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EPISODE 188:

A CIO Succession Plan in Full View: Trevor Graham on Taking the Reins at TIFF

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 it's 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 Trevor Graham, Co-Chief Investment Officer of TIFF Investment Management. In this role, Trevor co-leads TIFF's investment strategy, asset allocation, manager selection, and portfolio construction alongside Co-CIO Jay Willoughby, helping to guide client portfolios in support of long-term objectives. He was named Co-CIO in 2026 as part of a planned leadership transition, having previously served as Head of Equities, Deputy CIO, and Managing Director. TIFF, founded in 1991 by leaders at the MacArthur and Rockefeller Foundations, is an independent employee-owned investment firm specializing in outsourced CIO services and alternative strategies across private equity, venture capital, and hedge funds. Organized as a public benefit company and a certified B Corporation, the firm's founding mission endures, to give nonprofits of all sizes access to the endowment-style investing once reserved for the largest universities and foundations. Trevor joined TIFF in 2012 and has been a voting member of its investment committee ever since, working closely with Jay Willoughby and the firm's prior CIO to shape portfolios across public equities, hedge funds, and real assets. His career has spanned both sides of the table. Before TIFF, he held investment roles at New York Presbyterian Hospital and the Museum of Modern Art, where he focused on endowment management and portfolio construction. Earlier, he worked on asset manager transactions and direct investments at Putnam Investments and began his career in technology M&A and merchant banking at Lehman Brothers. Trevor earned a BA in economics from Vanderbilt University, where he was included into the Phi Beta Kappa Honor Society, and an

MBA from the Yale School of Management, where he was recognized as a Dean's Scholar. He serves on the advisory board and investment committee of the Trustees of Reservations, a land conservation organization in Massachusetts. Trevor, thank you for being here. Welcome to the Dakota Live! podcast.

Trevor Graham: Thanks, Rob. It's good to be here.

Robert Morier: It's good to have you here. So where are we in the world today? Are you up in Boston?

Trevor Graham: I am.

Robert Morier: And is that where home is as well?

Trevor Graham: It is. Yep.

Robert Morier: You know, we always like to start these conversations in the beginning not too far back. I'm not gonna ask you to go all the way back to your hometown but we have a lot of university students and, and professors who utilize this podcast for their classroom and, and other areas. And you, you studied economics at Vanderbilt. You earned an MBA from the Yale School of Management. Looking back, what, what pulled you in that direction towards a, a career in investments?

Trevor Graham: When I, first applied to school, I actually applied to the College of Engineering. And I got there freshman year and started to go down that path. And I looked ahead and at least at Vanderbilt, maybe other schools are a little different, the entire curriculum was almost all science and math. And that's part of why I chose that path in the first place, but there just wasn't room to spend time in other areas. And I realized pretty quickly I didn't want I didn't want to do something so narrow. And so I began to look around. I ultimately transferred to the College of Arts and Sciences, and what I really liked was investments in economics ultimately. And the basic reason is I think it's an interesting field and that to really, I think to be good at it, it's sort of this strange combination of economics, math, history and psychology. There's an element of all of that, I think, to being a good investor. And I actually have, to varying degrees, an interest in all 4 of those areas. And so for me, it was a very good fit. It just took me maybe a couple semesters to figure it out.

Robert Morier: If you had to prioritize those 4— economics, math, history, psychology— which one is your favorite? What do you find you think about the most as an investor?

Trevor Graham: Probably economics. And I think that that's going to be like, if you were to ask other people like me, that would be a prominent answer. But of the 4, I think the one that is most underappreciated is the psychology part. I think social psychology is a huge factor in making good investment decisions and manager selection too. There's an element in both areas.

Robert Morier: Before you got into manager selection and the asset allocator seat, you began in technology M&A and merchant banking at Lehman. What did those early years of deal and corporate, the corporate side teach you that still informs what you're doing today?

Trevor Graham: The M&A part of it was interesting in that a lot of those decisions were, there was a capital allocation element that was very important. And then the part of my background that's most relevant, most helpful to me now, I spent basically 4 years in some form of private equity. So, so the interesting part about my experience is I actually have done security selection and it's a bit of a surprise to me that that's kind of an unusual background for someone who's a so-called asset allocator or, or someone who manages big institutional portfolios. And it's, it's very, very valuable experience. I spent 2 years in merchant banking at Lehman. I was basically doing late-stage venture capital investments. And the, the 2 years at Putnam in particular are very relevant and very interesting. I actually didn't work in the investment management division. I worked in corporate development. And so what we were doing basically is lift-outs and buyouts of other asset management teams. And so it's interesting, but that job was basically a private equity job with a very, very narrow sub-industry focus with one big LP. And the LP was basically putting them in its balance sheet. Well, what's interesting about that job is what I was really tasked with doing is helping Putnam build a more optimal portfolio of revenues. They wanted to expand the asset management franchise into areas beyond basic stocks and bonds. And that's a little bit different from an optimal portfolio of returns. But that whole 2-year process is really what got me focused on what I would refer to as like strategic investments and ultimately endowment management. What Putnam was trying to do is different from what an endowment is doing, but there's, there's like this common element to it that has to do with strategy selection and deploying capital in other areas besides just simple stocks and bonds.

Robert Morier: Talk to us about that bridge to endowment management. It's not an easy bridge to cross, you know, coming from more of a traditional buy-side role. You're going into initially the Museum of Modern Art and then New York Presbyterian Hospital. Interesting for a couple reasons. One, you take that step over to the endowment side of the business. And both of them are mission-driven organizations. So how did that combination of the step and then why take that step come to fruition?

Trevor Graham: Yeah, I joke around about this with my wife sometimes because I was on a security selection path and that's the more lucrative path. And I chose the path of what I've actually found interesting, what I really wanted to do. And so the reason why I chose it is, and this is just a personal preference, I happen to find asset allocation, broad portfolio construction, and multi-strategy investing more interesting than detailed security selection. That's just a personal preference. Part of it too though is, and I especially feel this way about TIFF, I really identify with the missions of our underlying clients. They are doing a lot of good out in the world. And I think that at least for me personally, like I derive a lot of psychological value from spending time in this area. I chose Yale very intentionally because after Putnam, I had a pretty good idea that this is what I wanted to move toward. And I chose Yale because I thought it was a very good program for what I wanted to do. There's obviously a long tradition of endowment management success with the Yale Investments Office, and there actually is a course that they teach. It's very tough to get into, at least when I was there, it was 10 students only, and it was, you basically had to apply for it. But I was lucky enough to get into that class, and a lot of the curriculum at Yale covers a variety of nonprofit issues, and it's also very, very good on behavioral economics, which I think is very relevant to like an endowment management approach. One of the reasons why I chose Yale, and it's kind of related to this idea, there are other schools I got into. When I was admitted, I asked a lot of sort of like reverse diligence questions on them. And, you know, one of those questions is I talked to the folks in the career development office, the group that helps place graduates and helps them find jobs. And, you know, I asked them questions about their alumni base in this field. And really in a couple of cases, the answer to that question was, what is endowment management? You know, you ask that question of the same group at Yale and there are dozens of people from that program who are who are CIOs or out in the world doing this. And so it's just a great network for me.

Robert Morier: You're on this path now, and it's 2012. You joined TIFF. You've been a voting member of the investment committee ever since. But what, what precipitated that move?

Trevor Graham: It was a bigger portfolio, bigger capital base. I was going to have more responsibility personally. One of the things that I learned in working for the, for the, in those 2 endowment roles is that, and by the way, this is why TIFF exists in a lot of ways. This is a scale business, at least up to a certain size. And I just think it's very, very difficult for a $500 million endowment, $2 or $3 billion endowment to really generate outstanding long-term returns without the— I mean, this isn't the way that organizations always talk about it, but without the expense ratio getting too high. And so one of the parts about TIFF that was compelling to me is that at our size and scale, we can afford to have a good-sized team and significant software infrastructure and research systems and a travel budget that allows us to do real due diligence across the globe. And it's just, it's tough to have all of that at a very small endowment without the cost of all that chewing into the returns too much. That part of it was very interesting to me. It's, TIFF had this, you know, for a long time, like one of the mottos of the company has been pursuing investment excellence on behalf of nonprofits. And I don't think that's lip service. I think it's at this size, it really is possible to do that.

Robert Morier: We talked about history before. So for listeners who are a little less familiar with TIFF, the firm was founded in 1991 by leaders at the MacArthur and Rockefeller Foundations to give those smaller nonprofits that you just mentioned, access to endowment-style investing. From, from your seat, for our audience, how would you describe TIFF's mission and, and who you serve today?

Trevor Graham: The basic purpose really simply is to help nonprofits below the scale of a Princeton or, or Harvard or Yale have it— have a fighting chance of having similar investment opportunities, similar long-term returns and really solid risk management. The basic genesis of the organization was the realization by those groups that you mentioned after doing a study that it was very difficult to keep up without a little bit more size and scale. And so the idea was that for a large number of mid and small nonprofits, by pooling their resources, they would have a better chance. And if you look at our numbers over the years, especially in our unconstrained strategies, In general, I think the organization has delivered on that idea.

Robert Morier: I mentioned earlier you joined in 2012, but earlier this year you were named co-CIO alongside Jay Willoughby. Congratulations on that before we get started. That's a part of a planned leadership transition. That's, I think, very interesting for me, for our audience when we think about the succession plan that's happening in real time. More often than not, we hear from a CIO 3 years after they left or from someone like you 3 years before, you know, you ultimately get into the seat, but you're, you're in the midst of it right now. So what is, what is sharing that seat with Jay look like today, and the history of that? And, and how are you thinking about continuity as Jay shifts toward more of an advisory role?

Trevor Graham: I think TIFF's lucky. I think our clients are lucky that, that Jay has agreed to a, a sort of a lengthy transition process. It's Actually a really good structure because Jay and I have worked together for a very long time. And I joke around with people about this sometimes, but I joined in 2012 and Jay came on late 2015. And when Jay first joined, I had people asking me questions like, hey, you know, what about this new guy? What's he going to do differently? You know, what's going to change? And, you know, of course some things did and some things didn't. But now that Jay's on the other side and moving in a different direction, it's sort of funny but inevitable. I have people asking me now like, okay, well, you know, what are you going to change and what's going to be different? And the one common part about this is that I've worked with him closely for this entire time. It's beneficial to us because we can transition things on a pace that works for us, and there's a lot of continuity. on this team. And so as these transitions go, I think this one is probably— I'm not saying it's going to be easy, but I think it's going to be easier than a lot of others. And it's not just continuity with me and with Jay. We're really lucky in that our senior investments team has had very, very low turnover. Most of the people I work with at the managing director level, other folks on the investment committee, They've been at TIFF a long time also, and that's a real benefit to us. Brendon Parry, for example, who runs our private equity business, the investment side of it, he's been at TIFF even longer than I have. We've worked together the whole time.

Robert Morier: I'm thinking about, you have all of these years of evaluating managers, seeing succession planning work and sometimes seeing it not work. What lessons have you learned from watching all of your GP partners go through succession planning that looking to learn from as you're going through this process? So kind of a two-sided question. One is, what are you all going to be doing to make sure it's successful? As you said, it's not easy, but you know, you're trying to map it out as best as possible. And what are the common pitfalls that you've seen that you can learn from based on those GP partners?

Trevor Graham: What I've seen that works generally, and every organization is a little different, and I'm like, I am not a change management expert, and I want to be clear, like, I've observed these things as an outsider. Mostly, but I can tell you some of the patterns I've seen that tend to get to a good outcome. One is a gradual transition, which we're obviously doing. The second is to the extent that the organization has been successful, the new person is highly likely to maintain some of those first principle concepts and not like blow everything up. There's always room for improvement. And I also think that opportunity sets change and environments change over time. And so just running the playbook robotically, whatever it was that worked over the last decade, I don't think that's the right answer. But there are some first principle process and cultural issues that often have contributed to the organization's success. And I think maintaining those is important. And there's a knock-on benefit to that, which is, and I think this is an important part of a good transition also, for an organization that's been successful, especially in this field because it's complicated, it is multifaceted. There's a lot of complexity to these institutional portfolios. I think it really does require a team. I don't think that one person can see all the angles. If the transition process maintains the culture that people like, the good parts about it, usually it results in a lot of the other key people who have been contributors sticking around and even being energized by it. And this particular transition is an example. So Brad Calder has worked with me closely. He's been one of my direct reports for over a decade. And one of the great things about this transition from my point of view is that it gives Brad an opportunity to do some of, a lot of what I used to do before I was named co-CIO. And it's a growth opportunity for him. And it's a, I think he's earned it. And so that's a factor here too, is maintaining the key contributors through the process.

Robert Morier: TIFF, as an organization is unique in the sense that your board and advisory board includes chief investment officers, of major foundations and endowments. So you also have access to this, you know, incredible network of peers. How does that feed into not just the transition, because we're kind of segueing from this transition plan that's going on with Jay, but into how you access those managers? So the ones that you're evaluating day in and day out, what does that relationship look like between you all internally and some of the folks that you've mentioned and the board and advisory board?

Trevor Graham: Yeah, the board is a huge asset for us. And I don't, I'm not really familiar with any other organization that has an advisory board quite like this. It's mostly CIOs, but not entirely. It's also some CEOs and business people within asset management. They help us with a combination of sourcing of ideas. They're a fantastic network for us for self-sourced references. So of course we ask the people we evaluate for references, but it's just inevitable. They're gonna point us to people who are gonna say good things. The well-informed self-sourced reference is the one that's really valuable. And this group is a great place for us to start on things like that. And then the last piece is strategic advice. You know, so it's funny, the question you asked me, the CIO of Harvard or Duke or countless other organizations that are represented on our board now or have been board members in the past. They've observed a lot of GP transitions too. And so of course we ask for their suggestions and their feedback as we were considering how to handle this ourselves. And so we get a lot of good ideas from them. And so I really think that group is a differentiator for us. And on occasion, They they will make suggestions about things that we should look at, and so it's helpful on sourcing. And every once in a while, as relates to access, a strong reference from that group about TIFF is very very helpful to us in getting into some partnerships that are not easy to get into. And it's helpful. It also helps with clients too. We're not like a heavy duty marketing organization. We don't. That's just not really our style. Sometimes people haven't really heard about us. The connection to this board and an endorsement from that group kind of changes the conversation.

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Robert Morier: As you're describing the board, I'm getting nervous for you. So I'm thinking about what it's like the night before having to prepare. I suspect the typical question Maybe, you know, put us in the room, you know, what's the, what's the board like, you know, give us some context. But tell me about the night before. What are you preparing for, for that group of people? Because I've done a lot of meetings in my life, and I still get a little bit nervous. I would get especially nervous having to—

Trevor Graham: It is Fast Company. No, really, because I, to varying degrees, I've presented to this group every quarter. For, it makes me feel old to say it, but I think close to 15 years now. You know, it is a fast company and these are some of the best minds in endowment management. And so it is a little nerve-wracking, but at the same time, like if we can be well prepared and can answer this group's questions, I think we're really well positioned for a lot of client conversations.

Robert Morier: Yeah.

Trevor Graham: And I think it's important to be able to take on those tough questions. And the other interesting thing about it is they have their own ideas and sometimes they don't agree with each other. And no, really think about this. And so no matter what I say or what Jay says, there's a chance that there's going to be people in the room who don't agree with that no matter what we say. And in some ways that's really valuable.

Robert Morier: Yeah, no, I agree.

Trevor Graham: But the other part about the board that is important is With zero exceptions, they're outstanding corporate citizens. And what I mean by that is like the purpose of the tough questions, it's never personal. It's never to prove how smart somebody is. The spirit of it is always helping us get to the right answer and produce outstanding client outcomes.

Robert Morier: It makes sense. And actually, it's a good segue into the next part of the conversation around asset allocation and portfolio construction because one of those 3 legs that TIFF frames its work around is understanding client objectives, selecting the best active managers, both of which you've touched on. But I was hoping we could talk a little bit about portfolio construction and how you think it ties it all together. Why is that third leg still the leg that people tend to underestimate or maybe even underappreciate to a certain extent?

Trevor Graham: The key issue here is, and every client is a little different, they have different objectives slightly and they have different risk tolerances. And our job is to help figure out what the optimal portfolio for them happens to be. But the reason why that matters so much is that the temptation to deviate from the plan, it will always be highest when doing so is the worst decision. And it's really true. I mean, I've lived through this at multiple organizations. having an equity-oriented portfolio, which is by the way, the right move for I think 99% of endowments and foundations that only need to spend anywhere between 0 and maybe 6% a year at the high end right now. They should own a lot of equities. That's one of the competitive advantages that they have. But owning an equity-heavy portfolio with at least some element of illiquidity, it feels terrible in February and March of '09. It feels terrible in Q1 and Q2 of 2002. And that's when the temptation to switch it up and be more conservative will be at its absolute peak. And history kind of shows us that that's That's the worst move you can make. And recovering from a mistake like that is almost impossible. If you miss the big, big up moves, it's very difficult to catch up. And so what we really try to do, and there's really 2 metrics that count, there's a lot of other nuanced points, but the ones that really matter are getting the equity exposure number right and getting the illiquidity percentage of the total asset base, right? And if you can land on a number that people can stick with over time and they won't panic, that's a really good path to success. The problem is there's sometimes a big difference between the stated preferences and the revealed preferences, and the revealed preferences are the ones that matter because that's what causes money to move around. And so this portfolio construction piece is very, very important. And one of TIFF's advantages is because we focus so much on nonprofits, I think that we're probably better equipped to evaluate the business model and some of the constraints and the trade-offs that impact portfolio construction better than someone who's a bit more of a generalist. So the kind of questions that really matter are things like, you know, what's the percentage of the business that the endowment has to support? What are the other sources of revenue? How pro-cyclical versus counter-cyclical are they? How related to returns are they? The variable versus fixed cost base, like CapEx considerations, like building a new building or some other short-term, like there's all these different considerations that are a little bit specific to nonprofits. And if we can really understand the business, it helps with portfolio design.

Robert Morier: It's interesting, you know, you're viewing equities as the most practical long-term store of value. And when we're talking about the endowment model and we're talking about your experience at Yale and what you learned growing up under that, that's kind of that Swensen model. You didn't start with private markets. You didn't start with private equity. You know, you didn't start with those asset classes that have that illiquidity premium, but seem to be the area that most endowments and foundations tend to gravitate towards. How do you think about that philosophically as it relates to that strategic asset allocation that runs through the organization?

Trevor Graham: There's a lot of controversy today about the notion of an illiquidity premium because private equity's had a rough go of it really for the last almost 5 years at this point relative to public markets. But the general Yale model made this observation. I still think it continues to be true. I do think there's an illiquidity premium in private investments, but it's not, you know, it's not a sure thing. Like, you know, not every rectangle's a square. Just because it's illiquid doesn't mean it's going to outperform. But I think there's that possibility just because there are more opportunities to add value in privates, just structurally the way that it works. Sourcing and finding opportunities is a type of advantage, like in the public markets, that doesn't really come into play. We all choose off the same menu. It is a massive menu, but everybody has the same set of choices. That's not true in private markets. Actually, like creating a deal or finding interesting things to do takes some real work. And there's also a lot of opportunities to, I think, to add value to a business post-investment. Some activist strategies in public markets do that, but it's a lot harder. There's a lot less control. And the truth is a lot of publicly traded companies are, a lot of the easy upgrades and easy opportunities to improve operations have already happened. There's just more inefficiencies in private markets. And so our point of view on it basically is for those who can tolerate illiquidity, especially in equity-oriented investments, you know, if it's well managed and the selection is pretty good, it's a trade-off worth making. And we still think that. I think that it will be more difficult to generate great returns in private equity in the future than it has been in the past, just because there's so much capital that's come into that part of the business. It's just more competitive now than it was before. And the practitioners, like people like TIFF, like me and Brendon and others to make these manager selection decisions. It's becoming harder, just like it became harder in public equities. But I still think that premium return is there for the taking if we do well.

Robert Morier: I could ask this in a fun way, which is how do you drink water from a fire hose? You have so much coming at you as it relates to private markets, public markets, GPs, co-investments, let alone the advisory board, you know, who's giving you that insight Manager selection has been a through line for your career. So when you think about how do you manage all of that information to come to an understanding and a conclusion as to where you want to be deploying capital?

Trevor Graham: One of the most important decisions I think that the senior investments folks make is being very intentional about the things they choose to ignore, very actively not spending time on areas that are likely to be a lot of noise and not a lot of signal. And it actually, it's sort of like figuring out how to delegate well and letting some things go. It's a kind of a similar process, like the realization that, you know what, like, you know, maybe reading the Wall Street Journal every morning actually is not a good use of time. And that seems unconventional, but I think there's some truth to it. And so part of it is, Being very intentional about prioritizing and choosing what, what we're going to pay attention to as it relates to inbound information and screening. So prioritization is very important. Having a clear idea about what constitutes an investment that we should consider carefully versus something we should pass on very quickly. And There are a few basic frameworks that we use and I can explain them now. They're very simple actually. And what's interesting about them is that just by following this basic framework, we eliminate 99% of what comes in the door or what we hear about very, very quickly. And that's a huge part of this. I joke around with our team a lot of the time and it's like plain as day especially in hedge funds and private equity, that we're all overpaying. And the reason I say that is we're absolutely bombarded with inbound sales and there's not enough people, not just at TIFF, I just think in endowment management generally to evaluate all this stuff. It means what we're paying in fees is supporting an enormous amount of marketing. So for us, it comes down to a couple very simple ideas. One is we We're less focused on historical returns than a lot of people. What we really care about is what's the competitive advantage in the investment engine and is it likely to persist? Is a new investor something— what is the forward-looking excess return probability based on what this manager actually does? Real structural competitive advantages are actually hard to find. There has to be a good alignment of interests. between the manager and the underlying LPs or clients, depending on the structure. And then the third piece for us is that if we're going to get serious about looking at something, it has to add some strategic value to the portfolio. And what I mean by that is it's either got to be some sort of alpha source that we don't already have that we think is interesting and additive. And oftentimes what that means is that it provides some diversification. So something that will outperform at times when the rest of our portfolio is less likely to outperform. So it's either got to meet that criterion or it's got to be an upgrade. We try very hard to not become like a collector of managers. A lot of people derive a lot of comfort from having a big manager count. I actually feel the opposite about it. You know, I think if the manager count gets too high, the probability that we're going to miss something goes up. And it also tends to dilute the alpha a little bit just because finding people who can really generate great returns is hard and we have to be realistic about that. And so if we're going to add something that's not a diversifier somehow, doesn't add that kind of strategic value, it means we already have it in the portfolio. So if we're going to add something else, this new thing has And if you just apply those 3 standards to a lot of what comes in, we eliminate a lot pretty quickly. And so a key part of this, most important, and that's really what encompasses almost all my answer, is spending our time where it's high impact and being ruthless about avoiding spending time on things that are highly likely to be dead ends.

Robert Morier: Where does evaluating people sit in the framework overall? Because more often than not, when I'm speaking to your peers in the industry, whether it's an outsourced CIO or another endowment or foundation chief investment officer, people is usually how that conversation starts. Well, we think about the people behind the process and what they're bringing to the strategy, whether it's their relationships, the way that they manage their team, who they are as people, their character. How do you think about evaluating the, the individuals, the professionals behind these processes to capture those 3 things?

Trevor Graham: I think you get a lot of like real value in evaluating the people by looking at other things. Here's what I mean. So someone might say, well, you know, this person's an outstanding investor, and the question that I want to know when I hear that is, well, what's the strategy? What are they doing and how self-aware are they of what they're doing compared to what their competition does? It's all well and good to say someone's a great investor, but if you, for it to really be solid, like a real thesis that we can rely on, there has to be more than that. There has to be something about the way that they do the investments that is different and better. And by the way, there's an element of this that relates to some of the characteristic observations. So I often hear people say things like, well, this is a very high-integrity person. That may be true and that's important, but what are the terms of the fund? What are we being asked to pay relative to what level of gross excess return is realistic for this strategy? And is that fair? What are the liquidity terms and are we being asked to forfeit liquidity in a way that's unnecessary and is sort of over the top, or is it reasonable given what this investment strategy is designed to do? And so my point is a lot of the issues related to people, they're critically important, but you really find out about it based on what people do, not what they say.

Robert Morier: When you're thinking about managing or evaluating what they do, how much time would you say on average you're spending with a manager that's fit all of this criteria, that has the profile that meets the needs of TIFF and TIFF clients? What does that evaluation period look like? What's the average cycle for you? Is it the typical 18 to 36 months? Can it be shorter? Can it be longer? I think it's helpful for the asset managers who listen in to understand expectations?

Trevor Graham: It really varies and it's a bit situation-specific. So one characteristic of TIFF that I really like, and it gives us like, we can be more nimble than a lot of other folks because we don't have a regimented process. There isn't like an exact way that due diligence has to go. And the other issue too is that the staff makes the decisions. There isn't this third-party outside investment committee, and we're stuck with like a quarterly cadence to get things done. When there's a great opportunity and it's time-sensitive, we can reallocate resources and move very, very quickly. Generally speaking, that's not ideal, but sometimes that's what the situation calls for. Where there isn't time pressure and it's more under our control, It's probably better for us to stretch this process out over at least a couple of months, but it doesn't have to be more than that. And what's more important than the time sequence is getting the question answered. And sometimes, and by the way, this is a function of, in some ways, how managers choose to communicate. So I'll give you an example. Like, and this is a bit of a, I'll use an exaggeration to highlight the point. There are some groups where we get all the data we want and we ask for a lot because we're a data-driven place. We get all the data we want. Their answers to our follow-up questions come back right away. They're concise, very clear, like they answer the question directly. They're just off-the-shelf basic materials, cover the kind of things we care about so we don't have to We don't have to sort of like dig it out with a lot of meetings. That process can go very, very quickly. There are other cases where their standard materials really don't cover what matters to us. They're reluctant to give us certain data that we need. Maybe just the meetings themselves take longer because the truth is there's a lot of great investors are not great public speakers. They're not great presenters, and that's okay. But sometimes the process of actually getting the relevant information just takes more time. And so what really matters is, can we get to the—can we get the info we need to decide? And so that can vary a lot.

Narrator: Dakota Marketplace provides the industry with the highest quality and most up-to-date GP, LP, private company, public company data, as well as performance benchmarking and a number of other different datasets that the investment industry is fueled by. We're excited to announce that all of that data is available now via our customizable and bespoke APIs. You can create an API that will plug into any CRM or use some of our pre-built APIs with Salesforce, Snowflake, and a number of other CRMs that you can find on our website. To learn To learn more about Dakota's API offerings and create a custom package that best suits your business, go to dakota.com.

Robert Morier: Talk to us a bit about your team. So the team that's responsible for doing the work, how do you think about the specialist, you know, who covers private equity or covers private credit versus the generalist? And how do you feel about rotational roles? So moving from asset class to asset class.

Trevor Graham: This is a very interesting topic because we've discussed this with our board also, and there is not a consensus view within the industry about the best way to structure the team. I tend to lean a little bit more toward a generalist approach probably than Jay, but not dramatically so. But the reason why I like it is it gives us flexibility in resource allocation that I think is important. For example, like private equity from time to time can be very time sensitive. Like, you know, there is a closing date and if we want, for example, like if we want to get the best terms, we got to be in the first close sometimes. And so, you know, like there's some hard deadlines that we have to hit. We do a lot of investments with so-called independent sponsors. And so those are situations where We are investing directly into a company in cooperation with usually a younger private equity manager. It's not part of a fund. And those deals can have hard deadlines on them too, because these companies may have another bidder. They may have alternative investors that we want to make sure that we don't lose our option. And so what I like about the generalist approach is it gives us some staffing flexibility and it also, it helps the team have multidimensional skills. Some of the people who work with me now, I do think that they have what it takes to be CIOs later, but part of what's important to be qualified for that is that I think they need to have at least some experience across different asset classes. That's been a huge plus for me. And I also would really like it, and we have some of this already, people on the team who they may not have the CIO title, but that's how they think about things and their opinion, the ones who can think across the portfolio and really think through what's the best allocation of capital, they can add a lot of value. It's like I said a little while ago, like no CIO sees every angle. And so, and I really value the opinions of the other people on my team. That's one of the benefits of having low turnover. It takes a little while for people to really believe that they can disagree with the boss and they won't be punished. After doing it a couple times and seeing that it's okay, everything changes. And having people tell you the truth, I think is really important. Having said all that though, there are there are reasons to specialize. And so I do think— I think a little bit of a mix is the right way to go.

Robert Morier: Yeah. No, I appreciate you sharing that, Trevor. And it's interesting to hear it from TIFF's perspective. And I would agree. This is our 4th year interviewing folks across the industry and it varies and for different reasons and, you know, and for different histories. But I'm curious, when you think about that, that environment where you're all sitting around the table, mostly specialists, some generalist experience in there as well. What's the team telling you about hedge funds today? So hedge funds make up about a fifth of your strategic asset allocation as a diversifying strategy.

Trevor Graham: Yeah.

Robert Morier: But we're hearing more and more from allocators, particularly in the last 12 to 18 months, about their likelihood of increasing exposure to hedge funds. So what's the team telling you and how are you thinking about that area of the asset allocation map today?

Trevor Graham: There's a spectrum of opinion about hedge funds within TIFF. And for many years I was probably the one who was most skeptical of them or like least enthusiastic about them within the investment committee, which is perhaps a bit odd because I was responsible for the hedge fund investments when I first started at TIFF. And I worked on hedge funds at New York Presbyterian and at MoMA. And so I spent a lot of time on them for a guy who wasn't really a big fan. And the reason I wasn't enthusiastic is because I think the fees are very, very high and it's a tough business. I've changed my mind about them over the last year or two, and part of it has to do with the way that we manage hedge funds. The short answer to your question is there's a spectrum of opinion, but for the most part, I think the team today is seeing a lot of opportunities to deploy capital there. It's better than some of the obvious alternatives, and I'm going to get to that in a minute. And we're likely to maintain, I think, maintain our exposure in the neighborhood of where it's been. Part of that has to do with how we actually make hedge fund investments though. We are very careful about limiting how much equity beta, equity exposure, residual long equity exposure is resident in that portfolio. We run it, at a beta to equities of about 0.25, 0.3, and we will not let it get higher than that. And, you know, like at times when the manager net exposures have crept up, we've used some combination of futures and options to bring it back down. And so the way that we run it, it is designed to be a true diversifier versus equities. And strangely enough, a lot of people don't talk about this one, our portfolio has also got very, very good diversification relative to bonds. And so we're seeing interesting things to do. I think it's realistic for us to be able to grind out a mid to maybe even high single-digit net return across cycles. That is better than what we're getting in fixed income for sure. And so it's a diversifying investment versus the other 2 main uses of capital and it's a return enhancement versus fixed income. And if we can maintain those characteristics and we have, that's how it's basically performed for a very long time. That's additive. And in spite of the fees and the lower liquidity and some of the things I don't like, that's worth it. And we're based on the forward calendar and the ideas that we're seeing today, we think that's realistic. And so we think there's a place for it.

Robert Morier: How early will you look at these managers? So when you think about the emerging manager ecosystem and just early-stage managers in general, what's the house view on how early is too early or how late is too late?

Trevor Graham: So for us, there's no such thing as too early. You'd mentioned access earlier, and I think the industry oversells This notion of access, and I can get into the reasons why, but we will invest with people day one. There are no rules at TIFF about minimum assets under management or a 3-year track record or any of those things. In fact, some of our best investments over time, they haven't been hard to access. They were actually managers nobody else wanted because they were unproven or too young or not enough capital. We've gotten a lot of mileage out of being the first capital in for a variety of reasons. Like we have a lot of say in setting the terms if we're the first investor. The other issue too is that a lot of times people are highly, highly motivated when they first get started. It really matters to them. They don't have a track record yet. Size is an enemy of performance with a lot of these strategies. It's a much, much easier task to deploy a low capital base and trade a low capital base if it's a liquid strategy than a big capital base. And so we understand that if we invest in people early, we're accepting some additional business risk and we expect to be compensated for that. Sometimes it's a fee discount, sometimes it's capacity rights, sometimes it's other things that are important. But if we think we're being appropriately compensated for the business risk, we're happy to make those sorts of investments. On the total other end of the spectrum, there is such a thing as too big. So people often ask me like, well, what causes you to terminate a manager? And there are basically 3 reasons. One is some kind of material adverse change. The other is we just messed up. We thought they had competitive advantage investments and they don't. And then the third is we just happened to find something better. We found something that was an upgrade. But if you go back to that first Which is probably the most common answer, material adverse change. The things that usually create problems in that area come with success and everything that comes with it. And so we oftentimes move on if we think the capital base is just too big for the opportunity set. We'll move on if they start out running one product and now it's 10, And only big firms can do that. Small firms really can't. There's also motivational issues. People who are big and have done really well, especially in hedge funds and private equity, they probably accumulated a lot of personal wealth and there starts to be some questions about how they want to spend their time and what their motivation is. And I just think it's human nature. There's nothing wrong with that.

Robert Morier: And so we definitely are much more careful on the Trevor, going back to the earlier side of the spectrum or the continuum, do you consider taking equity stakes or have you considered taking equity stakes in any of these managers? We again hear a lot about GP staking and seeding, both from a strategy perspective, meaning that there are funds out there that are offering those services to folks like yourself, And then there are outsourced CIOs like you who will use that as part of the strategy. Where does TIFF sit within the seeding and staking kind of conversation?

Trevor Graham: We've mostly sought to be compensated for the business risk with fee discounts or other characteristics. We've tended to not take equity stakes. Although I can see the reasons for doing it, but it's not that it's— I'm not saying it's a mistake. I think that it's a really interesting opportunity. The problem is it presents some challenges. If we take an equity stake with a manager, what's really backstopping that equity position is LP capital. If we take an equity stake with a manager, it cannot be on TIFF's balance sheet. It needs to be owned by our clients. The challenge is that GP stake is illiquid. It's not easy to value and it definitely is not easy to trade. And so this is especially problematic if the source of the capital that really backstops it is liquid capital that is subject to redemption, but the asset that's attached to it is effectively private equity. And that's a difficult thing to navigate in our structure. And so we've tended to not do it in most of the manager relationships we have. They're pretty simple businesses that are mostly, in most cases, entirely owned by the employees. So there's really only 2 parties in the mix. There's Investors, and then there's the owners of the business. And getting good alignment across 2 different parties is not a huge challenge. As soon as there are third-party owners of the manager, maintaining alignment becomes a lot more difficult because the third-party owners, for them to maximize the value of their stake in the business, they usually are going to push hard to gather assets. Asset growth is often an enemy of performance, and so that's not good for the investor. And so the whole alignment equation starts to become a lot more complicated.

Robert Morier: This is when I always regret that we only made this show an hour instead of 2 to 3 hours. You were right, Trevor, in our prep. You said this would go on longer than an hour and here we are.

Trevor Graham: That's probably my fault.

Robert Morier: I probably talked too much. No, you did not. It's perfect. Let me ask you just a couple of last questions. Let's touch a little bit on private markets and maybe we can do it in the same vein, private markets and technology. So, I mean, more has been written and spoken about private markets sitting at the center of this AI capital expenditure boom than I think most of us were prepared for. How are you weighing that opportunity against the risk of crowding and those richer valuations in private markets?

Trevor Graham: This one's complicated in part because some of the AI buildout is so capital intensive. that some of the better investment opportunities might be on the public side. And for those that are on the private side, I think we have to prepare for the possibility that some of these businesses will be private for a very long time. And like, they may need to raise more money, have more rounds, so to speak, than what we're used to. SpaceX is a great example. That took a very, very long time to become a publicly traded business, but there was a lot of money made on the private equity investments in that company over the years. And so the part about this that's not different though is, and I remember this from the internet boom, like when I, back in the late '90s, early 2000s when I first started, like We just have to be careful about this balance between not missing out on the opportunity and paying too much in the form of valuations and being really careful about doing everything we can to back the business models that are likely to be the people who capture the value in the chain. And here's what I mean by that. It's so funny because the AI boom reminds me of so many things that I saw during the dot-com craze in the '90s, everyone recognized that the internet was a big deal and it was going to change not just tech, it was going to change a lot of business in the United States. But it wasn't clear in the beginning who would capture the value. Was it going to be the providers of equipment? Was it going to be retailers? people who provided applications. And what's interesting is what ultimately did capture a ton of value is people who could sell advertisements and drive traffic in a way where ad-based revenue made a lot of sense. There's a similar thing going on in AI. There are a lot of links in the chain about value generation here, but I think there's a lot of uncertainty about who really captures the margin. One that's sort of interesting to me, and I've lived this myself because I've done it once already, OpenAI and Anthropic have huge valuations. However, if you did a Coke and Pepsi taste test kind of thing, a lot of casual users I think would have no idea if they were using Claude or ChatGPT. I don't think they can tell. And the switching costs to go from one to the other are actually very low, at least they were for me. And so it raised this interesting question, which is like, sure, these large language models are very powerful and they can enhance productivity for white-collar workers in a very significant way, but do they actually capture big margins when all the dust settles? I'm not so sure about that. Like, it's an interesting question. And so that's what we need to do as it relates to this, the, the whole AI issue, is be careful about the public versus private trade-off, but also do our best to lean hard into areas where we think, you know, that's where the margin is.

Robert Morier: What kind of questions are your endowment and foundation clients that you serve asking you about AI and technology? Maybe in 2 ways. One, within your own investment process, so how is it being utilized? And then just The outlook, you know, if you think about the next 5 to 10 years, just because it, it seems like it's weighing quite heavily in terms of at least the narrative, the outlook narrative. The, the reality's a different story.

Trevor Graham: In terms of how we're, we're using it, I'm not, I don't think that we're like on the total front edge of the adoption curve, but we are, we are making use of it internally to, to enhance productivity and save time. And so there's a whole, There's a whole list of tasks that when I first started in this business, human beings had to do. And there's a growing list of items on that sheet that AI can do instead. And wherever we can, we're trying to implement that at TIFF so that our actual full-time human employees This goes back to this notion of prioritizing. Well, I talked about in the beginning, they can spend a higher percentage of their time on the things that make a difference and as little time as possible on some of the nonetheless necessary but kind of rote work. And even at our size and with what we're able to do, AI has helped us enormously in that area. And so it's saving a ton of time. Like there's a project that I did 2 weeks ago I estimate if I had staffed human beings on it, it would've taken over 1,000 hours. And, you know, it was iterative and I had to provide a lot of feedback to the model, but it, I did it myself and it probably took me 5. And that's a huge savings. And it's a, it's a massive benefit for us because we're a little smaller than, you know, like a Mercer or a Goldman Sachs. And our problem has always been that we've had more ideas to evaluate than human beings to do the job responsibly. If we can harness AI in a smart way, and of course other people are doing the same thing, it may be a bit of an equalizer for us. It's a real opportunity. And so people at TIFF were very excited about it. The other thing too that's cool is that we're not a huge place. And so implementing something like this is less of a chore. You don't have to get a cast of thousands to agree to it. And in some ways it's really helpful to be small and nimble in this environment. It kind of plays to our strengths. Your second question about, you know, what clients are asking about. Some of them are asking us how they can implement it themselves to help them do the same things, because almost without exception, every single TIFF client is very capital constrained. These are nonprofits. And they just don't have a lot of extra money. And if they can save time and be more productive with the same spend, for them it's a huge, huge thing. And so some clients are asking us about ways they can do a similar implementation. Obviously we're getting a lot of questions about the investment side and making sure that we have some exposure to it in our portfolios, but the right exposure. You know, we were going to write about it in the letter, for Q2. We'll probably publish it today or tomorrow. A lot of what drove the market in Q2 was a very, very narrow group of stocks that are perceived to be AI winners, and they trade at very high valuations now, and they've had a big run. And some of them are in pretty cyclical businesses, and there's additional capacity coming. It's not going to be right away, but like, you know, there's some risks here too. And so clients are asking about things like that. What are a few words your colleagues, your team would use I try to be very, very clear about the objectives and the reason for it and make sure everyone understands how the work that they're doing relates to the bigger picture and why it matters. I try to be very consistent about expectations and how we're going to work together and the way that we should operate. I don't ask people to do things I wouldn't expect of myself. I think that's very important.

Robert Morier: Outside of the office, outside of investments, what inspires you?

Trevor Graham: Part of it's my kids. You know, it's funny that they've actually in strange ways like made me a better person. And probably most people who are listening who are parents, I imagine that will resonate with you in some way, asking me why I do certain things. And it causes me to question my own decisions and my own assumptions and like, Seeing the things that they like have to struggle through and some of the difficult challenges that they face. Like, and it puts, it puts my situation into like much better perspective.

Robert Morier: Trevor, we are grateful for your time. We wish you nothing but continued success with TIFF, the team, the growth of the organization. I have no doubt that things will continue to go successfully for you. So thank you very much for being here.

Trevor Graham: Thanks, Rob. I enjoyed it.

Robert Morier: If you'd like to learn more about Trevor and TIFF Investment Management, please visit their website at www.tiff.org. 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 us at dakota.com. Trevor, thank you again for being here. And to our audience, thank you for investing your time with Dakota.

Trevor Graham: Don't say goodbye.