dakota

EPISODE 79:

CIO Insights

with the Southern Ute Indian Tribe

Robert Morier: Welcome to the Dakota Live! Podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better understand the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, investment consultants, 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, please check out dakota.com to learn more about our services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes only and should not be relied upon as recommendations or advice about investing in securities and does not constitute an offer to sell or a solicitation of an offer to buy any securities by Dakota, the Southern Ute Indian tribe, or their respective affiliates. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker, who is not affiliated with Dakota, and whose views do not necessarily reflect those of the Southern Ute Indian Tribe either. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota.
Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database, built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today.

Robert Morier: Well, I am thrilled to introduce our audience today to Daniel Gottlieb, Chief Investment Officer for the Southern Ute Indian Tribe. Daniel, welcome to Philadelphia.

Daniel Gottlieb: Thanks, Robert. It's great to be here.

Robert Morier: Thank you for being here. We really appreciate it. And Steve Aitken from Dakota. Steve, welcome back to the desk.

Steve Aitken: Thanks, Robert.

Robert Morier: I'm glad you're here. I hear you have a two-month-old at home, so it's nice to see that you're functioning.

Steve Aitken: Yeah, it's good to be back in the swing of things.

Robert Morier: Good. Well, it's nice to have you here, and we're really excited, obviously, to have Daniel here representing the Southern Ute Indian Tribe. It's a really interesting opportunity for us and our audience to better understand your investment portfolio and your career. So, thank you again. Well, Daniel, before we get started, I'm going to read your biography for our audience. Daniel Gottlieb serves as the Chief Investment Officer for the Southern Ute Indian Tribe's Permanent Fund Investments, PFI, where he leads a team responsible for managing the tribe's endowment portfolio. In this role, Daniel oversees all aspects of portfolio management from asset allocation to manager selection, with a focus on aligning investments with the tribe's long-term financial goals. Under Daniel's leadership, the PFI department has expanded its investment strategies to include private investments alongside traditional asset classes, reflecting a commitment to diversification and long-term sustainability. His team works closely with the Investment Committee and Tribal Council to ensure that investment policies and risk management are in line with the tribe's objectives. Before joining the tribe in 2016, Daniel spent a decade in the alternative investment industry, honing his expertise in portfolio management and investment strategies. His prior roles include chief investment officer at a family office. During that time, he was also invited to serve in an advisory capacity to the Institute for Private Investors. Additionally, Daniel has been contributing his experience as a board and investment committee member for the Colorado health foundation since 2018. Daniel holds a bachelor's degree in religion from Swarthmore College and an MBA from the Yale School of Management. The Permanent Fund Investments, the PFI is a crucial department within the Southern Ute Indian Tribes structure. The PFI department was only created in 2018, but the endowment they manage was established as part of a strategic financial plan in 1999. PFI is tasked with managing a diversified investment portfolio to support the ongoing costs of tribal government operations, including education, social health, housing and family service distributions. Daniel and his team also provide advice regarding the investment activities of the Minors Trust Funds, the tribal employee retirement plan and the tribe's bond issues. The Southern Ute Tribe was the first Indian tribe to be granted a AAA credit rating in 2001 and has maintained that rating for 23 years. Daniel, thank you again for being here with us today, and congratulations on all your success.

Daniel Gottlieb: Thank you very much. It's very kind. It's a pleasure to be here.

Robert Morier: To kick off, we'd love to learn what interested you before the industry. So, what got started? And in those first early days when you were in Swarthmore College, thinking about the road to career and what that journey was going to look like.

Daniel Gottlieb: Sure. So first of all, again, it's great to be here in Philadelphia. As you mentioned, I graduated from Swarthmore College. I was dating a woman at Penn. She is now my wife. So, we actually had an R3 line commuter relationship between the Swarthmore Station and 30th street. So, it's fabulous to actually be back here. I went to

Swarthmore to pursue a liberal arts education. While I was in school there, studied a number of things, but initially decided that I wanted to pursue my passion, which was music. I was a cellist, and I sang in the choir, and ran the college radio station. And so, when I graduated, I worked at the Juilliard School for a year in New York, and then I got a job in the administration of the St. Louis Symphony Orchestra, went there for a couple of years. And what I learned when I was at the St. Louis Symphony was that even an organization like that, it's actually the second oldest orchestra in the United States of America, fantastic organization and great musicianship. They had a lot of administrative issues, and I was handed a project, and candidly couldn't figure out what the sort of basis or what the intellectual backing for that project was. Went to a mentor of mine and said, hey, I don't really understand how the people who made this decision made it. How can I learn to make better decisions? And he said, Daniel, I think you should go to business school. Had actually never considered the possibility up until that conversation, but the more time I spent around the music industry in particular, the more I thought there needed to be some more sort of informed decision making. So that's how I ended up at the Yale School of Management in 1999. While I was there, I had one of these realizations that I guess is not for everyone. People say you should follow your passion. What I discovered is that I actually enjoyed music a lot more when I wasn't working in it, and when it was something that I could just be a customer of. And so, I did something that I think is pretty typical upon graduating from business school, which is I spent a few years as a consultant, mostly to nonprofit and cultural organizations, because that was sort of where my history and my expertise were. In 2005, I was given an opportunity to join a small family office in Chicago, and the DNA of that office was the sort of early fund of hedge fund business that had spawned in Chicago coming out of Grosvenor, which was actually founded in 1978. And so that was a really, I think, unusual way to get into investing, because I didn't start with what most people would consider the fundamental building blocks, sort of equity, fixed income, analysis from the bottom up. I actually started by looking at some fairly complicated structures. You know, the hedge fund industry, even 20 years ago, you know, the multi-strats had sort of started to build out. There were obviously lots of the marquee global macro funds that were already doing very well, and then obviously, long-short equity has sort of always been a perennial player in that. So, I really learned investing through that lens. I was at the family office for 10 years. The office, we actually closed it down in 2015 due to a generational transition in the family. And that was the point in time where I was introduced to the Southern Ute Indian Tribe.

Robert Morier: At the end of this conversation, I'm going to ask you about your playlist for your college radio station. But until then, I'm very interested to hear just your general experiences. You've lived in New York City, Illinois, and now Colorado. So how do you compare living and working in all these different parts of the country?

Daniel Gottlieb: We live… and our office is located in Durango, Colorado, which is just outside of the exterior boundary of the Southern Ute Tribal Reservation. Durango, for listeners and viewers who don't know, is about a six-hour drive from Denver. It is in the area known as the Four Corners. So, we're actually about 20 miles north of the border with New Mexico and about 50 miles from Utah, sort of to place us. The town has 20,000 people in it, and yeah, I moved there with my family from suburban Chicago. So, I guess what I would say is, like everything in life, there's pros and cons. Where we Live now is undeniably beautiful. It is peaceful. I can literally walk out my front door and go for a seven or eight-mile hike if that's what I want to do. We're 30 minutes away from a pretty good ski area. There's very little traffic. People don't honk. It does have those sorts of small-town characteristics to it. On the other hand, as someone who lived in Chicago for 10 years, like I said, lived in New York, went to school in Philadelphia, there is a certain, I guess, aggressiveness to big city life that I think on the one hand, some people want to get away from, but for me, I do miss some of that. You know, there's just a lot happening in the major urban areas that when you go to a place like Durango, some people are very happy to let it all go. But certainly, for my family and I, there's always a little bit of sort of wondering what it is that we might be missing out on because we are where we are.

Robert Morier: Well, I'm happy you're here in Philadelphia, so you get a little bit of that urban experience while you're visiting us. And of course, we're going over to Drexel University after this. You're going to be joining us in the classroom, which is wonderful for us and our students as well. So, thank you. So how did you come to find the role at the tribe? Was It a job posting? Was it a word of mouth? How did it all come to be?

Daniel Gottlieb: So, it was actually a job posting. In this day and age where I think everyone in relationship land meet through an app, you know, this was sort of done the old-fashioned way. This was like meeting someone in a bar or a restaurant. There was a job posting. The title was Director of Investments at the Southern Ute Indian Tribe. It said Ignacio, Colorado. I didn't actually where Ignacio was, but I went on Google and I looked, and I said, oh, that's near Durango. I where that is. And then I went through an interview process, and over the course of the interview process, sort of gradually came to understand, you know, enough about the tribe's history, and then I think more specifically, the attributes of this pool of capital and the mandate. And that was sort of over a three or four-month period, fourth quarter of 2015.

Robert Morier: Can you talk about the mandate? What are some of the main goals of the fund? It sounds like there have been a lot of changes that you've been instituting. So, what does that mission look like?

Daniel Gottlieb: Sure. So, we've made changes to how we execute the portfolio. The mission has not changed at all. So, the entity is actually called Permanent Fund Investments, LLC. So, you know, explicitly multigenerational. You can't get much longer term than permanent. And the pool of capital, which was established in the late '90s, exists to fund the operations of the tribal government in perpetuity. So ultimately, when you look at it descriptively, it's described as an endowment in the tribe's sort of foundational writings about it. And it really works exactly like an endowment. There're technical reasons, because the entity that holds it is not a 501(c)(3), that sometimes when we're filling out sub docs, we can't check the box that says "endowment." But ultimately, we think of it as an endowment, and we really invest with that sort of same mentality, that we have a multigenerational mandate, that we have an annual spending need that we need to meet. That annual spending need is inflation-sensitive because we're funding operating costs of the tribal government. But it's also very predictable because it's set by our tribal council through a budgetary process. So, it makes our job as managers easy, because we know, you know, with sort of 15 months' lead time, the kind of liquidity that we need to be able to provide on a month-to-month basis.

Robert Morier: What did the team look like when you joined, and how has it developed over time?

Daniel Gottlieb: So, I was the first person whose full-time job was dedicated solely to managing this pool of capital. There was a gentleman whose job title was Director of Treasury and Cash Management who was retiring, and that's why the position that I ultimately got was available. So, I was essentially employee number 1, in a sense. I hired an analyst sort of within the first year, and then in the third and fourth year, we added two more team members. So, we're now up to four, which is still pretty lean, but it's a lot better than doing it by yourself.

Robert Morier: And are everyone generalists, or are there any specific areas of coverage?

Daniel Gottlieb: So, I mean, we have three people who are investment-focused, and one person focused on ops. But from an investment standpoint, we are all generalists. Each of us has things that we have a particular affinity for, and sort of asset classes that we shade towards. But the reality is with three people and four asset classes, everyone takes a look at everything.

Robert Morier: One of the early initiatives was introducing private investments into an otherwise traditionals-heavy portfolio. What led you down that path, and what was that process like in terms of buildout?

Daniel Gottlieb: When I got there, the portfolio was essentially 60/40. Intellectually, there were some hedge funds in it, but it functioned as a 60/40 portfolio. And as I said earlier, the mandate as an endowment mandate was fairly clear. So, part of it was literally getting people to think about those two things and the degree to which a 60/40 portfolio might not actually meet the ultimate long-term goals of an endowment mandate. So, we had two things in particular that we really wanted to think about, and the first one was that we have an inflation-sensitive liability. The wealth that we manage, or the assets that we manage, actually come from natural resource extraction. And the tribe has operating businesses largely in the energy space, but also in real estate. And so, the tribe as an entity had a lot of exposure to inflation-sensitive assets, but the endowment did not. And so, part of my concern on a go-forward basis was we have an inflation-sensitive liability, and we have a portfolio that, because of the tribe's other operations, was not supposed to have exposure to those types of assets. So that was a conversation that we really spent more than a year engaged in, you know, trying to come up with ways to make sure that in an inflationary environment, our pool of capital would not essentially lag and lack the ability to fund the liability that it needed to do. The second one was sort of David Swensen 101, and it was taking advantage of the fact that we have an explicit multigenerational frame, and that we have a very clearly defined need to generate liquidity that is knowable, and that it's not going to jump from, say, 3% of the portfolio to 12% in 1 year, and that we essentially had the ability to take on a lot of duration in the portfolio if there was a willingness collectively to engage in that thought exercise. And so that was the process. And I got there at the beginning of '16, and those conversations essentially took us through the end of 2017, both getting the investment policy written, getting a new asset allocation in place, getting the right partners in place, and then at least starting to build out the team, as I said, hiring an analyst, so that we could start making private investments in 2018.

Robert Morier: Building out those partnerships, how did you go about getting the attention of those GPs that you were building out this private markets portfolio? So, looking for, I would assume, the best in class. And did you do it from, you know, a small handful that were maybe multi-asset specialists, or did you think about it more from a, you know, an asset class by asset class approach?

Daniel Gottlieb: We did not implement the privates one asset class at a time. We definitely started looking at private debt and private real assets. And the reasons for that, on the real asset side, it was that it was 2018. It felt to us like it was a pretty good buying opportunity in especially traditional energy. So that was just essentially good fortune, that sort of the switch was flipped at a time when that market was highly attractive. And we also could avail ourselves of the expertise that exists in the tribe's operating businesses. So, to the extent that we do have strategic advantages, you know, our physical location is undeniably a disadvantage where we are. But we have a captive energy company, and we can talk to the people who run it. The private debt side was actually thinking at the portfolio level about the fact that we were implementing a brand new philosophy around investing in privates, and wanting to avoid a scenario where we were three or four years in and we were under sort of a collective J-curve, and looking at a negative 4$ IRR across our privates and having people say, hey, wait a minute, why are we doing this? And so, we plugged in private debt pretty early because we could do it at scale. We could do it with firms that we had previous relationships with, who we felt comfortable with, and we could do it in a way that we felt would sort of mitigate that risk of three or four years later looking back and having a negative IRR J-curve across all of our privates.

Robert Morier: One thing about choosing managers or even talking to managers to begin with, how do you source these managers? What does that process look like? Is it your internal network? Is it through a consultant, or is it through just cold outreach?

Daniel Gottlieb: It's really all of the above. So, we do work with a consultant. They are essentially an extension of our team. They obviously have sort of a market presence that we can't possibly have with four people in southwestern Colorado. But what we've really tried to do over the last few years is establish a name as allocators who are willing to look at, quite frankly, what we think of as being interesting stuff. So, we are happy to look at small managers. We're happy to look at off-the-run ideas. And we just try and be as receptive as we can. I'll apologize now for anybody who's watching this who's tried to reach out to us, and we haven't gotten back to, because we are now at the point where we do get a lot of outreaches, and candidly, we can't respond to everyone who tries to hit us. But that's really what we've tried to do as a team, is just to create as large of a funnel as we can, and then essentially make sorting through that funnel our problem. And yeah, we've probably overcorrected in some ways.

Robert Morier: So, when there is something that's top of mind that makes sense to continue the conversation, walk us through that process from initial intro call to the allocation. What does that process look like for you guys?

Daniel Gottlieb: It's not a cookie cutter. I would say it does sort of depend on the situation. We've had stuff that we brought into the portfolio where either I or someone on my team had a pre-existing relationship with that GP. That obviously truncates the process considerably. We generally will want to do an onsite. And actually, the one scenario that we've sort of occasionally gotten away from that has been with a pre-existing relationship, just because essentially that onsite already happened on our prior employer's time. We'll generally do-- and this has actually changed. And one of the things about COVID, I think when COVID happened, everyone had all these ideas about how the world was going to change. And for us, I think, going from phone calls to Zoom has had a material effect on just the usability of those first couple of meetings. At least for my team and I, just we're more engaged. We feel like we're getting to people much better on a remote basis by being able to see them through a screen than interacting with them over a phone. So, we will generally do, you know, a handful of Zoom calls. Maybe it's two. Maybe it's five. Like I said, with the exception of extenuating circumstances, we will do an onsite. People will come and see us, but we generally don't demand it. Quite frankly, it's a lot of travel, and we want our general partners to be on the desk doing what they do for their existing LPs as well as hopefully for us, if we're a prospect. We do have an investment committee that we ultimately need to take anything that goes into or out of the portfolio in front of. So we sort of run parallel path, where we're doing the due diligence, and then once we're about 2/3 of the way through that process and we're feeling pretty good about it, we'll do an introduction to the investment committee, socialize the idea, get any sort of high-level objections, because if there is sort of something fundamental and philosophical, we want to know that sooner rather than later, and then also sort of answer the big questions that our committee would want to hear. And then ultimately, we bring it in for a final presentation and ask on our part to get that approved.

Robert Morier: What does that education process look like with the Investment Committee? I assume since you did a buildout with private markets, for example, what did that look like in terms of bringing the committee to a place where they felt comfortable with you and the recommendations that you were making?

Daniel Gottlieb: We were fortunate because of the tribe's history as a business operator. So, if we had been walking into a situation where the tribe did not have exposure to traditional energy, or real estate, or even private equity, then I think it would have been a much longer process. But the reality is we walked into a scenario where the tribe is an owner of those assets, and already sort of understood fundamentally what it means to be sort of invested in a private asset, maybe not necessarily as an LP. But still philosophically, we were sort of 90% of the way there already. So, the reality is that it depends very heavily on what the underlying assets are. We've done some fairly complicated things from a structural standpoint. Obviously, that takes longer, because just the educational process is longer. One of the things that we've found is that our committee is not made up of investment professionals, but they are finance professionals. And there are people who live in the real world in the Four Corners in Colorado. And so, one of the things that creates for us is an interesting dynamic where there are real-world assets out there that if you're a civilian, you sort of intuitively understand. I mean, this is not like a sort of Warren Buffett, Dairy Queen thing. But you know, there's businesses that you interact with, or there are just things that intuitively make sense to you, but they don't necessarily look like an institutional asset class. For some allocators, that's tremendously challenging, because they have an investment committee full of investment professionals and they say, hey, that's not institutional. Our investment committee is sort of looking at a real-world economy. And so, if we bring them an opportunity that is an asset that you can sort of look, feel and touch and that they intuitively understand, the fact that there aren't 18 people doing that doesn't necessarily concern them if we can give them a compelling reason that it's an interesting opportunity.

Robert Morier: So, what are some of the consistent attributes or metrics that you're looking to utilize when you do that investment analysis that you shared with us, based from Steve's question?

Daniel Gottlieb: Sure. I mean, you know, we look at all of, I think, the normal quantitative measures. But if we're talking across the entire portfolio, I mean, there are things qualitatively that are very important to us. We are managing money on behalf of a sovereign nation, a Native American tribe. It is important to us that the general partners that we work with understand and appreciate the nature of that mission. And quite frankly, some of that comes down to just pure intellectual curiosity. There's a difference between someone asking polite questions and people who really do want to know. And I think we've had enough of those conversations over the last eight years that we get a pretty good sense of that. On an even more qualitative basis, we would prefer to work with partners who we like, and who we think we can sort understand and have a conversation with. And again, it's getting to that level of trust beyond anything that we can actually quantify.

Robert Morier: How about your own biases? Something I ask of a lot of our guests is, we can't help ourselves. We have had experience working with other organizations, other institutions, and we just have our own preferences. So, when you think about your own biases, what do you specifically look for in a manager that helps them set themselves apart from others?

Daniel Gottlieb: So, I think going back to how I got into this business, I have probably… I'm too willing to accept complexity. Sometimes, I will even sort of run towards it as an intellectual exercise. That's something I have consistently tried to remind myself. You know, it's not like figure skating. Like, we don't get extra points for degree of difficulty in this business. So sometimes, simpler execution makes more sense. I've had to remind myself of that very consistently. I do have a general bias towards sort of boutique approaches, niche managers. Having said that, given the size of our portfolio, we have mandates where that makes sense, and then we have other places in the portfolio where we absolutely need the benefits of scale of very large institutions. And so, we've tried to be as pragmatic as we can be in terms of implementing that across the entire portfolio, and not just saying, look, we're only going to do managers under a billion or something like that.

Robert Morier: How boutique will you go? Do you have an emerging manager program that you've specifically set up, or is it just part of the process?

Daniel Gottlieb: Sure. So, we do not have an emerging manager portfolio per se. We have worked with managers who are seeding. And so, we're sort of using that both as a generator of differential return, and also as something of a quote unquote "farm team."

Robert Morier: You're tackling a lot of different things right now, a lot of improvements to the portfolio. What's kind of been top of mind as of late so far this year, and then looking forward maybe over the next 6, 9, 12 months?

Daniel Gottlieb: Generally speaking, we don't think of ourselves as being tactical allocators. We have sort of a high-level strategic asset allocation. We will tilt it in directions. I think one of the things that we've been looking at, and we continue to think about, is actually the sort of overall direction in the development of private markets, broadly speaking. So now, we're sort of on at least 2.0, if not 3.0 of GP stakes. But we do think there's some interesting stuff happening there. NAV lending is a really controversial topic in the LP community, but there's obviously sort of a huge development of business in that particular area. Secondary funds, GP continuation, sort of that whole suite of quote unquote "capital solutions" in private markets, we think actually does present an opportunity for us as, I guess, a smaller allocator in the grand scheme of things. So that's one. As far as general macro-occurrence, we were definitely not in the "Fed is going to cut seven times" camp. We sort of were, you know, higher for longer, just philosophically speaking. Again, that doesn't mean we took a huge sort of portfolio bet on that, but it's something that we were thinking about and trying to figure out ways to hopefully take advantage of what we thought was a little bit of a discrepancy in the market. We've done the same thing over the last 18 months, just very broadly in our public equity portfolio of just value overgrowth and believing that there was a discrepancy there that we thought was sort of asymmetric to if you could figure out the right way to be long value. So, we've done that.

Robert Morier: One area that a lot of our guests have been talking about when you think about the long term, but has struggled more recently, is emerging markets. So, does the portfolio today have exposure to emerging markets? And if so, what are your views on the space?

Daniel Gottlieb: We do have exposure to emerging markets. We have it both in sort of fundamental and quantitative expressions in our global equity book. We have been internally struggling with this question for the better part of two years now, specifically around China, and you know, understanding that there were ways in which China looked incredibly cheap on a fundamental basis. But every time the conversation comes up, we have lacked the internal conviction, candidly, to go substantially overweight. So, the way we have dealt with this, which is probably a little bit of a copout, is we've sort of kept our market weight exposure to EM, and again, through both sort of a combination of fundamental and quant. But we have not sort of been able to summon up the conviction to really overweight it, despite the sort of empirical cheapness of the underlying assets.

Robert Morier: On the private side, the other area that a lot of our guests have been talking about is venture capital. It's had a tough last couple of years. So just curious, your view on the VC space and any areas of opportunity there that you've been looking at more recently.

Daniel Gottlieb: Sure. So going back to the original question about building out the private program, when we started in 2018, venture growth sort of as a cohort was the thing that we spent the least amount of time on. And part of that was that it was clearly very frothy, but actually, there were logistical issues, which is that money was being raised at a furious pace. But also, access was incredibly challenging, and we were trying to put pretty decent-sized checks to work early on. So essentially, the market kind of made that decision for us, and it kept us out of some things that I think for a couple of years would have looked really good, but now have created some portfolio problems for some people as far as both not being certain of the NAV, and also wondering when that sort of underlying liquidity might return to them.

We have been allocating to venture over the last sort of 24 months. We are doing so reasonably cautiously, both because our overall portfolio return target is 4.5-plus inflation. Like a lot of people right now, we're looking around the private credit complex and seeing a lot of things that we feel will help us get to that 4.5-plus plus inflation number over the next, call it three to five years. I have a very sort of strong feeling in my bones that we are seeing a really significant shift in the venture capital universe. But candidly, I don't have a lot of conviction on where it's going. And so, it's been a hard place for us to figure out exactly if we're going to have, you know, three or four bets to place on the table, so to speak, exactly where we think that is going to go over the next five to 10 years.

Robert Morier: We talked about, in the very beginning, hedge funds. So, when you think about the hedge fund, or I should say, the landscape for hedge funds today, what's your general feeling in terms of where you're seeing potential opportunities, or where you are watching the portfolio maybe a little bit more closely?

Daniel Gottlieb: So, I will say that we're pretty constructive on the quote unquote "traditional" hedge fund complex over the next few years. We think that combination of a normalized rate environment, and well, at least until two days ago, sort of the meme stock thing, maybe not coming back… although here we are, so who knows? We do think that the next couple of years are going to be productive ones for regular weighed traditional hedge fund strategies. It's something that we had been fading a little bit, but we are spending more time on it now. And we do think that there is a place for those types of diversifying assets in a portfolio like ours.

Robert Morier: So, when you're bringing this all together, how do you think about risk management? I was going to ask you what keeps you up at night, but I suspect it may be the coyotes. So, if it's not the coyotes, what is the approach as it relates to risk and risk management oversight in this portfolio, particularly one that's growing? I find that to be so interesting just thinking about your career, coming from a family office that was unwinding to now a plan that's growing quite a bit. So how do you think about risk management?

Daniel Gottlieb: Three or four different ways to think about that question, right. We are in a fortunate position from the liquidity standpoint of coming from a place of significant liquidity and sort of gradually moving less liquid. So, one risk that I think we monitor, but candidly, we're still a long way from having to really worry about getting over our skis, is just general liquidity risk. Again, that's just due to where we are in that development. There's always sort of fundamental market volatility, portfolio drawdown risk. One of the interesting things about, again, where we are in this life cycle is that due to the sort of fictional nature of private marks, as more and more of our portfolio goes into privates, it is ultimately, at least statistically speaking, bringing our overall portfolio vol down on a headline basis, even if that that's not really reflective of the actual underlying risk. So honestly, a lot of what we need to do is to continue to remind ourselves, and actually remind our committee, that the fact that our portfolio vol is gradually coming down over time is not reflective of actual risk. It's reflective of the fact that we are moving from mark to market assets to mark to model or mark to whatever assets.

Robert Morier: One of the questions that I've been asking our guests more recently, and it's a question that was actually asked of me by a student, is what is the decision that you've made in your career that you're most proud of?

Daniel Gottlieb: That's actually a really easy one, because that's deciding to accept the opportunity to go work with the Southern Ute Indian Tribe eight years ago. It was something of a professional risk, but I mean, even more so actually, it was sort of a personal risk for my family. We were moving from suburban Chicago to a small town in Colorado where we didn't anybody. But again, I thought that the mission of this pool of capital was so compelling. And also, quite frankly, the opportunity to live in the mountains and near the desert was something that selfishly, we all thought would be really enjoyable. But I'm incredibly proud of having had the opportunity to do this and work for the tribe. And that decision was not an easy one, but it's one that I'm really glad I took.

Robert Morier: Thank you for sharing that. I promised you I would ask you about that playlist. So, tell me some of your favorite composers. I couldn't help… when you said you played the cello, every year, my Spotify list has the Bach Cello Suites at the end in my top five. So, I'm curious where your favorites lie.

Daniel Gottlieb: I mean, the Bach Cello Suites are extraordinary works of art. And I guess for people who maybe don't listen to classical music, I mean, it's something like one of your favorite books or like that movie that whenever it comes on, you just have to watch it. You can't sort of turn the channel. That's how I would feel about the Bach Cello Suites.

So, thank you for mentioning that. I worked for an orchestra for a few years. I mentioned that, and I've always been enamored with what happens when you get these great composers and you let them, you know, have 120 musicians on stage and sort of just go crazy. And so, the ultimate manifestation of that is Gustav Mahler and his symphonies. That's been sort of something in classical music that I've always been sort of really interested in, going all the way back to when I was a teenager. But really, in addition to classical music, I'm pretty open in terms of the other types of music that I like. My favorite band, actually, from when I was at Swarthmore, is a band that's still around. It's a group called the Mountain Goats. Not exactly mainstream, but they've been around for a long time. And it’s sort of one of those things that takes me back to my younger days.

Robert Morier: Yeah, and it's appropriate for Colorado.

Daniel Gottlieb: It is. It is.

Robert Morier: That's wonderful. Thank you for sharing that. I always like to end our conversation with the people who were most important to you in terms of those mentors, those relationships that helped guide your career, or you know, you still rely on today for a little bit of help, a little bit of guidance.

Daniel Gottlieb: Sure. So, I guess I mentioned, when I talked about going to work for the Southern Ute Indian Tribe, there was a gentleman whose title was Director of Treasury and Cash Management. His name is Kevin Deegan. He was retiring. He was good enough to stay on for a number of months after I joined. Going to work for the tribe was not just sort of me moving from one part of the country to the other, but it was actually sort of entering into someone else's culture and society. And he really helped me understand some of the ground rules and some of the expectations, because I was at the time a rank outsider. So, he had a real kindness of spirit and a generosity. And quite frankly, he wanted to retire. So, it was fantastic of him to stay around and to sort of be my guide, and to help me understand how I could be most effective as an employee of the tribe. Going to the early days of the Chicago Fund of Funds Community, my grandfather was actually part of that community, and he was at a firm that has not existed now for about 25 years called Glenwood. He founded that firm with a gentleman named Frank Meyer in Chicago. And I've had the privilege of knowing Frank for certainly actually longer than I've been in the investment industry, and he's always been someone who I've admired greatly and have had the luxury of being able to call on when I wanted to sort of access some wisdom that went beyond my years.

Robert Morier: One last question. We have a growing cohort of listeners, specifically student listeners, who tune in to better understand how to enter into this career. But one of the things they're also looking for is a little bit of advice. So, would you mind sharing a little bit of advice for our student listeners?

Daniel Gottlieb: So, when I think about my journey, the advice that I would give sort of either a younger version of myself or a young person today is, quite frankly, if you see an opportunity that's a little bit scary, don't run away from it. And I know that's easier said than done, and you know, there's a reason that the tried and true is the path that most people take. But there are interesting opportunities out there. There are pools of capital that maybe not everyone's heard of. And I think it's worth sort of a little bit of elbow grease to try and figure out where those opportunities might lie. So, I would encourage people to do that.

Robert Morier: That's wonderful advice. Thank you for sharing. Thank you for being here today. It was really a pleasure to hear your thoughts, your career, how you're approaching the portfolio, and I think most importantly, the mission of the Southern Ute Indian Tribe. So, thank you for sharing all of that.

Daniel Gottlieb: It's my pleasure. Thank you for having me.

Robert Morier: As always, thank you for being here. Steve, it's really nice to see you again.

Steve Aitken: Yeah, likewise. Thank you for coming in.

Daniel Gottlieb: Thank you.

Robert Morier: If you want to learn more about Daniel and the Southern Ute Indian Tribe's Permanent Fund Investments department, please visit their website at www.southernute. nsn.gov/permanent-fund-investments. You can find this episode and past episodes on Spotify, Apple, or your favorite podcast platform. We are also available on YouTube if you prefer to watch while you listen. If you would like to catch up on past episodes, check out our website at dakota.com. Finally, if you like what you're seeing and hearing, please be sure to like, follow, and share these episodes. We welcome your feedback as well. Daniel, thank you again for being here. Steve, thank you for being here on the desk as well. And to our audience, thank you for investing your time with Dakota.