



SEASON 4 EPISODE #3

DANIEL DUNCAN

SEAFARER CAPITAL
PARTNERS

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What is up, everybody. Gui Costin, founder and CEO of Dakota. Welcome to the latest episode of The Rainmaker Podcast. I'm so excited to be joined by Daniel Duncan, who is a senior managing director at Seafarer Partners, runs client service distribution. Daniel, welcome.

Daniel Duncan: Thank you very much. It's great to be here.

Gui Costin: Daniel joined Seafarer Capital Partners in 2014 and is responsible for business development and client services. Prior to joining Seafarer, Daniel was a vice president relationship manager at Matthews International Capital Management, advisor to the Matthews Asia Funds. At Matthews, he led business development initiatives, primarily focusing on broker dealer firm clients.

Previously, Daniel was an account specialist at Janus Capital Group, supporting the firm's sales efforts through financial institutions and a financial consultant with CUNA Mutual Group. He began his career in finance as a financial advisor with Morgan Stanley. Daniel received his B.S in hospitality management from Texas Tech University, and an international MBA from the University of Denver's Daniels College of Business. He is a Certified Investment Management Analyst, CEMA. Before we dig in, give us a little background, where it all started, where you grew up, and how you got to Seafarer.

Daniel Duncan: Absolutely, absolutely. Yeah, I grew up in Fort Worth, Texas. Texas kid in Fort Worth near TCU. Then moved on to Texas Tech University, where I did my undergrad. And very quickly, after living five years in the

flattest place in the world, I moved to Vail, Colorado to go ski for a couple of years.

Gui Costin: Oh, wow.

Daniel Duncan: And try to completely change my surroundings and change my setting. So--

Gui Costin: That's fun.

Daniel Duncan: --started working in the hotel business there and did five years with Hyatt. They ended up moving me to their headquarters in Chicago, where I realized that maybe that wasn't where I wanted to be forever. And had an opportunity to join the advisor training program at Morgan Stanley. So, I started that in 2001, in Chicago.

Gui Costin: Oh, nice.

Daniel Duncan: Yeah.

Gui Costin: Which then led you into to Janus. Is that right?

Daniel Duncan: Yeah, so that led me into Janus. It was 2001. So, 9/11 kind of changed the scope of that training program. I went back to Denver, actually, to get an international focused MBA at the University of Denver and started at Janus on their internal desk and then their financial institutions group there in Denver.

Gui Costin: Oh, great. So, talk to me. So obviously Matthews Asia, a precursor in some way, shape or form to Seafarer. Seafarer unreal firm. When did you join Seafarer, and talk to me about your role today and how it's evolved from when you got there?

Daniel Duncan: Absolutely, absolutely. So, I had left Janus to join Matthews in 07, really looking for a focused boutique. It seemed like that's where the world was going at the time, that people were really wanting a specialist asset manager, and we're looking for an Asia focused specialist and found one at Matthews. Was very fortunate to meet a gentleman named Andrew Foster, who's now the CIO and founder at Seafarer who at the time was the acting CIO at Mathews, leading that firm through the global financial crisis. It was just a great pleasure to work within there. And as he left in 2011 to launch Seafarer as, a not just Asia, but global emerging markets boutique asset manager, that I was able to stay in touch with him. And then in 2014, finally convinced him to bring me over to help run a business development client services team--

Gui Costin: Oh, that's great.

Daniel Duncan: --at Seafarer.

Gui Costin: OK, so give me-- now, the one thing I did want to mention is, I have a brother-in-law from Texas, but I think of Texas as being so football centric and quarterback centric. So, I always think about the best quarterbacks. From what I'm told, have to have amnesia. So, I think of it the same way in sales, as well as turning your brain off, forgetting, and not judging yourself. And just keep looking forward.

Daniel Duncan: Yeah.

Gui Costin: From an attitude perspective, I just think of that as Texas. I think of that as a quarterback, and I think of that as a salesperson.

Daniel Duncan: You know that is true. And I think what allows you to do that and that. What I think Texas gave me was just a work ethic. That you got to show up to 2A days, it's 105 degrees outside. You got full pads on. You just got to work hard and get through it. And that's what creates that mentality to be able to work through those times, to be able to create that amnesia to forget the challenging times.

So, with Andrew, I've been through the global financial crisis in 08, 09. China had a financial crisis in 2015, have had a couple of them since. We're kind of a firm that's been built out of crises in that way. And in that way, we've learned how to just focus on what we've got to do, overcome the challenges when we're in a challenging time, focus on the long term, and not get too caught up in the day to day when things are a challenge. Do what we got to do every day. Get up. On the business development side, get up, send emails, make calls, try to make connections, try to grow our footprint when things are a challenge. And that way when we do hit those good times and people are excited about the emerging markets again, they remember that we've been there through the full cycle, that we're not a flash in the pan at that point, and that we're there. We're there for the long term.

Gui Costin: I love it. So, we have a term in Dakota that says every day is a great day to sell.

Daniel Duncan: Yeah.

Gui Costin: It's raining out, sunny, markets up, markets down. Every day is a great day to sell. So, it sounds like we have a similar philosophy.

Daniel Duncan: I love that philosophy. And it really is. When things are a challenge, it's a great time to be out in front of people, telling them what, there's opportunity here. There's always opportunity within the challenge.

When things are going great and people are excited about our asset class, it's a good opportunity to get out and explain maybe what's the opportunity is for the long term. Sometimes we try to talk people off the ledge a little bit when things get overexcited, we try to be balanced when things are looking really good, and we try to be really optimistic when others are a bit challenged. But there's always something to do, somebody to talk to, another call to be made, another email to be sent. And we definitely on the BD and CS team at Seafarer, take that philosophy that we want to start building relationships, and there's no better time to start building a relationship than now.

Gui Costin: Yeah, I love that. So, before we get too deep into it, walk us through your team structure and how it's all set up.

Daniel Duncan: Absolutely. It's a simple structure. We have three people on our business development client services team, 19 people in the firm full stop. And so, what I mean by business development client services is where the folks that are dedicated towards communicating with our clients and being out and being kind of that first line. But everybody on our research and investment team, our three lead portfolio managers, our two co-portfolio managers, and the analysts are all directly involved in client communications. They write a lot for the website. They record videos that we put on the website. Really what we want to be on the business development client services team is then a conduit to that investment team but do it in a very organized way. So, the investment team is using their time well. Focusing on picking stocks, that's what they do. But also communicating with clients along the way. For the three of us, we have seven different channels that we identify our clients by. And largely we're aligned along those channels, finding commonalities between clients for the types of service that they require from us, the types of questions that they tend to ask, that sort of thing.

Gui Costin: So, walk me through those channels. And why did you set it up that way, you're focused around seven channels?

Daniel Duncan: Yeah, absolutely. The key is understanding and being prepared to answer the types of questions that the investment decision maker within these channels will ask. So, we're all about, who is that investment decision maker? How are the firms tended to be structured around that investment decision maker? And how are we prepared that when they have a question for us or they have a concern, that we understand the context in which they're asking that question? So, of the seven channels, independent RIA is one of them. I think in marketplace they're just called RIAs.

Gui Costin: Yes.

Daniel Duncan: And so, the RIA channel is one of our larger channels. Within that channel, we typically define those as a billion to 5 billion in assets under

management, are the ones that we tend to work with best. We understand that the analyst within that firm, that is our primary contact, have a lot of day-to-day contact with the end client, with the end investor. And so, they will tend to call us and ask questions at the end investor is asking them about the emerging markets that they want to have context.

So, it may be more what's going on with tariffs and trade with China right now. Obviously, the war started this week, what's happening with the war in the Middle East, and how does that affect Middle East investments? Things of that nature. We want to be ready to answer those questions quickly and with a level of response that they're able to turn around and then help answer that question for their client.

Another channel that we call multi-family office or private bank, those investment decision makers within those channels tend to have a broad audience of financial advisors that they're turning around and answering those questions to. And so those questions sometimes are a bit more focused on, what's your research process? How are you looking to identify companies in this environment? What risks are you looking to manage within the portfolios? And so, within that multi-family office, private bank channel that tend to be MFOs that may be 10 billion or above or private banks, they tend to have more process-oriented questions. And so, I mostly focus on that channel. Another colleague of mine focuses on an independent RIA. Having a focus within that channel helps to put us in the mindset of the person that's asking the question so that we can better quickly answer those questions for them.

Gui Costin: Oh, I love it.

Daniel Duncan: Then we have institutional. We have national broker dealer and regional broker dealer, and then the different constituents within those channels. Really, by the time a relationship becomes a client, which we within our sales process, we identify stages 1 through 6. One is introduction. Six is there a client that knows us quite well. We keep track of the stages of our clients along the way that really correspond to how well they know us, how well they understand our process and our viewpoint when we're making a reply. And that helps us quickly to identify, OK, how should we answer this question? At what level of understanding of Seafarer will they have if they ask, what do you think about what's going on with Alibaba this week?

Gui Costin: I love it. So, transition a little bit because I know it's related. Just touch on your sales process. So, is it something you want everybody to follow exactly how it's set up? How do you give people flexibility? How is your sales process set up?

Daniel Duncan: Yeah, absolutely. It's set up along those stages that I just mentioned. And we really want to look at it as a long-term relationship. We manage mutual funds, and so our clients can come in and go out of our funds on a daily basis. We have no control over that. So, what we try to do is we try

to identify clients that we think can be good long-term investors for us, and build that relationship through those stages, trying to deepen their understanding of us at each stage as they go through. Now, on a day-to-day basis we do have a process that we follow. Largely, it's around trying to see clients in person as much as we can. There's three of us. We're all based in the Bay Area. We're all in one office. We're in with the investment team. That's the most important part of our process is that we are an extension of the investment team. We're not a sales team that's out in the field that's going to be available all day, every day. But when you're talking with one of us, when somebody from Seafarer is coming to Boston to see clients or wherever we are, we're coming from last week we were sitting in the investment team meetings. We were with the portfolio managers. We know what they're talking about. We have an understanding of what the investment team is doing. And we're using that trying to help clients grow their understanding of Seafarer, their understanding of who we are, what we do in the emerging markets, and grow those relationships over time.

Gui Costin: That's great.

Daniel Duncan: Now when it comes to scheduling those meetings, we try to be appropriately persistent. We know that not everybody wants to talk about the emerging markets all the time. They tend to want to talk about the emerging markets when they're wanting to look at the emerging markets. And so, we know not everybody is going to take a meeting every time we're in their area. So, what we do is we try to be appropriately persistent. We know that not everybody's going to be able to respond to the first email. So, we want to have probably three contacts starting about six weeks in advance before the visit and the last one maybe a week or so if we haven't heard from them after the first two. Not trying to spam everybody or overwhelm their inbox--

Gui Costin: But a lot of consistent outreaches.

Daniel Duncan: --but try to be consistent with that outreach.

Gui Costin: Gotcha.

Daniel Duncan: And then we do a lot of regular follow up communications. So, we will do a quarterly-- we call it quarterly briefing video, where the first day of the quarter, we sit down with the portfolio managers, and we just talk about what's happened within the strategy and within the emerging markets for the last quarter. That gets put on the website usually the fifth or sixth business day of the quarter.

Gui Costin: Yeah, so let's just talk about that for one minute. So, it's kind of genius what you guys have been able to do because I watched it, and I think it's very distinguishing. You didn't overcomplicate it. You create video for your

quarterly call, your quarterly update. Just talk to us about what you did because I think everyone would be very fascinated to hear that you made it unbelievably simple and just did it.

Daniel Duncan: Well, from the person that has set the standard, I think, for what I've seen in the industry of creating content and creating insights, I take that as a very high compliment. So, thank you very much. I appreciate it. Our focus is on investing in emerging markets. And so, what we tried to do is we tried to create a set of videos that were informative, that were directly from the portfolio managers, where the portfolio managers can speak directly to the audience and just focus on that, allow it to be as simple as possible, not worry about production value or the frills around the video. Around Seafarer our buzzword on this is transparency. We want to have a transparent communication with our clients. And in order to do that, being able to just sit down without varnish and overpreparation or anything of that nature and just have a conversation like this, but with the portfolio managers and say, hey, what are you seeing, what are you thinking about, and be able to make that available to our clients, was the goal.

Gui Costin: That's amazing. And people listening to this call, and we always think we're selling or we're speaking to an individual salesperson at an investment firm with not a lot of resources. However, doing a quarterly call is effectively free, and it just really is putting your time in. Right now, PhD level is creating a video. Normally people just do the webinars. Some people don't even do the webinar. And I feel badly because this is the greatest free marketing. But it's also giving great respect to your clients because your clients need to communicate. And it's the letters one thing but being able to have them send a really nicely done, even if it's a webinar, if you can do video, that's even better, you've proven the fact that it doesn't have to be a \$60,000 video shoot. You can put your iPhone on a tripod, and you can shoot. They want to hear from the PMs. So, I applaud you for that. Number 2, people listening, I think should really pay attention to the single greatest free marketing is to create a quarterly webinar because you can choreograph what you want to say, you can educate them, you can talk about stocks in the portfolio, themes that are playing out. You control all of that, and then you inform then they can use that and send that to their clients. So, like I said, I applaud you.

Daniel Duncan: Thank you very much. I applaud our portfolio managers for being open to doing it.

Gui Costin: Oh, trust me.

Daniel Duncan: It's not easy to switch gears and go from building their models and picking their stocks to OK, how do I put all this together in a video

that's concise that people can understand. And I really appreciate my partners for being open.

Gui Costin: Well, I just hope this podcast broadcasts out what your portfolio managers have had the guts to do. And I always say that it's definitely in the best interest of them, but more importantly, in the best interests of the clients. Clients are seeing the PMs. They're hearing from them immediately. It's very useful. All right. Let's transition into one of my favorite topics. Just very simply, communication amongst your team, the consistency with that, and then how you communicate up to the CIO, CEO of the firm measuring and reporting progress against the plan.

Daniel Duncan: Yes, that really is a crucial part, I think of what we do. Having the confidence of my partners that we are building a client base that will hopefully be long-term growth oriented but stable as well is really important. When I first joined, I set up a system, the channels that I was discussing, the stages that I was discussing. They help us a great deal in communicating with the client. They also help us a great deal in communicating with our partners, our executive committee within our organization. What it does is this. We realize we're a one asset class firm. We focus on the emerging markets. That's what we do. It's not always going to be the asset class in favor. I would have thought it would have been a little bit more in favor over the last decade, but it is what it is. So that it's not always going to be easy. Flows aren't always going to come. And so, we can't really compensate our business development team on flows because it's important that they're constantly reaching out, constantly in touch with our clients, constantly building those relationships. So, what we do is we focus on those development stages. And that becomes how we report to the firm, to the executive committee. Our progress is the numbers of clients that are moving through stages, the numbers of clients that we've made introductions to, the numbers that are becoming one of the stages I call curiosity. So, it's when we first see that light in a client's eyes that's OK, maybe there's something that I want to hear about here, but they don't really know who we are yet. They're still learning about us. We keep track of where all of our clients are in these various stages and how they're progressing in their understanding of Seafarer. And then hopefully eventually flows will come. But we're not focused on flows. We're not focused on the purchase. We're focused on the relationship. And this allows us to communicate back to the committee and say you know what? As we've moved these clients through stages, we're making progress flows maybe haven't come yet, but we're making progress. We're building good relationships, and that will lead to long term sticky relationships in the future.

Gui Costin: I love that. So that dovetails perfectly into how you track it all. So, as you know, we're big CRM people and we'd love to hear your thoughts on the importance of a CRM.

Daniel Duncan: There's no way you can do it without a CRM in my opinion. We engaged with Salesforce to move what I had in a spreadsheet, which is crazy, into the CRM in 2016, so about a year and a half after I joined the firm, and pretty early in our stage of development. Now between the three of us, we have about 4,000 relationships that we have within these stages that we're tracking.

Gui Costin: So, there's no way you could do it without a CRM, impossible.

Daniel Duncan: Seven channels, 4,000 relationships. And then with a mutual fund, it's maybe a little different than some other firms. But we get flows from platforms and broker dealers and retirement platforms, and we get flows and assets, information from all kinds of different places. And to be able to connect those flows and assets with the notes from our meetings and our calls and all the conversations that we've had and all the emails we've sent to clients, if we didn't have that in one place, there's no way that we would be anywhere close to being able to manage the number of relationships that we have. Just on a day-to-day basis much less consolidate all that information and be able to provide reporting to the front of the health of our client relationships, without a CRM, there's just no chance. And if you don't start early, you can't build it for the future. It's such an iterative process that it's adding a couple of relationships a day. It's adding a couple of meeting notes a day, that next thing you know I mean, I'm now 11 years with Seafarer. 11 years I've got hundreds, probably thousands of meeting notes.

Gui Costin: And you can start to apply AI if you want to and learn from those notes and what people are saying and so.

Daniel Duncan: Yeah, we haven't done AI yet. That's the next frontier. To be honest with you, we've started conversations about how we do that frontier. We haven't gotten there yet, but--

Gui Costin: Maybe offline we can talk about it because we've been able to do a lot of AIS within Salesforce.

Daniel Duncan: Oh, wow. I'd definitely be happy to.

Gui Costin: So, if people see this on video, they know what a charismatic guy you are just like when you're live across the way, your voice too. But characterize your leadership style for me.

Daniel Duncan: I really try to take that transparency word to my leadership style as well. So, first and foremost, I'm a player coach. I'm doing new introductions, I'm doing-- we don't do cold calls. But I'm as much as we do cold call--

Gui Costin: They're not so bad.

Daniel Duncan: What is that?

Gui Costin: So cold emails aren't so bad.

Daniel Duncan: Yeah, cold emails aren't so. They're definitely better than the cold call. Although I've had some very successful cold calls recently.

Gui Costin: No, no, I love the cold calls. I was just saying that because we're cold email aficionados. You know what I mean?

Daniel Duncan: Yes, absolutely. And there's definitely an art to that of wording it in a way that is compelling. But so, my leadership style first and foremost, I'm a player coach. And for an organization like Seafarer, I would imagine that'll always be the case.

Gui Costin: Well, Dakota believes in that. We have no middle management, zero. And we never will.

Daniel Duncan: It really is so important that I know really what's going on with my team. And I can't really, in my opinion, I can't really do that if I'm not dealing with the day-to-day challenges associated with new introductions or challenging questions about performance or whatever it may be. That's the challenge that day. And so, the leadership style starts with, I'm out here doing this too. And in trying to lead by example. Then it's all about transparency. I'm going to show them if I make a mistake, I'm going to make sure that my team sees it because I can't expect them to let me know when they made a mistake or something that we could improve or do better if I'm not being transparent about maybe mistakes that I make.

Gui Costin: Yeah, that's definitely modern leadership, what you're doing. It really is because it's-- yeah, the transparency, being the player coach, being close to the customer or the client, however you want to say that, getting feedback, feeling it, not just living in the Ivory Towers, it's super important.

Daniel Duncan: I can't imagine another way of doing it. Now we're a small boutique firm. I certainly understand there's people that work at larger organizations where there's going to be layers of management. There has to be. That's a big part of who we decided we wanted to be as an organization. We know we're capacity constrained. We know we can't be all things to all people. But what we try to do is seek out those people that want to work with a firm like ours and build a firm that they're comfortable with, that they can really get to know well by being open, transparent.

Gui Costin: If you study the leaders of Blackstone, KKR, Goldman, their leaders spend a ridiculous amount of time in front of their clients.

Daniel Duncan: Yeah.

Gui Costin: So, if you look at the best firms, the leaders are spending a lot of time in front of clients. OK, two final questions. So, what advice would you give to a young salesperson getting into the industry today?

Daniel Duncan: The number one thing that I would say is try to find an organization to work with that likes to teach and likes to grow, an organization that's clear about what their process is, how they're going to work their process, and how they expect to grow their business, and communicates with you about that on a day to day basis that lets you know, hey, this is what we're doing and why. Let's go do it. And then just work hard. It's a great industry to be a part of. I'm really excited that I was able to work in this industry now for 20 years and hopefully for that in the future. It didn't always seem that was going to work out every day when I was new to the industry. It's hard. It's hard to grow a career and it's hard to work through. Really the mental challenges of, do I put in the work to learn how to do this, to get better in the future? And I would say find an organization that is open to teaching and to growing people. But then just work hard every day, take the challenges as a day-to-day challenge, and come back the next day and do your best again the next day. And then next thing you know, you grow a career out of that. But perseverance is the number one key.

Gui Costin: It's great advice. I love it. OK. To close, the biggest challenge you're facing today and how you're overcoming it?

Daniel Duncan: That's an interesting question because the challenges are what we're here for right. The challenges are what the industry is about is overcoming those challenges. Probably the biggest challenge that we've seen over the last couple of years is all the consolidation, people moving, just the massive amount of change within particularly the RIA space, but other aspects of the mutual fund distribution world. Just keeping track of where people are is challenge. And then these firms that are growing, that are buying up RIAs, and consolidating into now larger financial institutional organizations, just making sure that we are in touch with them and learning how they want to communicate with us, what type of information is helpful. I've talked about the channels that we have. We defined a new one last year in order to try to really understand how to work with these firms that I think a lot of them themselves are growing.

Gui Costin: You have M what's the great reveal. What's the new channel?

Daniel Duncan: We call it hybrid RIA. There's a lot of different terms that are out there for them. But our definition for it are firms that have acquired other firms.

Gui Costin: Like Cerity.

Daniel Duncan: Cerity would be one of them. So, there's a home office research function a little bit like, a national broker dealer firm. There are advisors in the field. A little bit like RIAs that are spread out across the country. But then there's a new paradigm of how much the home office wants to set the direction in terms of the investments. And so not speaking to anyone specifically, but those types of firms, I think a lot of times are still figuring out exactly how they're going to manage this process. And so, what we want to do is we want to be a resource for them. And hopefully, if we can provide some interesting content on the emerging markets, a perspective that nobody else has brought to them to bring to their field, to help build a cohesion within their viewpoint, within their organization, that's where we're trying to be within those firms right now.

Gui Costin: Yeah, we got some really good advice at our conference from one of the speakers talking about exactly that. But I couldn't agree more. It's not going to end that our consolidation because the big banks and broker dealers are coughing out. And there's competition all the time. People are coming out to do their own shingle builder for seven years, sell it to an RIA aggregator. I mean, that game, there's so much momentum behind that. I don't see it stopping so--

Daniel Duncan: Well, all you got to do is look at Marketplace, and I think there's another 5,000 out there that haven't been consolidated yet.

Gui Costin: It's crazy.

Daniel Duncan: There's still a lot of runways to go.

Gui Costin: Well Daniel, I can't tell you how much I've enjoyed the conversation, learning about you and your career, leadership style, how you conduct your business. So, thanks so much for being on.

Daniel Duncan: My pleasure. Thank you very much for inviting me.

Gui Costin: I love it, I love it. All right, everyone, that is a wrap of another episode of The Rainmaker Podcast. Thank you so much for joining, and we can't wait to see you on the next episode of The Rainmaker Podcast.

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watch while you listen. If you would like to check up on past episodes, check out our website dakota.com. Finally, if you like what you're hearing and seeing, please be sure to follow, and share these episodes. We welcome all your feedback as well. Thank you for investing your time with Dakota.

Gui Costin: Hey, thanks so much for joining Rainmaker Podcast. Hope you enjoyed the show. Enjoyed the interview. I know I loved it. And hey, if you wake up in the morning and you raise money for an investment firm. To do cold outreach whether you're a sales leader or salesperson, and you don't about Dakota Marketplace, we would love to show it to you. It's world class. It's used by over 880 investment firms and over 3,600 individual salespeople. To learn more, go to dakota.com and click on a free trial.