, close enough. 3,000 — roughly 3,500. How many SEC-registered alternative strategies exist in the US?

Robert Morier: I mean, I don't know, 6,000?

Dhruv Maniktala: 54,000.

Robert Morier: 54,000. That's a lot.

Dhruv Maniktala: When you're thinking about a due diligence process, for most allocators or investors, they will probably not go out and pick individual stocks. They will use managers or ETFs because in their mind, it's hard for me to pick stocks. The enormity of that challenge does not occur to them if they're looking at the private market universe. Most people get pitched 2 or 3 or 4 deals and they think they found the holy grail. And so for us, how do we whittle down that universe of 50,000+ investment opportunities, if you will, into a narrow sort of universe? We look for opportunities on a bottom-up basis. We will never exclude something just because it's an area of the market that we don't like. Because let's say if we don't like real estate today, there's still— there's so much infinite degrees of variability that we may find something that fits in call it Mississippi in a small town where there's certain characteristics that make that real estate investment really attractive. So we always keep an open mind for that. But our process really starts, we look at the areas of the market. We love to invest in things which have a free option associated with it, or call it a tailwind behind it. So we identify those parts of the market. Typically it's after a dislocation. So, we were heavy in energy after, you know, 2020, in 2015 because we saw an opportunity there. We liked venture after 2022 because the valuations are far more compelling. So, we will have some idea as to what we would like to do from a top-down perspective. And that looks like a more traditional search where we would, you know, go and explore more managers. Now, we have connectivity across family offices, endowments, sovereign wealth funds, so we share ideas with all of them. So we already have a pretty nice built pipeline, but that we can tap and start looking at opportunities. The process starts from, you know, having a list and pipeline of managers, top-down or bottom-up, then goes through a process of having a champion that is championing that investment along with a second person on the team that's more of a devil's advocate, at least plays the role of a devil's advocate. They both look at the investments and if it feels like it's worthy enough of bringing to the entire investment team, it goes down after calls and meetings to the whole investment team where it's discussed and debated. And then there's a second level of

communication with the manager in terms of the process talking through the investments, getting everyone on the investment team comfortable with the idea. And so when the investment team says, yes, this looks really interesting, we should pursue it further, then those 2 people that championed initially go back and do a deeper dive on that investment. And that could be, again, onsite meetings. If we have to go to London, we would. If we will travel, we will go and spend the time we need to. Then it comes back with a recommendation of go forward or no go forward. And then we create sort of the materials, our investment committee deck. It goes to our investment committee where we would go and formally present it and goes through the voting process, after which if it's approved, it goes for inclusion into our portfolio. That's the process in a nutshell. But I think the most important part really, Robert, is just the funnel and how we think about those opportunities because they're 50,000 things out there, you have to knock on a lot of doors and we'll do roughly 1,500 meetings a year, roughly speaking. So just to make sure that we can find the 5 that we really like that we would want to invest in.

Robert Morier: When you're in those discussions, when you're in those first conversations with a manager, so one of those 1,500 meetings and you're having to identify the people, behind the process? You touched on emotional intelligence, you've touched on behavioral finance. That's a lot of meetings, that's a lot of pattern recognition. What are, what are some of the characteristics that you're generally looking for from the people in those meetings when you're having those first discussions?

Dhruv Maniktala: I think humility is really, really important because everyone makes mistakes, and I would much rather my manager has made its mistake before than make it on the backs of our investors. So being able to take a mistake and turn into something positive, we look for that. We look for, typically, Robert, we would be more likely to invest in smaller but institutional managers. We don't like the big asset managers just because their ability to add value is significantly limited because at some point they become the market, right? They're the beta. For us to be able to validate what they've done before in their past, typically it would be a manager that was the lead at, you know, giving you an example, lead at Blackstone running their private book for 10 years and then coming and starting their own fund. So we have an associated track record, we have a record of what they've done, but then in terms of the people quality, humility is the most important, an ability to manage the portfolio as opposed to just being an analyst. That's very critical that we look at raising capital. To some extent, you have to have some business savvy because you're running an organization, especially if it's smaller. So you don't want—you want to have staying power. And then all the institutional stuff that comes behind it. I mean, integrity goes without saying. So we do background checks and look at things that look for red flags. So all bonds are operational due diligence providers. So it's very hard though, because the only opportunity in the private space is to get it right upfront, right? You're making that decision earlier on. Once you do it, you're

in with them regardless. So it's whatever we can find. We talk to a lot of people too, like who may know them going through LinkedIn or points of connectivity to get feedback from these different groups.

Robert Morier: You mentioned smaller managers being a preference. How early will you go? So are we looking at Fund 1s, Fund 2s, or do you like to see a little bit of maturity in the investment process before you make that first allocation?

Dhruv Maniktala: I think we've done Fund 1s, but in that case, we've, for example, seeded a manager alongside Blackstone in London on the credit space and was \$100 million at that time. I think it's at \$3 billion now, and maybe it's time for us to exit because it's become too big. But in that case, we were looking at, you know, individuals that worked for a blue-chip asset management firm that anyone, everyone would know and ran the entire European desk for them for many, many, many years. And we had very good data points. In that case, we would do a Fund 1. In cases where that's not immediately clear, we would probably wait for fund 2 for them to learn the things that they need to learn to run a business, to run a fund actually, as opposed to just being an analyst. I'd say it's somewhere between fund 1 and fund 2. But another example would be, you know, we were, again, we were on the LPAC and seeded a fund which was real estate related, about \$70 million investment initially. For the first fund. And now that group is raising its 7th fund or 6th fund with \$800 million. University of Michigan's an investor and lots of other large institutions. We are still in the LPAC, but at this point, you know, we could validate all of that before. Now it gets harder, right?

Robert Morier: Where do co-investments come up for you all? Will you entertain co-investment opportunities from general partners that you are not currently invested in, or are mostly talking to those existing GP partners and then looking at those co-invest opportunities?

Dhruv Maniktala: Most of the time it would be with existing GPs because we know them well, but we have and we will absolutely consider co-investments from groups that we have not invested with. I just think it takes a little bit more to get to know and learn them, right? And Robert, in those cases, you again look at the investment opportunity first, that's the first layer. So we have to like the investment opportunity a lot. The second layer is we have to like the manager and their judgment in making the right decisions. And so we have to go through those 2 filters if it's not an existing GP as opposed to just one filter. But we look at both of them. We sometimes make it harder on ourselves because we never explicitly exclude anything unless it's a black box. So we've done both of them across the board.

Robert Morier: So when you think about SaaS and you think about software as an opportunity, would that be an area that you would start to roll up your sleeves, do a little bit more work on, think about both private and public opportunities within that space?

Dhruv Maniktala: Yes, I think that's absolutely right. So one of the ways, and maybe because it's tangentially related to that, let's also throw in private credit because a lot of the private credit issues have come because of the software exposure. So one of the ways that we are thinking about it, and I think valuations need to go down a little bit more, if they do. But if you think about some of the asset managers in private credit and the big names, so I'm just using those names, not pointing out any group in particular, but these are the big names that come to mind. It could be Ares or Apollo or groups that are just publicly traded, great managers. So if you look at their AU, their market cap, it's declined significantly and sometimes disproportionately relative to the size of the issue. So one way for us to consider that is should we take a position in those asset managers' equity itself because they've been beaten down so much? And if you think about software as a service, our view at least is, and it's the AI disintermediation, our view is that, you know, data is the holy grail of some of those of AI. And so for ecosystems where data is proprietary and cannot be accessed by a typical LLM easily, I think the software company has some sort of a moat that they can capitalize on to create more value by internalizing and using AI themselves. Or groups that are just using AI to complete tasks in a routine manner for software companies, I think there's significant risk there to their business model. So there's definitely a separation that needs to occur. I think everything's being thrown out in the same bucket. So we actually have some investments in our portfolio that we skew towards the former.

Robert Morier: All right, let's go to the other end of the spectrum, sports franchises. It seems like every other article that I read these days is about the value of sports franchises, the interest from both retail and institutional investors with sports and sports franchises. You happen to reside in the most highly valued sports franchise in the world, I think, which is the Dallas Cowboys. So when you think about sports and sports investing, how would you approach an asset class like that, if at all? And why or why not?

Dhruv Maniktala: From our standpoint, I think it definitely has a lot of tailwinds and some groups have done an amazing job in sort of building franchises that way. I think again, you bring it down to cash flow and bring it down to what you're actually getting from these. So there are some aspects of cash flow generation that may not look as attractive. I think there's the valuation of a franchise, but your exit opportunity becomes really someone else paying more for it at some point in time. As opposed to getting your valuation back through cash flows in most instances. So it's one of those things that sits in the middle for us where we have not made an investment there. And I'd say so far we've been wrong, but it's not because we don't like it. I think we like to get to, you know, 90, 95%, hopefully level of conviction or a threshold which we've not reached. Candidly in some of the things we've looked at, Robert. But there are groups, right? Like KKR that owns the big sports franchise, private market ecosystem. I think they've done a great job. Blackstone's done a great job. They own the biggest, largest cricket IPL team in India, which I think is a smart move. Just given the eyeballs, but the

monetization strategy, I feel like in most of those cases, I wonder if it would actually dilute the fan experience and the pricing that may disenfranchise some of the very fans that you're marketing towards. So for example, University of Tennessee just did a private equity deal. They're going to do a mixed-use facility next to the stadium. It looks amazing on paper. They're going to build condos, et cetera. But I wonder how much that impacts the fan experience in terms of it almost always implies taking a little bit more out of the pocket of the fan in some way, shape, or form. And you're starting to see some pushback on that just within that ecosystem. So I'm trying to give you both sides of it. And so, because we don't have a clear, clear view on that.

Robert Morier: 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. Sometimes that's the most interesting conversation, and I, I appreciate that. You talked about taking money out of the, the pocket of fans. Something that rarely gets talked about in the context of the value of these sports franchises is the rapid growth of sports gambling. And that gambling seems like it's very highly correlated, at least sports gambling, to the value of these franchises. How do you see that relationship playing out? I hate to ask you for your crystal ball, but I am curious what just your views are. It doesn't need to be the house view, but what you think about that.

Dhruv Maniktala: Yeah, I mean, I'd be surprised if in some way, shape, or form, the investment decision isn't predicated at least on some revenue from that part of the market, right? It's a big one. So I don't like to put moral judgments on people. I mean, I feel like people can do what they want as long as they're not harming anyone else. From a sports gambling perspective, look, it's happening. There are offshore platforms that do it. There are parts of the country that do it. So I would much rather prefer that you legalize it, but with some limits where people don't get destroyed through just addiction to sports gambling. We all know the example of the latest Texas Tech quarterback, right? Like who got denied his eligibility at the NCAA. And so that seems like a young man with a problem, the gambling addiction. And so how do you— protect people from hurting themselves. As long as people can do it and have some limits on it, personally, I feel like there's probably a way there in the middle somewhere, as opposed to being polarized one way or the other.

Robert Morier: Yeah, well, thank you for answering it. It was an interesting question for me only because of that example and other examples that we've seen and just the rise of the capital that's going into that particular area of the market. So, well, it is a good segue into governance. So governance is a topic that you've discussed publicly. How important are some of those manager— I

should say management incentives, the shareholder alignment and decision-making structures in your investment process?

Dhruv Maniktala: I think it's really important. So maybe I can disclose this. So we have an investment in ValueAct, right? So the activist manager that does a lot of great work in being on board on company boards and really positively driving change for the benefit of the companies. It's a very collaborative way of making a company better. And so, I've learned a lot from them in terms of the value of constructive engagement. I think if you look at human beings, there is natural hubris that comes with, you know, the more successful you are, the more the chances of you having more pride. comes in. This is a very human condition. And maybe we can take the example of SpaceX, right? So that's the latest one. There's a governance, at least a question there. You need to have some guardrails where you let the management team operate 90% of the time, 95% of the time in terms of executing the strategy. But for a couple of, you know, because there are shareholders and external parties that are being impacted, you need to have some guardrails, you know, for those, you know, 5 or 10% type decisions on the edges. In many of those cases, you have a strategy that's being pursued. Sometimes it works and sometimes it doesn't. But the more successful you have been, the more likely you are to double down and follow something to its eventual demise. And so, what are the safeguards that are built in from making a decision such as that? I think I see it primarily from that standpoint. If you look at the compensation structure, which is usually tied to the stock value of the underlying investment, I think those alignments are great. But again, in many of those cases, the driving force is innovation, not making more money. And it's about a need to be right as opposed to a need to serve your end shareholders the best way possible. So just having that little bit of a balance in the boardroom, I think is really critical.

Robert Morier: Do fund-of-funds have a place on your platform?

Dhruv Maniktala: Very rarely. So, but it doesn't mean that it doesn't have a place in someone else's portfolio if you're able to lower fees meaningfully. And I'll actually give an example. So the only one place we've used a fund-of-funds structure with somewhat preferred economics, because that's important to us, was in venture and for part of the portfolio.

Robert Morier: Why?

Dhruv Maniktala: Because in venture, your returns are driven by those 1 or 2 or 3 or 4 positions. So we have been early investors in SpaceX. Our first tranche was in 2019, I believe. And so that gives us ability to do some of those things. But in venture, if you don't have a really broad portfolio of 400, 500 names, it's going to be very hard for you to be invested in those 4 or 5 names that drive the entire return of the portfolio. So that's the place that we at least felt like we would've needed to invest it in 20 or 30 different groups to be able to get that level of diversification. So it made sense there. But I think ultimately, you know, I did an analysis on hedge fund of funds a few years ago. So if you take the most

successful investor that there's been, call it Warren Buffett over a long period of time, take his annualized return and apply the 2 and 20 fee structure that hedge funds have on top of that, your return drops to below that of the S&P 500. So to me, again, it's not worth it in most circumstances. Now we run multi-manager funds for the benefit of our clients, but our approach has been we need to negotiate fees meaningfully. So our underlying fee structure is something closer to 1 in 10 as opposed to 2 in 20. And then whatever sort of our fee is going to be significantly lower. So if investors can invest through us, at a lower fee than they can get on their own and get the diversification, et cetera, then that's a win-win. But I don't see that being applied, or I don't see that very often. I see a 2 and 20 and then a 1 and 10 on top. Even some of the pod shops, as you know, Robert, they have a roughly equivalent fee structure of 3 and 30, like everything put together. It's hard for me to see how any value could be added in many of those cases too. A way to goose up returns is using leverage. And so the investors, I think, taking the risk and the alpha is going as fees to the underlying managers.

Robert Morier: Based on that, is or does fund-to-funds 2.0 look like GP seeding and GP staking? So you talked about taking equity in underlying asset managers and GP seeding, which typically takes a part in the revenue, GP staking takes part of the equity, or some combination of both. Is that an approach that you think could be utilized by your team in the context of some of your concerns around fees and some of your concerns around maybe the over-diversification of non-venture portfolios?

Dhruv Maniktala: We've done that in a couple of instances. So we, for example, have we are a stake in the— it's in a real estate platform basically that we have access to, that we are taking a GP stake. Our clients have, investors have taken the GP stake in, and so they're getting the fees and the carry and the benefits of the economics that flows up to them in that very specific case. The one thing we have to be really careful about is conflicts of interest. Typically what I've seen is you take a GP stake, but then you're also compelled to make investments inside the fund, right, for your clients. And so, and in many cases I've seen the GP stake is not taken by the investors, it's taken by the investing firm itself. So I, as True North, make an investment, GP investment in another group, and then I'm directing my capital, my investors' capital into that fund, right? Or it's some kind of a hybrid approach. There's an economic benefit to me as well as to my investors, but the capital's coming because I'm directing capital into that from my investors. So I feel like those situations are a no-no for us because of conflict of interest. We would not do that, but we have explored and we have, in some circumstances, our investors do have a GP stake. In the groups that they're invested in. But those decisions are made at the same time, and it's never us as a firm doing that. It's for the benefit of our investors. So we would do it selectively, Robert, from a fee perspective. But typically, you know, with our size and the types of managers that we look at investing in terms of somewhat smaller, we are able to negotiate like fees down meaningfully, right? Especially if you use Co-Invest, so I mentioned our hedge fund

strategy is roughly 1 in 10, and our last private market vintage was something also like 1 in 10 in terms of underlying fees as opposed to the 2 in 20. So it's a combination of all of those approaches that we can use.

Robert Morier: Are you using that multi-manager solution for your hedge fund program?

Dhruv Maniktala: So that multi-manager solution, it's interesting. I hate the word hedge funds because ultimately it's just investments which are, be it in credit or some sort of an equity, there's underlying asset class and hedge funds is just to me a wrapper. The way we've reimagined it is if you think about the entire public market universe, right? So many assets are just indexed right now where anything off index is being ignored to some extent. We go and look and find opportunities in the entire public space and we can utilize separate accounts where we negotiate fees, we can use hedge funds as well. So what ends up happening is, is basically a portfolio of 50% negotiated separate accounts or some combination of a liquid structure with some LPs where we also negotiate fees down where we can. And then we have exposure there, for example, to frontier market debt in a long-only format. We may have convertible exposure to Europe and Asia. In a long-short or in a hedge fund format. We may have midstream infrastructure exposure in a separate account format. You put it all together and we are doing the asset allocation so you can manage the beta of that structure very carefully. But then that's an investment-driven approach as opposed to a hedge fund structure-driven approach.

Robert Morier: It's conversations like this that I wish we had more than 1 hour. I greatly appreciate all the insights that you've given us. I could see that we could go on much longer. Just a couple more questions from me, and then I do have a couple students from Drexel University who are going to ask you a few follow-up questions. I'm sure they were listening intently and have come up with some very good questions to ask you as well.

Dhruv Maniktala: You mean the smart people?

Robert Morier: The smart people, much smarter than me, trust me. They should be asking you this last question on technology, but I'm going to ask it just maybe to help inform some questions that might be coming for you. As it becomes available to more investors, as it becomes available to more of your clients, do you think that investment decisions are becoming better informed or just more crowded?

Dhruv Maniktala: I think it's both. In some sense, I feel like the first wave of quantitative investments, or artif— it's not artificial intelligence but has the same impact, has already occurred. You know, it occurred through indexation. So if you think about how investment decisions are made, where AI would help me is being able to synthesize information across, you know, across verticals, across different domains, right? Because human beings are very good in a linear

manner going up and down a vertical, but being able to see patterns across different verticals, which is why we try to organize investment team as a generalist, right? I think it helps there in better processing information. It helps us look through PPMs and docs and legal docs. But if you think about how AI really functions, it's ingesting a bunch of data and then it's trying to make predictions based upon that. So the very definition of AI is going to be driven towards consensus, right? It's taken in some sense an average of what the world is seeing and making predictions on that, which is sort of what indexation has done. So your ability to add value, I think, can be significant if you have a variant view, from the data that you see. But at the same time, the payoff can also be higher because the trades will get more crowded because the community will start thinking the same way even more and more. Again, that's happening with indexation. And so that's how I see it. And maybe I'm being naive about my future career prospects here, but I think there's a place for the way investments work, right, it's markets are priced because there are some number of buyers and sellers on both sides. And if AI drives a lot of the thinking to one side, then there's opportunity to make money on the other side.

Abu Zar Hassan: Hello everyone.

Abu Zar Hassan: So my name is Abu Zar Hassan. I'm a 3rd year majoring in finance, accounting, and business analytics. And Dhruv, my question to you would be, like right now we're taking a class on how to perform a due diligence or evaluate a manager strategy. So when you're performing due diligence or evaluating a manager, how do you distinguish a manager's skill versus a favorable market to distinguish if manager selection or allocations were the things that made the difference in their strategy versus just a favorable market?

Dhruv Maniktala: That's a great question, and no surprise coming from someone that went to my high school. So look, if you look at very quickly, if you think about the normal distribution, right? And you're looking for greatness on the right side, you will find names on that side just there by chance, right? And so you're trying to distinguish how much of it is chance and how much of it is through real investment decision-making. And that's the hardest part of doing that. So I think you have to focus on the consistency of process. And you have to be very careful in terms of how the returns were generated, the number of decisions a manager has made to get those decisions and the environment it was made in. So if the manager's made 3 or 4 decisions that have led to the entire performance, that's a red flag. If the manager has made lots of decisions and they've through different economic regimes, then that is a positive sign. So that's how I would answer that.

Colin Cummings: Hi, Dhruv. Thanks for taking the time to answer our questions. I really appreciate it.

Dhruv Maniktala: Oh, it's great. I appreciate you taking the time to think of questions for me.

Colin Cummings: My name is Colin Cummings. I am a rising sophomore at Rutgers-New Brunswick studying finance and data science. I have a minor in data science. My question is a bit more general. As someone like you who has so much experience in a lot of different realms of investing, as an early learner in investing, I'm curious if there's anything you know now that you wish you knew 10 or 15 years ago when you were just starting, and if specifically there were any experiences or mistakes that led to that understanding.

Dhruv Maniktala: The best advice I can give you, something I didn't have myself, was find a mentor because to guide your journey, because rather than learning something yourself, through mistakes, try to learn from other people's mistakes. You will accelerate your development by 5 or 10 years. I didn't have that opportunity, but definitely do that for yourself. And I think every opportunity really is an opportunity to learn. So I would not categorize it as one or two, you know, events. I think it's a process of every decision you make. Every mistake you make is a golden opportunity to not make that mistake 10 years down the road when the stakes are much higher. So embrace mistakes, man. That's the most valuable lesson you can learn.

Colin Cummings: Awesome.

Dhruv Maniktala: Well, thank you.

Colin Cummings: That was really helpful. Hopefully I can learn from you and Mr. Morier.

Dhruv Maniktala: Yeah, I mean, this is very exciting in terms of just the program and what Robert's put together. So I think, I think Robert can hear this, but I'm happy to help in any way. You know, any of you all, if there's anything I can do to advance your learning or help, I'll be happy to.

Robert Morier: We always like to ask our guests, particularly when we haven't had a chance to come out to Dallas to visit you, where should we take you? Where should we get a bite to eat for lunch that is close to what you, what you love?

Dhruv Maniktala: Do you know that Dallas has the most number of restaurants per capita in the country?

Robert Morier: I did not know that. I'm not surprised.

Dhruv Maniktala: Yeah, not surprised. I mean, it is hot. So hey, if you're coming to Dallas, you need to just hang out with me. I mean, forget about restaurants, but I love like places that are hole-in-the-walls that no one knows about. So there are some tacos that are sold at a gas station, believe it or not. It's like appended to a

gas station, like in the middle of nowhere. I think I may probably take you guys there. You can't— there's no place to sit, but I think I like exploring places like that that are a little bit off the wall. So if you come down, we'll have fun.

Robert Morier: I love it. Will R.E.M. be on the radio when we're driving to the gas station?

Dhruv Maniktala: I hope so, man.

Robert Morier: Good, good. Well, I want to thank you so much for joining us, sharing your perspectives today. If you'd like to learn more about Dhruv and True North, please visit their website at www.truenorthadvisors.com. You can find this episode and past episodes on [Spotify](#), [Apple](#), or your favorite podcast platform. We're also on [YouTube](#) if you prefer to watch while you listen. And for more content, please visit our website at dakota.com. Dhruv, thank you again for being here. To our audience, thank you for investing your time with Dakota.