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EPISODE 157:

**GP Seeding, Hedge Funds
& Manager Research:
with Borealis Strategic
Capital Partners**



Robert Morier: Welcome to the Dakota Live! Podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, and other important players in the industry who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and our Dakota Live! content, be sure to check out our website at dakota.com.

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Well, I am very excited to introduce our guest today at our Philadelphia studio, Scott Schweighauser, managing partner of Borealis Strategic Capital Partners, based in Chicago, is here with us on the desk. Scott leads the firm's investment team, manager selection process, and long-term partnership approach with emerging hedge fund managers. He and his colleagues founded Borealis to bring institutional rigor, thoughtful structuring, and hands-on strategic support to early-stage managers at a point in their life cycle where capital alone is not enough. Prior to founding Borealis, Scott spent 22 years at Aurora Investment Management, where he was a longtime partner and portfolio manager and played a senior role in building and overseeing a scaled fund-of-funds platform across multiple market cycles. Earlier in his career, he held trading and investment roles at ABN AMRO, Continental Bank and Bankers Trust, experiences that shaped his perspective on market structure, risk management, and capital allocation. Scott earned his BA in mathematics from Williams College and later received his MBA from the University of Chicago. Borealis Strategic Capital Partners is a Chicago-based investment firm focused on seeding and partnering with early-stage hedge fund managers. The firm provides structured seed capital alongside strategic

guidance on business development, operations, governance, and long-term alignment. Borealis invests across a range of hedge fund strategies and works closely with managers from launch through scale, emphasizing durable business building over short-term asset growth. Scott and the Borealis team have also produced original research and white papers examining the early-stage manager landscape, including performance dynamics, survivorship, and the structural features that differentiate long-term winners. This research-driven approach is central to Borealis' investment process and its partnerships with managers. Scott, thank you for joining us. Welcome to Philadelphia. And thank you for being on the podcast.

Scott Schweighauser: Rob, thank you for inviting me. I was very flattered to receive your invitation to come talk and really talk about something I love.

Robert Morier: Yeah, and we can't wait to hear more about it. GP seeding across all asset classes has become very topical in the industry, whether it's private equity or hedge funds, which is what you focus on. But before we get there, I want to talk about rowing. I'd like to talk about what rowing means to you and why it's important to what you do today.

Scott Schweighauser: Rowing has been a central element, a central theme in my life. I graduated from college in 1983, a long time ago. And in high school, I ran track and expected to run track when I got to Williams college and was looking for something to do in the fall to keep in shape. At Williams, the lake that we rowed on, Onota Lake, was about half an hour away. And so every day at 4 o'clock, we would meet on the steps of Chapin Hall at Williams and drive half an hour to the lake and then row and then come back. And the process that we went through of spending so much time not doing anything productive... driving to and from the lake... meant that we really had to focus when we were on the water. And we were all business. And I would say that the lessons that we learned, the grit that we developed because of this, just fed into everything that I did. My sophomore year, I was very fortunate to be a part of a boat that was very fast. There were five seniors in the boat, one junior, and two sophomores, and I was one of the sophomores in that varsity boat. We went to Henley, so we trained after classes were over, after the Dad Vail, actually, and trained for Henley. It was one of the best experiences of my life. The results, we made it to the quarterfinals of the Ladies' Challenge Plate at Henley. And I just can't imagine a better experience for someone as young as I was. And it really helped me take on the attitude that I could achieve anything if I really set my mind to it. And it's really guided me my whole life. I think rowing in particular, and further to your question, rowing is the perfect team sport because it requires individual excellence without question because the training that goes into becoming as strong, as fast, as durable as you can be is intensely personal. But then when you get in the boat and you row and train on the water, not only do you have to be individually excellent, but you have to be mindful of everybody else in

the boat and being coordinated with everyone in the boat. And the sense of teamwork and camaraderie and having a single purpose is extraordinary. And you've probably experienced this. You're a rower yourself. When you have swing and you get into that rhythm where being at full pressure is effortless, there's nothing better. It's joyful. It's deliriously joyful. And I got to experience that. And it still fuels us today. So the guys that I rowed with in 1981, when we went to Henley, we still get together every year to row in the Head of the Charles.

Robert Morier: I think one thing about rowing is how it can stay with you for your whole life. And I think another thing about rowing, which maybe likens us to the conversation that we're about to have, when it comes to manager research and due diligence, particularly seeding a very early-stage manager, sometimes you don't know what you're getting. And rowing is a funny sport because you're facing the opposite direction in which you're going. And sometimes that feels like investing. You're not really sure. You know you're going in the right direction, but you don't have the luxury of facing forward.

Scott Schweighauser: And that's where trust comes in. So one of the things I didn't talk about in rowing is trust. In a boat, you have to trust that everyone else, the other seven oarsmen in the boat, are pulling their asses off. And you know you are. And you have to trust that they are. Plus, you have to trust that the coxswain is capable and is going to steer a good course and is going to be able to motivate the boat and have command of the boat. So the trust factor, that sense of teamwork and camaraderie and focus, is critically important. And I do find that there are a lot of parallels with investing in rowing.

Robert Morier: Well, I'm grateful that you're going to be back on the river today with us later this afternoon. But in the meantime, I'm excited about this conversation. And you've spent much of your career running and investing through fund of funds and other related platforms. What initially drew you to manage your selection?

Scott Schweighauser: I would say serendipity more than anything. So just to give you a brief career summary, when I graduated from Williams, I worked for Bankers Trust company. And I went through their commercial banking training program. And these programs don't exist anymore. But essentially, they took undergraduates, people without any business experience, and put them through a training program in New York. And it was a nine-month mini MBA where you're offline. You weren't actually working. You were going to class that they sponsored and learning accounting. You were learning corporate finance. You were learning all the different elements that it would take to be a good commercial banker. My wife... she was my girlfriend at the time, now my wife... she got a job in Chicago with Leo Burnett Company in advertising. And so when her job started was the time that I was graduating from this program. And I asked to be transferred to the

Chicago office of Bankers Trust. And so I arrived just in time for one of the very first financial crises that I was yet to experience, which was the Continental Bank crisis in 1984, when they had a funding crisis. And so I remember very distinctly the head of the office at Bankers Trust calling everybody in and saying, ok, here's what's going on with Continental Bank. Bankers Trust was going to be part of a multi-bank rescue operation that was going to be supported by the FDIC and the Federal Reserve. And this is how it's going to go down. But Continental Bank basically blew up in 1984. So the reason I bring that up is, first, introduction to crisis and the TED spread... the eurodollar over Treasury Bill spread... blew out to 200 basis points. I had never seen anything like that before. And so that's introduction to the real world and risk and what happens when people like Continental Bank make bad loans and how that can filter through to a funding crisis. So I spent a couple of years in commercial banking. It was not a good fit for me. I was bored, frankly, and I had friends who were in the trading and derivatives space, and so I thought this would be a fun thing to do. And I engaged in a search on my own and ended up going to Continental Bank. And they had restructured. The FDIC had come in and helped them get back on their feet. One of the functions that they had engaged in was building a very, very nascent derivatives business. And it wasn't even called derivatives back then. This is now 1986. Bankers Trust had started what they called an interest rate products group that offered interest rate caps and interest rate swaps very early on. And so I joined Continental Bank with the notion that I was going to write hedging strategies for corporations of the bank, clients of the bank. And when I got there, I discovered that, of course, they had no trading capability, that they were just going to the market and buying inventory to then sell on to customers and just acting as a middleman. And I thought, well, this is silly. One of the good things about a poorly managed bank, as Continental was generally, is that people like me could hold up their hand and say, I want to go do this, and they let me. So I was a math major in college. I used my programming skills and my mathematical aptitude to write models for pricing interest rate caps. I developed the models for looking at the yield curve and how to determine forward rates and basically wrote all the software and created a trading function out of whole cloth. And I was 25 at the time, 26 years old, young. In today's world, I would never be able to do that, but I could back then. And we developed a trading capability. Eventually, that grew to a global trading capability in derivatives. And it was a lot of fun. Continental Bank didn't have a particularly good credit rating, so our ability to transact in the market was limited. So over time, our trading group within Continental Bank morphed into proprietary trading. So ostensibly, we were trading derivatives, but we were really just macro traders, ultimately. That's how we made money. And so I morphed from more of a flow trader in derivatives to now thinking about the world and what was going on in Japan and Europe and trading pretty much interest rates, foreign exchange. We traded oil. Actually, I was trading oil derivatives when Saddam Hussein invaded Kuwait, so yet another crisis that ensued. In fact, I was trading the interest rate book at Continental when the October '87 crash occurred. You find out a lot about

what the risk factors are in derivatives book when you have big movements and the black swan events that occur. All of this trading and experience in the midst of crisis really became part of the experience base that I had in understanding what risk is and how people think about risk and the emotional factors that go into managing risk. I love trading. I really do. I still consider myself, at my core, a trader, a risk taker in markets. And how does that affect now what I do? So shortly after my stint at Continental Bank ended, which was this macro trading effort, I joined ABN AMRO Bank to go back to trading derivatives. And ABN AMRO was a big Dutch bank and very big corporate infrastructure. So I went from a light corporate infrastructure at Continental to big, massive, overbearing corporate infrastructure at ABN AMRO. And it was terrible for me. I got a call from a recruiter saying, hey, we're looking for a position at Harris Associates to be a hedge fund analyst, and would you be interested? And I thought, I don't know anything about that. I knew that I loved trading. And I thought, this is a really unique opportunity to expand my horizons and to become more facile at a wider array of things in the markets. And it would be, if nothing else, a great learning experience. So why not take a detour, effectively, from my trading career and go do that and figure out, ok, how does the world work? And it turned out to be the best decision of my life.

Robert Morier: Did you find out how the world worked?

Scott Schweighauser: The more I learn about how the world works, the more humble I become at my conception of mastery of how the world works, if that makes any sense.

Robert Morier: It does. It does.

Scott Schweighauser: When you're young, you feel like you can conquer anything. Like at age 26, I just went ahead and developed the trading capability at Continental Bank. That was stupid. That was really stupid. But now, as you engage with the breadth and the depth of the talent in the hedge fund space and really think about what people are doing and how they're doing it, you realize what it takes to be very successful. And you have both an intellectual and intuitive understanding of risk taking and being able to extract returns from the market in a very idiosyncratic, unique way. So this is now 1994, joining right after the crisis that ensued after Alan Greenspan started to raise interest rates in 1994. So after the Gulf crisis, the US economy went into a recession. And there was a substantial real estate decline. And Greenspan and the Federal Reserve had lowered interest rates to what was then considered unconventionally low levels. 3% was the Fed funds rate. Over time, the economy started to gain steam, yet he held interest rates low. And then in the first quarter of 1994... I think it was February 4... he started to raise interest rates very quickly from 3%, ultimately to 6%. And what that did was upend a lot of trading strategies that depended on leverage for their returns. So global macro got crushed in the first quarter of 1994. Convertible bond arbitrage

got crushed in the first quarter of '94. Now, mind you, I was still at ABN AMRO Bank when this was happening. So I didn't see the blowups that were occurring. David Askin is a name that probably people aren't familiar with today, but he was famous. He was a mortgage derivatives guy and ran a fund called Granite Capital. And David was famous for losing more than 100% of his investor's capital. It's hard to do, but he lost more than 100% of his investor's capital because of the leverage in his portfolio. All of these blowups were occurring left and right in the first quarter of '94. So when I got the call in June of '94, it was like, we want you to come in and help us do due diligence on more complex trading strategies. And so I thought, great opportunity, and that's what I did.

Robert Morier: I'm curious. This is a question about your personality. Do you find that you are naturally a fixer, somebody who wants to go in early and try to fix something that's either been broken or that needs to be built up?

Scott Schweighauser: I'm a natural contrarian. I like going against the current, a bit of an iconoclast, I guess, which is why somebody rows. You row because you're not intentionally pursuing a social life.

Robert Morier: Yeah, that's very true.

Scott Schweighauser: So I think as an iconoclast, a little bit of a... I always root for the underdog.

Robert Morier: Yeah.

Scott Schweighauser: I like challenges and opportunities like that. I didn't understand the magnitude of how bad things were in the first quarter of '94. But again, I saw a great opportunity. And I worked with great people. So Harris Associates at the time was an extraordinary investment firm, still is. When I joined, it was a very small group. We managed in hedge fund fund of funds. We managed about \$400 million. I was the fifth person in the group. And it was run by my mentor, Roxanne Martineau, who was fantastic. And together, she and I, I think, did amazing things in building up the Harris Associates. And then we morphed into Aurora Investment Management. But we did a lot of great things. So we went from managing \$400 million in 1994 to ultimately... and we can go through the chronology, but ultimately we got to \$14.5 billion in hedge fund investments by mid 2008.

Robert Morier: Transport yourself back to the mid '90s, when you were first starting at Harris. What would look familiar to today's environment, and what would look demonstrably different? What was happening then in the hedge fund landscape that you just don't see anymore today, whether that's some type of advantage or disadvantage?

Scott Schweighauser: Biggest change is the greater institutionalization of everything related to hedge funds. And they're more ubiquitous. Way back when, in '94, and really dating back to the early days when Aurora started, the number of hedge funds was relatively small, probably 500 hedge funds-ish, 500 to 600 hedge funds in the universe when I joined in '94. And then as time went on... and again, we can talk about chronology... the big mountain of capital and the explosion in hedge funds, the number of hedge funds and the breadth of hedge funds, really started to proliferate from 2000 to 2002. That's when the NASDAQ bubble collapsed. The tech bubble collapsed, as everyone knows. The performance in long only was terrible during that time because what happened to the internet bubble, et cetera. And hedge funds, broadly cast, was really good. We're in 2000. Our fund was up 16% when the S&P and the NASDAQ were down double digits in those years. And so the investor base that we had at the time was primarily individuals, high-net-worth individuals, very few institutions. And then after our 2000 to 2002 run, the institutional investors started to really embrace what hedge funds could do, what these alternative investments could do in their portfolio. And the amount of money started to move from more traditional strategies to hedge fund strategies. And the race was on. We were well positioned during that time because we had a pretty long track record. So Aurora got started in 1988. And the infrastructure that we had was very good. The performance that we had was very good. We had a good reputation. And things just grew. So we were among many fortunate recipients of the attention of institutional investors. And it was one-stop shopping. We were a convenient solution for institutional investors who wanted to get exposure right away and very diversified and feel good that their capital was being stewarded by people who knew how to pick managers.

Robert Morier: So continue on with that chronology, if you will, taking us now as we get closer to the financial crisis.

Scott Schweighauser: Sure.

Robert Morier: So another crisis for you, another one for the...

Scott Schweighauser: So crises... so the '94 crisis was an obvious one. And there was a nice rebound. So fortunate for me, I got to look at what happened but not have any emotional attachment to the bad things that happened. And so the learning experience that I had during that period of time was fantastic. And as time went on and our portfolios were doing well, then the '97 occurred. So there was an Asian crisis in 1997, which was relatively limited, but that caused a lot of problems, not uniform, but in certain sectors of the market, particularly in Asia. Volatility trading strategies had some tough times. And then the '98 crisis... so the '98 crisis was triggered by the Russian default and devaluation in August of that year. I think it was August 10. The Russian default and devaluation created a cascade of

issues which resulted in the demise of long-term capital, which I'm sure a lot of people recall. Or if they haven't, they should read up on it because it's fascinating. It's one of the more extraordinary events, I think, in financial markets. If you read a book called *When Genius Failed*, that's the real story of what happened. Great book. And the market seized up. And no matter what, when markets seize up, there is a flight to quality. And any risk strategies, any risk-based strategies, spreads widen out. And so this really affected hedge funds quite significantly. Now, these are temporary phenomenon because when there's a flight to quality, people run for cover. They want to bunker down and make sure that nothing bad is going to ensue from that point forward. So you just get irrational behavior. Coming out of those events are great opportunities, great investment opportunities. One of our investment managers... and I don't want to share a name, but one of our investment managers who's a very well-known name was down about 40% in 1998. And then was involved in Russian GKO's and things like that. He was a distress manager. The following year, he was up 130%, which... he knew what to do in the recovery phase of markets. So those are the lessons that you learn. It's like you got to keep your head about you. One thing we'll talk about a little bit later is grit and what makes a manager great. What makes a manager great and what we look for in managers now is grit. Do they have the ability to weather the storm, to be able to think clearly in the midst of just horrific conditions, and position themselves so that they can benefit from the recovery and lead their team through choppy waters? It's probably the most important element that we look for in the managers that we focus on at Borealis today.

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Robert Morier: Without the experience of having gone through a crisis, how would you advise, say, a student listening to this trying to demonstrate grit? I guess, first and foremost, how do you evaluate it, other than the experiences that they have on paper as part of their track record? And then how do you measure it?

Scott Schweighauser: Measuring is hard. I think either you have it, or you don't. So when we evaluate a manager, we spend a lot of time talking to them. It's just conversations and getting to know them. So the very first time we meet a manager, now it's over Zoom, usually. The first meetings are really focused on getting to know them as people. So we say, before we talk about your fund, we want to get to know you. So tell us about you. Where did you grow up? Basically, tell us your life

story. Tell us how you got from wherever you grew up to where you are today and help us understand that journey. The backstory that people provide is genuinely fascinating. And so we're looking for what I would term interesting backstories. One of our managers in the fund that we've backed at Borealis was born in Iran and came to this country when he was two years old because they were escaping the regime. And shortly after he got to this country, at age two, his father passed away. So he was raised by his mother and his older sister. And started in the South Bronx, eventually made his way to New Jersey. The guy is totally self-made and is one of the most fantastic human beings I've ever met. That story, that backstory... the grit, determination, lifting himself up, bootstrapping his life, that's a story that we love. Did you ever see a movie called Wag the Dog?

Robert Morier: Yes, I have, with Dustin Hoffman?

Scott Schweighauser: Dustin Hoffman. So the Dustin Hoffman character plays this Hollywood producer, right? And so at every step along the way where they encounter increasingly greater levels of difficulty in the mission in the movie, he goes, this? This is nothing. And that's the attitude you have to take. You have to say, whatever it is, this? This is nothing. We can deal with this. And that's, to me, what grit is. So it's not only having the temperament to deal with adversity, but the temperament to figure out how to turn adversity into an opportunity... that's grit... and to lead people, to in the face of difficulty and challenging conditions to say, here's our plan, and here's where we're going.

Robert Morier: When you think about the manager research process in terms of the aspects of the job that you enjoy most, do you find that the qualitative... today with Borealis, you're focusing on early-stage hedge fund managers. And within that early stage, as you just described, it's very people-oriented. It's very personality-driven. It's very characteristic-driven as it relates to who the person is. Is that the part of the job that you enjoy the most?

Scott Schweighauser: Absolutely. And when we evaluate a manager, we're looking at basically two different realms of information. There's the quantitative realm. So we need to see a demonstrated record of success, whether it's a track record or the positions that that person's been attached to at their prior firm or firms. We need to understand what makes them unique and, basically, what is the edge that they're bringing to the table? How much idiosyncratic alpha can they generate because of their experience? And so that's a lot of conversation and understanding and probing and digging. That's the detective part of our job. The other half is the qualitative. We make the reference checking part of our process, a complete start-to-finish element of our process. So a lot of people leave the reference checking to the very end of their diligence because they're looking primarily at quantitative factors of the track record. We do the opposite. We want to start with the reference checking at the very beginning to find out and paint a very

comprehensive mosaic of who these people are and talk to people that they've worked with, either as superiors or as subordinates. We want to talk to people that they've traded with, colleagues, and mine not only... obviously, the people that they provide as references, but more importantly, utilizing our network. So we've been investing in hedge funds for a long time. We have a really deep team at Borealis. We've got four people. All of us came from Aurora. And we have extraordinary networks that we mine. And painting that comprehensive picture gives us the confidence that we are going to make a well-considered decision about who these people are, and can they be the type of leader and business leader that will lead to good success in starting their own business?

Robert Morier: As we set the stage for our discussion on Borealis, for our audience who are less familiar with GP seeding, would you mind just quickly taking us through what Aurora did in terms of fund of funds versus what Borealis is achieving or looking to achieve to do as it relates to GP seeding?

Scott Schweighauser: I'll just describe Aurora as the complete cycle from day one, 1988, at Harris Associates through the end, towards the end of 2016 when Aurora wound down. So I'll call that Aurora. From the very beginning... and I wasn't there, but from the very beginning, there was a focus on identifying talent early and developing due diligence protocols that focused on the incompleteness of the information that you were likely to be encountering as you did due diligence. In other words, new guy starting out, generally not going to have a track record. So how do you get confidence that they actually know what they're doing, they're going to be a good steward of your capital? So you're looking for all those qualitative elements. So that's just part of the culture, part of our mindset whenever we evaluate a manager at Aurora. But we kind of looked at seeding as adverse selection.

Robert Morier: Explain to our audience what that means.

Scott Schweighauser: Sure. We were investing in hedge fund managers that were hot dots back in the day. If a hedge fund manager was leaving an organization and had a good reputation, there were not a lot of hedge funds. And even way back when, before the explosion, there was a lot of competition. Part of it was structural. So the structural element was that the 3(c)(7) exemption didn't exist back then. For SEC purposes, it was all 3(c)(1). 3(c)(1) meant that you could only take 100 investors into a domestic limited partnership. You couldn't take any more. So that's a limited number of slots. And a lot of managers not only had the slot constraints, but they also had capacity constraints that they dealt with because a lot of the money that they were managing was their own. They didn't want to diminish their own returns by taking in too much capital. So people were mindful of capacity constraints. And the focus then was, who can you get in touch with? So get ahead of the crowd, so to speak, and get your capacity. Get your slots. We

were managing four entities at Aurora. We needed four slots if we were going to make an investment in a manager. So it was a little bit of a different environment. We never spoke about who our managers were. We didn't tell our investors who our managers were because you wanted to keep all that very secret. It was like proprietary information to make sure that you had that capacity. We always thought if a manager needed seed capital, if they needed to give up a piece of their business in order to attract capital, we thought, how good could they be? The old Groucho Marx... I would never join a club that would have me as a member. We always thought, there's this adverse selection element to seeded managers. There are exceptions, of course. And I don't want to diminish the people who were seeded. But as a general rule, we would prefer to invest in managers that didn't need a seed and would be able to pick and choose who their investors were. And at Aurora, we always prided ourselves on being a preferred partner with our hedge fund managers. We had a good reputation, and we enjoyed that, and we got access to great managers. And then as time went on, the crazy time in hedge fund world, it came during, I'll say, the 2002 to 2008 period, when this mountain of money poured into the market, and the number of hedge funds exploded from basically 1,000 to 10,000. It was a little bit like the Wild West. And because there was so much money, that sense of adverse selection was even more acute because, frankly, lower-quality managers, people today that you would never consider for an allocation, were able to raise \$500 million at 2% and 20%. And it's like, holy cow, that guy got money? And then with the financial crisis in 2008, the world changed. And there were a number of factors that led to the world changing and a revolution, I would say. Funds of funds, which had been a dominant destination of capital for institutional investors, started to be disintermediated by consultants. And also, those same institutional investors were developing their own infrastructures and investment teams to go directly. So fund of funds were starting on their decline with the crisis of '08. I will also add that we didn't have Bernie Madoff in our portfolio, never would have. We knew he was a fraud. Other people did have him. And I think the Bernie Madoff effect also caused a little bit of animus towards fund of funds because of that and the absence of due diligence that people did because they had Madoff in their portfolios. The second factor that led to this seed change is in the wake of the 2008 crisis, the Federal Reserve lowered interest rates to 0%. So we had a 0% interest rate policy for many, many years. That had the effect of two things. One, hedge fund returns went down. There was a natural interest rate component to hedge fund return. When interest rates are 0%, hedge fund returns go down. Dispersion went down because market volatility went down. Good companies and bad companies, it kind of didn't matter. Everything went up. From 2008 onward, the recovery was really, really strong. All you have to do is look at a chart of the S&P 500 or the NASDAQ to see that. And so beta was strong. Hedge fund returns, as a result, were poor. Shorting is really hard. It became even harder in that period. And the alpha coming from that was negative. Hedge fund returns were kind of blah. And because fund of funds had an added layer of fees, fund of funds returns were blah.

Robert Morier: Is that a technical term?

Scott Schweighauser: It is. You can look it up. And so we faced a different environment. So for hedge fund managers who are just starting out, the marginal decision was now being... investment decision was now being controlled either by the big institutional investors who were going direct or consultants. And neither of those were real supporters of newly launching funds. That was always the purview of people like Aurora and others. And it made it really difficult for newly launching managers to get traction. We looked at that as an investment opportunity. So at Aurora, we said, we've always hated this adverse selection of seeding. Maybe this is something that we should reconsider. Would we want to be 100% of day-one capital for a manager and really will be the only capital for a while until they start to gain traction with other investors? Can we be a backer? And so we kind of looked at it and said, yeah, there's really good opportunity here to do that. And if seeding is done correctly... and we'll talk about our model and our structure and how we got to it. But if seeding is done correctly, you're going to create a return stream through the participation in the revenue share that will enhance the returns of your investment experience with those managers. So it's this what we call synthetic alpha that we could add to our portfolios. And we saw that as a great investment opportunity, not only great investment opportunity, but then, obviously, a great business opportunity as well. As we looked at our future going forward, we thought, if we do this seeding thing right, we can emphasize it more in our portfolios and have this synthetic alpha. And our returns will blossom or become much more robust and much more along the lines of what we'd experienced prior to the financial crisis. We decided, yeah, let's do that. Now, the model is really important. And this is where differentiation, I think, really comes into play. We had an advantage at Aurora of being second movers in the seeding space. And so seeding is not new. Seeding, actually, it's been done for probably 15 or 20 years before we got into it. And so we saw how other of our competitors engaged in it, the features of their structures and how they set it up. And we felt there's some good qualities to those structures and then some not-so-good things and frictions and elements that led to controversy and not good relationships between the sponsor and the manager. And we thought, let's see if we can fix those with our structure, so that's what we did. So at Aurora, we came up with this structure that we felt would create the greatest alignment. And alignment is a theme that now imbues us. Alignment is the magic elixir of actually every business. If you have alignment between two parties in a business transaction, that's the best possible outcome. So we said, how do we create the greatest alignment? One thing we knew was taking a GP stake, an actual ownership stake, isn't going to create alignment. It creates an adversarial relationship because at some point the sponsor, the investor in that GP stake, is going to want to get bought out.

Robert Morier: Is that adversarial relationship a foregone conclusion, or have you seen some success from peers?

Scott Schweighauser: Yeah, I'm not saying it's a given. It's a headwind.

Robert Morier: Creates disruptions, potentially?

Scott Schweighauser: It absolutely creates a much greater potential for bad outcomes. So we invested a manager that was seeded by a well-known competitor. I won't name names, but a well-known competitor. And lawsuits ensued because they kind of didn't have an aligned structure. And it was ugly. And because there was a lawsuit, the manager's time was taken away from running the portfolio and dealing with the lawsuit. It's a distraction. You don't want distractions. You want pure focus. So let's remove all of the elements of a structure that contribute to this probability of bad outcomes. That's what investing is. You're never going to make it perfect. Investing is not perfect. And in our underwriting, we have known things which are, hey, the element of this structure... or this manager has this kind of Achilles' heel. Everyone's got Achilles' heels. This manager has this Achilles' heel. Can we live with it? And is it going to be disruptive potentially down the road? And if we can live with it? Fine. Let's keep an eye on it. And if it's insurmountable, let's not make the investment. We'll take a little detour here. So one thing that we did not do at Aurora that we do at Borealis, we engage in a devil's advocate review, where we subject every potential investment that we're going to make to a very unpleasant review of everything that could possibly go wrong with the manager. What are all the concerns that we have and then potentially other investors might have?

Robert Morier: Is that an internal exercise, or are you doing that...

Scott Schweighauser: Internal.

Robert Morier: Ok.

Scott Schweighauser: Yeah. Oh, no, we're not bringing the manager in and grilling him, yeah.

Robert Morier: I'm just wondering how hot the room gets for the manager.

Scott Schweighauser: Oh, yeah. It gets hot inside of Borealis, but we don't subject the manager to it.

Robert Morier: Makes sense.

Scott Schweighauser: But that becomes part of our underwriting. And we're mindful of everyone's got flaws. No one's perfect. We try and make it as perfect as possible. So we wanted to have the known unknowns. With the structure, getting back to the structure and creating alignment, we want to not be GP participants because we don't want to be involved in the management of the business. If you own the bottom line or if you're a part owner of the bottom line, you want to get involved in what the manager is spending on X, Y, and Z. We don't want to do that. So our goal is to create as much alignment as possible. We do that through participating in top-line revenue. So it's clean. And there's no buyout in our structure, which creates friction. And we participate for a fixed amount of time. And then we just sunset away. The manager, after a fixed point in time, will control 100% of the economics in their business going forward. And it's great for the manager because we catalyze their business. And after our relationship ceases, they control everything. So it's great for them. They love it. The lockup... so our structure... we're diving into the structure as well.

Robert Morier: No, I think it's a good place to start. And actually, I think for the conversation and our listener, it's helpful. We're kind of getting this structure out of the way because it's so important. It's important to the asset class. It's important to your relationship with the GPs. And ultimately, it helps you, I would assume, in determine how you're going to source. So we could get into what types of managers you're looking for. But please continue on with the structure.

Scott Schweighauser: Again, at Aurora, when we were getting into seeding, we thought, how can we make it better? So writing a big check, \$50 to \$100 million, is really important because if you write too small a check, it's not catalytic. It's not going to draw in institutional investors. And it's not going to make the manager investable right away. And it might actually be harmful to them because they write a small check, and then they take a piece of the business, and people look at it and say, what, you gave away X percent of your business for that? It's like, that could potentially be harmful. But there were a lot of people who wrote relatively small checks in the early days because they thought, the strength of my money is much greater than the strength of somebody else's money. It's like, not really. And then the lockup period... so write a big check and lock it up so that the manager has visibility into the future. And visibility is really important for building infrastructure, being able to hire people. So if you want to hire a really good analyst who has choices, if you say to them, look, I've got this high-quality backer, they're stroking me a check for \$75 million, and it's locked up for three years, I've got visibility, come join me, that's an attractive opportunity for someone. And so the lockup matters. Time and money... it's the magic elixir of seeding. And it helps derisk the business. So we pay fees on our capital to the manager... discounted fees, but we pay fees. And that's the working capital that managers use to build that infrastructure. So it derisks the business. It makes the manager investable for institutional investors. But it also waves the magic wand over their track record,

saying, this is a real track record. They're not managing \$5 million and generating great returns on \$5 million. They're managing \$75 million and generating great returns. And institutional investors say, a-ha, they can now scale. I see how they can scale to a much larger number. All of that creates a lot of alignment. We pay discounted fees. So one of the benefits of being a seeder is that for the benefit of your investors, you get discounted fees. You participate in that top-line revenue stream to enhance the returns. It's a little bit like venture capital. And you develop this intimate relationship. And our engagement with the manager is very partner-like. So there are some seeding structures that are very transactional. They're financial transactions. So here's your money. Vaya con Dios. And we'll see you in a couple of years. And that's not us. We're much more in the model of a private equity firm with portfolio companies. And we are working with our managers side by side. We're in the foxhole with them and working with them to make a better business.

Robert Morier: Tell us about the team who's doing that work.

Scott Schweighauser: It's really the entire Borealis team that is engaging. So we have four people on the investment side, all of whom were... actually, all of us were very closely tied to the seeding business at Aurora. And then we have two on the business side. So we have a CFO and a chief operating officer and a chief compliance officer wearing the same hat. And those two guys are also the operational due diligence and really the operational advisors for managers. And from our own experience, we know that engaging with managers, we walk a very fine line between being present and being obtrusive and being too much in their face and too present in their business. And it's something that we witnessed at Aurora when we were setting up. We saw how people could be overly involved, particularly those with GP stakes, how they could be too controlling of the situation. And at Aurora, we didn't like that in looking at those managers to invest in because there was a potential for unexpected things to happen. And so we had to really underwrite both parties. We want the world to consider Borealis as a valued partner to our managers, but not controlling what they do, like using our many years of experience to help guide decisions that they themselves are going to make. We don't want to make the decisions. We want our managers to make the decisions. But boy, are we going to give them a lot of other things to think about in making those decisions.

Robert Morier: How important is pedigree to you in your evaluation?

Scott Schweighauser: Pedigree is everything. It is the culture that they trained in. So where did they come from? And different hedge funds have different cultures. We like cultures where the sense that they're managing a very finite pool of capital is the right one, like every decision they make has a consequence, not only the investment itself, but what it is that they're not doing because you have finite

capital. So that sense of stewardship, that sense of, I'm managing my own capital... this is how I manage my own capital... is critically important. Culture is integrity. We're looking for people of highest integrity, highest character. Heraclitus said, character is destiny. And Heraclitus was right a couple thousand years later. Absolutely true. Character is destiny. And so we're looking for people who have the highest caliber of integrity and grit and leadership and determination and focus and intensity. And everything. It usually leads us, I would say people, who did participate in collegiate athletics have an edge on others.

Robert Morier: Yeah, learning how to lose.

Scott Schweighauser: Yeah, and the sacrifice necessary to achieve a goal. Like, you have to put the work in to achieve a goal. You can't just show up and say, here I am.

Robert Morier: How are you supporting it? I've heard operations and investments. But one of the Achilles' heels, which we were kind of joking about before we started recording, is distribution and asset gathering. It's not gathering, but asset raising. So how do you work with your managers to help achieve this goal of winning other institutional mandates after they've done something quite extraordinary by finding a GP seeder like yourself?

Scott Schweighauser: Raising capital is one of the critical elements of running a successful business. You have to ignite the imagination of people who are going to give you money. So you have to have a very good investment strategy and one that is unique. That's critical to what we do. So we operate from the premise that the world does not need a new hedge fund, generically. So what is it that's going to create an opportunity for someone to find a home in an institutional portfolio? Uniqueness and a risk return factor that doesn't currently reside in their portfolio, so it's got to be additive. And telling that story is critical. And so part of our evolution as we went from Aurora to Borealis... part of our evolution... was in understanding more acutely how important that is in the early stages. So we used to think that, ok, put your head down... or initial advice was, put your head down, make money, and people will find you. And you would want to add a business development person or an IR person down the road.

Robert Morier: The old model.

Scott Schweighauser: The old model. And I think that can still be true. A better model is to hire a business development person earlier on to tell the story. And maybe they're going to spin their wheels because you haven't gotten to that three-year point in the track record. But being out, telling the story, engaging with institutional investors so that they understand what you're doing so that when they're ready when you've reached whatever threshold that they're looking for,

either time or AUM or whatever, they're much more familiar with you and are much more likely to engage and potentially become an investor. So we've added an element to our deal with the managers to make it easier for them to hire a business development person earlier on because it's a cost. Adding someone like that early on is an onus from a financial perspective. So we want to make sure that it's less of a burden for them and puts them in a better position to be successful down the road.

Narrator: 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 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.

Robert Morier: When you think about the structure with a manager like that, for example, when you're first sourcing, kind of approaching this manager, are you presenting a prefixed menu, or is it a la carte? How bespoke do you get as it relates to these structures with each of the underlying managers that you're working with?

Scott Schweighauser: Everything is really bespoke. The deals that we have with our managers, we want to structure it to make it just right for what it is that they're doing. So the project agreements... this is the contract that we have with our underlying managers... contains a lot of elements, protections for our capital, in case we encounter a situation where we want to and need to redeem our capital ahead of the end of the lockup period. Those are all highly negotiated, highly fitted to what the manager does and what their needs are. The economic terms are also very structured so that it makes it good for them and obviously good for our LPs. And the engagement that we have with them is as much or as little as they want. So we do have monthly calls with every manager to check in and say, how's it going? You talk about the portfolio, talk about the business development side, talk about the operational side. Sometimes the calls last a long time. And sometimes they're pretty concise and brief, and we take care of business quickly. We're always open. Whenever a manager has a question or is working through an issue, those are calls we're always going to field and work with them on. And it's all very customized to their personalities, basically.

Robert Morier: When you think about how you fit into an overall asset allocation model... so when you're speaking with LPs, your peers... they were doing manager research and portfolio construction, asset allocation... recognizing that everyone's a little different, but how are you generally discussing the fit of your strategy? Where does it fit in an asset allocation model?

Scott Schweighauser: We'd like to think that it fits into an absolute return bucket overall. So first objective for us is identifying high-quality investment talent, period. We are looking for strategies that are differentiated and have a moat around them in some fashion. One of the things that we haven't talked about is the development of the platforms and the pod shops... Citadel, Balyasny, Point72, et cetera, et cetera, Millennium. And they have absorbed quite a bit of capital coming from institutions. The strategies that they're trading are all generally highly liquid. And they're mining what I would describe as a relatively thin veneer of alpha in those situations and using leverage to make the overall return acceptable and attractive. And it's a great business model. To be honest, I think of today's model for the pod shops and the platforms as a highly refined and much better way to execute a fund-of-funds model. It's kind of the same thing, but much more hands-on, much more integrated, and a lot more leverage. We are looking for strategies and managers who are in the white space, where those guys aren't. And so the strategies and the market sectors and the duration of the opportunities that they're going after don't fit well into a pod shop structure. And so we think that this leads us to capacity-constrained strategies, which is fine with us, and strategies that are more off-the-run. I'll call them oddball strategies. But those strategies can yield great results. And so I think if you look at the strategies that we've invested in so far, there's uniqueness to each one of the strategies. And when we combine them, we think we have a good investment profile for our investors. So first and foremost, we're looking for punchy. We're looking for managers who can generate punchy returns. A manager who's going to deliver great Sharpe ratio but mid-single-digit returns, not really of interest to us. The second element... and I'm mindful of the direction of the question, where do we fit? The second element of our value proposition is, ok, so we've got those unique strategies that are punchy returns. Now there's this thing that we've talked about and written about. So our most recent white paper is something we call the emerging manager paradox, where the first three years of a manager's existence are the most fruitful. And so the study we did... so my colleague Dan Harris just wrote a white paper on this. He studied using the pivotal path database, looked at nearly 3,000 hedge fund return streams, and found that across the board for managers that are still around, managers that have shuttered, across the board, there's a 400 basis point premium... 400 basis point premium... first three years versus their long-term track record. And that's substantial. So the second part of our value proposition is this early-stage manager premium. The third part, of course, is if we can partner with managers, catalyze their business, and grow, then there's effectively this revenue stream that's coming from their top-line revenue. So it turns out to be like a royalty stream, a coupon, if you will. And so there's this element of return without risk if you own that return stream. Now, there are factors which affect it, of course, but it is possible. So in our deal structure, one of our investors can redeem their capital from a manager at the end of the three-year lockup or at any point and have basically zero investment exposure and still receive their portion of the revenue stream, so kind of, we think,

a very interesting structure for investors. Where that fits? So you get hedge fund-like returns with these two, I would say, very idiosyncratic elements on top of it. Where do we fit? I think we fit in absolute return. I think definitely, if somebody has a hedge fund bucket, we definitely fit in there. We have elements of private equity. Not much. We're private equity on the way in, but we're kind of like a separate account on the way out. So we ourselves are a little bit oddball, but I think absolute return, our hedge fund, is where we fit.

Robert Morier: Is the goal for these GPs to graduate out of your program?

Scott Schweighauser: Interestingly, the way we work or the way our funds work is when the three-year mark comes, our LPs can make their own decisions. It's from that point forward that the manager is effectively pushed out of the nest in a conceptual sense. So our LPs make the decision after the three-year mark for every single manager. So if we do our job correctly, our LPs are going to find our managers very attractive and will retain their investment exposure. For whatever reason, they may decide that the strategy doesn't have a home in their portfolio, and they would redeem. And that has happened. So one of our managers has a very specific strategy that some people like and other people don't. And so there were changes that occurred as a result of that. The manager's fabulous, by the way. And so we put a lot of discretion in the hands of our LPs to make their decisions to give them the freedom and flexibility to create their own bespoke portfolios, really act as, like I said, an extension of their investment team. And it's worked. I think we have a fantastic model. Again, we talked about alignment before... creates alignment between not only the manager and our LPs, but also the follow-on capital. The people who come in and they're not part of the Borealis ecosystem, but they're the ones who are investing in our managers, we think our structure gives them a lot... should give them a lot of confidence in the underlying manager, number one. They received... this is going to sound very self-serving... the good housekeeping seal of approval from Borealis. We selected this manager out of 300 managers in a given year. There are 3 to 400 hedge fund launches every year. We want to select one or two to underwrite every year. So the process of culling and going through the universe and finding the needle in the haystack is pretty extensive. And when we invest in someone, I think it means something. I think it means something.

Robert Morier: As you think about that culling process, so when you're out there sourcing, maybe looking a little bit more at today, what secular or cyclical themes do you think new managers should be thinking about because you're thinking about them as an allocator?

Scott Schweighauser: How is AI going to affect every element of the investment universe? And it goes to, how do you run your business? How do you incorporate AI into your business and running an investment firm? So that goes research to

operations to every element. We've had conversations with a couple of managers recently who have said, look, I'm the guy. I'm the portfolio manager. I will have zero analysts, zero human analysts. I've got these AI agents that are going to act as my analysts. And I've set it up so I can be super, super efficient that way. It's like, wow, ok, that's a new structure. It'll be interesting to see how that unfolds. But AI is going to affect just those elements of evaluating and running a hedge fund. Then, of course, you have the investment opportunities that are going to be afforded by AI. And there are going to be winners and losers, so dispersion. And this is mana for hedge funds... winners and losers, picking longs and shorts. It's going to be really interesting, and it's going to happen very quickly. So that's something that we're aware of, focused on, and thinking about as we do our daily routine.

Robert Morier: How about your outlook on hedge fund seeding? Where do you think this industry is going to go?

Scott Schweighauser: I'm very enthusiastic about our role and what our trajectory is. And the reason I say that is it continues to be a tough fundraising environment for hedge funds. And there are a number of factors for that... less to do with hedge funds today. 10 years ago, it was more about hedge funds and misalignments that investors confronted. Today, it's more about dynamics that are unrelated to us. So the repatriation of capital, so liquidation events coming from private investments on private equity or venture capital or private credit, there's been a drying up of that spigot. That provided a lot of capital that would be redeployed in opportunities such as ours or hedge funds themselves. So I think it's still a very tough fundraising environment for hedge funds. And as much as that's a, gosh, I wish it was easier to raise capital for hedge funds, that's our opportunity because our capital is very, very valued. If somebody's going to launch a hedge fund... and people still want to hang out their own shingle... we're going to be a desired partner for those managers.

Robert Morier: We have a student here in the studio with us. You're going to be looking out at several students later this afternoon at Drexel University's boathouse. What is some advice that you would give them as they're entering this new market, in a lot of ways, particularly given all of the events that have taken place, maybe not an acute crisis, but a lot of bruises?

Scott Schweighauser: Look, I think the world is changing very rapidly. I have a son who just graduated from college. And I think the advent of AI disrupting that end of the workforce, people who are just starting out, is pretty real. And a lot of entry-level jobs now are being foisted onto AI. And so the opportunities that I had when I left school don't exist any longer. People don't have training programs. They can't afford to have pay a salary to someone to spend nine months going through a mini MBA. So I think what my advice would be is jump on any opportunity, large or small, to gain a foothold in something that will lead to

additional opportunities. So one, you asked the question about my career arc. And the first word out of my mouth, I think, was serendipity. Serendipity can never be overestimated. You always have to be working really hard to be in the right place at the right time to take advantage of an opportunity. Louis Pasteur. So I have a number of quotes that I love to bring out. One of them is, chance favors the prepared mind. And so putting yourself in a position to be exposed to opportunities when they come is the best way to find success. And that's my advice is do whatever you can. And there is no shame in starting out at the lowest rung. I think Jensen Huang, the guy who runs NVIDIA, spoke to the business school at Stanford and made the comment along the lines, you have very high expectations for yourself. And he said, you will be unhappy with those high expectations. You should have low expectations and focus on the qualities necessary to get to where you want to be. But don't go in thinking that you're going to be running the world when you graduate from Stanford with your MBA. And I think that's largely right. You have to be humble and think that it's a journey. Success is a journey, not a destination. And so work your ass off.

Robert Morier: That's a good quote. Is that yours?

Scott Schweighauser: Sure, why not.

Robert Morier: I'll take it. Scott, thank you for providing that advice. Thank you for being here in Philadelphia and sitting down with me to talk about your experience, your career, your success starting Borealis and continuing it with Borealis today. We wish you nothing but continued success going forward.

Scott Schweighauser: Thank you, Rob.

Robert Morier: Before we let you go, we'd like to have some fun. We're going to have a lightning round. It's an either/or. The kids like this stuff, Scott. It's the short-form content. That's what my social media people tell me.

Scott Schweighauser: All right, I like it.

Robert Morier: So we're going to give you an either/or. It's going to be either this or that. And it's just short answers. If you want to give a little context, you can.

Scott Schweighauser: All right.

Robert Morier: And we'll have some fun. Ok, early morning erg or sunrise on the Charles?

Scott Schweighauser: Sunrise on the Charles every time.

Robert Morier: All right, every time.

Scott Schweighauser: Every time.

Robert Morier: Technical perfection or raw power?

Scott Schweighauser: Technical perfection.

Robert Morier: Ok, single scull or an eight with a coxswain?

Scott Schweighauser: Eight with a coxswain.

Robert Morier: Ok. What seat in the boat?

Scott Schweighauser: I love being at two.

Robert Morier: Two seat? Ok.

Scott Schweighauser: I was a two seat at Henley. I loved being at two. I was the second person to cross the line.

Robert Morier: Yeah, exactly. I like that. There's nothing wrong with the silver.

Scott Schweighauser: Yeah.

Robert Morier: Catalytic seed or a strategic anchor LP?

Scott Schweighauser: They're the same.

Robert Morier: Yeah, agreed.

Scott Schweighauser: Yeah.

Robert Morier: All right. How about backing the jockey or the horse?

Scott Schweighauser: Jockey every time.

Robert Morier: Every time. Long short equity or macro?

Scott Schweighauser: Pass.

Robert Morier: Pass. That's fair. There's a show on another show that says take a shot. So we don't have any alcohol here. But you would take a shot in that case. Ok, just a couple more. So a good movie or a good book?

Scott Schweighauser: Good movie.

Robert Morier: A good movie? I like that.

Scott Schweighauser: Good movie.

Robert Morier: You've quoted a movie, Wag the Dog, earlier.

Scott Schweighauser: Wag the Dog. I'm a movie guy. My favorite movie is Spinal Tap, number one.

Robert Morier: Rob Reiner.

Scott Schweighauser: Rob Reiner. Number two, Anchorman. Number three, Stepbrothers.

Robert Morier: Ok. All right. I wish I asked that earlier on in this conversation. It would have been a very different podcast. Three of my tops as well. What was the last movie you saw in the theater?

Scott Schweighauser: Massive disappointment... Boys in the Boat. The book was A-plus-plus-plus. The movie was D-minus. And it was such a disappointment.

Robert Morier: Yeah. Will you watch the Oscars?

Scott Schweighauser: No.

Robert Morier: Yeah. No, that's good. If you had to give a book recommendation... you had talked about When Genius Fails, but any other books that you would recommend for people listening in?

Scott Schweighauser: Yeah. So there's a book A Demon of Our Own Design that was written by Richard Bookstaber. I hope I'm pronouncing his surname correctly. And it's about his experiences working in the industry at hedge funds and being a risk manager. The second half of the book... so this is written before the financial crisis of 2008. And the second half of the book is a really good articulation of what can happen in markets, highly structured markets. The more brittle, the more co-dependent relationships are in markets, the more fragile they are. And I think he did a really good job of anticipating and describing what actually ensued in 2008. So the second half... I kind of looked at the book as two halves. The second half of the book is really, really good. So I would recommend that. So my interest in trading got stimulated by the Jack Schwager book Market Wizards. They're fun reads, talking to very well-known and very successful people about their

beginnings and their starts and how they ended up being who they were. So I recommend those books.

Robert Morier: Before we let you go, one more question. Thank you for that lightning round. It was always a lot of fun for us. Dakota spends a lot of time on the road. We're always visiting different cities. Chicago is one of them, always at the top of the list. We always like to ask some of your favorite restaurants, where you like to go. Where should we go when we're in town, potentially taking you out to lunch or dinner?

Scott Schweighauser: I have a great recommendation. So Chicago, as you know, was the meatpacking capital of the world back 100 years ago. We're known for our hot dogs. And a Chicago hot dog is a particular type of hot dog where there's a lot of... they drag it through the garden, so tomatoes and onions and relish and pickles all go onto this hot dog. They're delicious. The place to go in Chicago for a hot dog, a char dog, is a place called The Wiener's Circle. And it's actually owned by a friend of mine who is also a hedge fund manager, a guy named Ari Levy. So I would absolutely recommend going there. I have a little bit of swag that I brought for you. Here's a Wiener's Circle hat. Get this on the camera.

Robert Morier: This is official. Roberto, have we ever been given a gift?

Roberto: Not a wiener hat.

Robert Morier: Not a Wiener hat? I don't think anything. Can I put this on? I have a huge head.

Scott Schweighauser: There you go.

Robert Morier: Oh, yeah. Oh, this is real.

Scott Schweighauser: There you go.

Robert Morier: Thank you, Ari.

Scott Schweighauser: And the Wiener's circle actually got some notoriety recently because they offered free hot dogs if the Bears quarterback, Caleb Williams, threw four touchdowns in a game. And he did that against Dallas early in the season. And so they had a Tuesday hot dog giveaway. And I think they gave away like 3,000 hot dogs. The second time, they offered free hot dogs if Ben Johnson took off his shirt, which he did in the locker room after a victory. I forget who the victory was over. But anyway, so they're in the news a lot these days. And it's a fabulous place. Also, I would recommend that your viewers Google Conan

O'Brien Wiener's Circle because they did a segment with Triumph the Insult Comic Dog at the Wiener's Circle. It is hysterically funny and well worthwhile.

Robert Morier: Your sense of comedy and humor has come full circle with Triumph the Insult Dog. I appreciate this.

Scott Schweighauser: One of my favorites.

Robert Morier: Mine too. Robert Smigel who voices him. So thank you for being here today.

Scott Schweighauser: It was a lot of fun.

Robert Morier: Well, you heard it here, folks. Scott Schweighauser, the Wiener's Circle in Chicago. Make sure you check it out from this hedge fund industry veteran. Thank you for being here. It was a wonderful conversation.

Scott Schweighauser: It's been a lot of fun. Thank you, Rob.

Robert Morier: If you'd like to learn more about Scott and Borealis Strategic Capital Partners, please visit their website at www.borealisstratcap.com. You can find this episode and past episodes on [Spotify](#), [Apple Podcasts](#), or your favorite podcast platform. We're also on [YouTube](#) if you prefer to watch while you listen. And for additional Dakota content, please check out our website at dakota.com. Scott, thank you again for being here. And to our audience, thank you for investing your time with Dakota.