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EPISODE 70:

Risk Management and Portfolio Strategy

with Makena Capital

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, please check out our website at 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, McKenna Capital, 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 McKenna Capital 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 Breanna Stein Genecov, director of Portfolio Solutions and OCIO with McKenna Capital. Bre, welcome to the show.

Breanna Stein Genecov: Thank you, Rob. It's great to be here.

Robert Morier: It's great to have you here. Thank you for coming on. We're so happy to see you out in California. And we are here in Philadelphia at our studio. And I am joined by Andrew O'Shea from Dakota. Andrew, welcome back.

Andrew O'Shea: Thank you. Very excited to be here. Obviously, the OCIO space in general has grown a lot over the last 10 years. But there's still none as reputable as McKenna with a deep history going back to Stanford and over the last now 20 years.

Robert Morier: Exactly. And we're going to dig into that history. We're going to talk about what the firm looks like today. How they're approaching their relationships with their clients through that OCIO lens. So, thanks for setting the stage for us. And Bre, thank you again for being here. Before we get started, I'm going to read your biography for our audience, and then we look forward to digging in. Breanna Stein Genecov is a director at McKenna focusing on risk management and portfolio strategy, supporting the design, implementation, and management of multi-asset class portfolios across McKenna's vehicles. Bre also plays a leading role with the firm's select outsource CIO clients, applying tools from McKenna's portfolio and risk management functions to meet the custom needs of these portfolios. Previously, Bre worked on the natural resources team, where she was responsible for supporting portfolio management and manager selection for McKenna's traditional and sustainable natural resources portfolios. Rejoined McKenna after earning her MBA at the Stanford Graduate School of Business. Prior to her MBA, Bre was an associate on McKenna's listed equity team while supporting the CIO, various asset class teams, and the team overseeing asset allocation. Bre received her BA in economics with a minor in finance from Vanderbilt University. McKenna Capital was formed in 2005 by senior executives from the Stanford Management Company, along with other leading practitioners from elite North American endowments and foundations. The firm offers investment expertise, scale, and access to a diverse client base, which includes endowments, foundations, family offices, sovereign wealth funds, and international institutions focused on preserving and growing multi-generational capital. As of December 2023, the firm is responsible for over $20 billion in capital under management. Bre, thank you again for being here. And congratulations on all your success. It's really great for us to have the opportunity to hear more about not just McKenna, but your journey as a professional working in this industry.

Breanna Stein Genecov: Thanks so very much. It's great to be here. And as you mentioned, we've known each other for a very long time. So, it's great to be able to see you and talk again after so many years.

Robert Morier: I agree. And I really appreciate the opportunity. And we always like to start way back as well. So not just start where we first met, but where you started in terms of your career. And I was thinking about it. How does a student studying economics in Nashville uncover an internship in Menlo Park? Because you started with McKenna as an intern.

Breanna Stein Genecov: Yeah. It's a great question. I was very fortuitous. I think I was a junior and an economics major, as you said. And had decided that I should probably find a finance internship, because at that time, you didn't really do internships until you were a junior. And so, I got lucky because I used our career center. I'd gone to a lot of info sessions of groups coming to campus. Hadn't really fallen in love with any of them. But then used our career center website. Happened to see this endowment model investment firm that was going to be interviewing on campus. They had multi-asset class portfolio. And since I was 21 years old and didn't know what I wanted to do. But it was probably related to finance, I thought it was a great opportunity to explore a lot of different areas. So, I submitted my resume, got an interview, and then managed to get an internship for that summer. And then a full-time offer to go back.

Robert Morier: That's wonderful. No, you can't beat that. I was just going to say to all my students at Drexel University, I'm going to require them now to go to the Career Center and make use of it. I think a lot of people don't. They tend to do their own research. But it's great that you use the resources at Vanderbilt. Did Vanderbilt have a program as it related to equity management, either private or public? Was there a student run fund?

Breanna Stein Genecov: I think there was a student run fund. I was not involved in it actually. So, I was involved in some sports and other clubs. And I didn't know that I wanted to be an economics major, honestly, until I was a sophomore or junior. I thought I was going to be pre-med and then pre-architecture.
And then I found ECON because it was logical, and I loved it. And so, I think I stumbled my way into finance a little bit more than many students who know exactly what they want to do and join the clubs that are even more associated with it.

Robert Morier: Well, I think you'll find you're in good company there. A lot of the guests who have been on our show have equally stumbled into their respective career paths. So, we appreciate you sharing that. But Andrew had mentioned the 20-year history of McKenna. But the time started, the firm had only been managing capital as McKenna for about five or six years. So fairly young for a long-term investor. Can you share with us those your early years at McKenna? How did you forge your path within the firm at a time where they were forging their own?

Breanna Stein Genecov: Again, was fortuitous in the timing, because the firm wasn't brand new, but it was still in its early days. And there was that entrepreneurial spirit, which I think we've tried to carry through today. But the firm was 35 people then. It's now basically doubled. And because of that, I actually had a lot more access and opportunity, I would say. It was relatively flat. I worked with partners on ideas and projects. And with only 35 people across the entire firm, that's not just the investment side. Everybody wore many hats. And so, I was able to start working across a lot of different areas of the firm and getting experience and exposure at a young age that I might not have gotten at a larger firm if I joined at the same level.

Robert Morier: That makes sense. Well, I'm also curious. After four years, you decided to leave for your MBA at Stanford, which is where McKenna's roots originate from. So, what were you hoping for that MBA? And how was it received by the firm? Stepping away for two years, knowing that you were going to be obviously adding to your own career. But what was that process looking like from your perspective and the firm's perspective?

Breanna Stein Genecov: So, part of the program that I joined was a general analyst program. And I think the expectation was that we spent three, four, maybe five years. And then basically, the analyst and associates above me had gone to business school or gone on to a different firm. And so, I just expected that was the path. I didn't really know what business school was until I got to McKenna. And as I started looking into it, I realized that it would be a really great opportunity for me to both grow my network, grow my skill set, and management and leadership. And also try something new. As you mentioned, I interned at McKenna. It was my first job out of college. I hadn't done anything else. And I was excited for the opportunity that business school might bring to explore different areas. And I wasn't sure I was going to come back to McKenna afterwards. I loved McKenna. There was nothing wrong with it. But again, I wanted to see what else was out there. Of course, I then found my way back. And the grass isn't always greener somewhere else. And I'm fortunate that I got the opportunity to rejoin. But the firm was extremely supportive. I got a lot of help from my direct managers and other senior members of the firm to operate recommendations, to read through my essays. It was a very comfortable process for me. And we left, and then rejoined on very good terms.

Robert Morier: That's great. Thank you for sharing that. Well, you rejoined after Stanford and have been back, as you said, with the firm for nearly six years. So, you moved into the natural resources team when you came back. And then prior to leaving, you were on the… if I remember correctly, the publicly listed equities team. So, as you thought about both sides of the equation, when you moved into natural resources, was it something that you knew you were coming into or was the assignment during the re-application process?

Breanna Stein Genecov: It was a little bit during the re-application process. And I think it was a mix of my desire to get a different experience. I'd been on the public equity, the liquid equity side. So, I wanted to see a little bit more of the private equity side of our portfolio. And natural resources, most of our investments were in private equity style funds. And then there was a need for the firm. So, it kind of… it fit and matched. And I was able to start on that portfolio and work with one of the senior members of the team, Lara Banks, until I basically transitioned into my current role which is on risk management and asset allocation portfolio solution.

Robert Morier: Well, before we ask you about your current role and the responsibilities that come with it, would you mind sharing with our audience a bit more about McKenna where you and the team sit within the organization?

Breanna Stein Genecov: Absolutely. Well, as was already kind of referenced before, McKenna spun out of Stanford Management Company. This was back in 2005. And the idea was to build an investment firm that modeled the large endowments and could provide that large scale endowment model of investments through smaller organizations. Endowments foundations, family offices. We went through our investor group already.

And over time, we've evolved from having a single portfolio that is a commingled structure where everybody kind of gets the same piece of the pie, multi-asset class globally diversified portfolio to having that main portfolio, but also being able to customize a little bit more at the asset allocation level. So, we have asset class sleeve funds that we're able to layer on to our main endowment fund. But at the end of the day, all of those portfolios have the same underlying manager mix. And so, the investment team is one of the beauties of the way we're structured is able to focus on a single portfolio. And really think about risk management, as well as asset allocation on top of the manager selection process that our team does. And so that's where we kind of marry the top-down and the bottom-up within the firm. My team risk management asset allocation does that top-down, looks at the portfolio that's been aggregated after our asset class teams, evaluate and find the best managers within any given area. And we then work on making sure that we manage liquidity, overall equity, and other risk exposures, and set the portfolio up to be able to withstand any sort of market environment, because we are perpetual capital owners, we're here for the long term. And you have to survive the path through whatever the market throws at you.

Robert Morier: That's interesting. I'm curious with that top-down, bottom-up structure in mind. How does McKenna define OCIO? Because we've seen this incredible proliferation in providers in this space. So, what's your approach to managing these portfolios as it relates to the definition that the firm takes?

Breanna Stein Genecov: So, we manage fully discretionary capital. And some people might consider everything we do OCIO because of that. We have a slightly more narrow definition. And OCIO for us actually focuses on a small handful of clients. It actually is only a dozen for us. And these are larger endowments and foundations typically for whom we manage not just the funds that they put into McKenna's products, but also the rest of their portfolio. And it's a more holistic encompassing view of their portfolio. And it might include legacy private equity investments or hedge funds. We manage a liquidity portfolio for them. But it's a higher touch model than someone just providing capital to put into one of our commingled funds. So OCIO for us is not really scalable in the way that we do it. So, we're very thoughtful about the partners that we add, who we consider OCIO, because there is an extra level of engagement with those groups.

Robert Morier: Have you found there to be a sweet spot in terms of those client types, whether it's a certain size, whether they have an existing investment team already? What's the down the middle of the fairway client for McKenna?

Breanna Stein Genecov: The endowment foundation crew that has a reasonably small staff with maybe 100 to 500 million in assets. I'd say our model works better for groups that aren't building it out themselves. We have strategic partnerships with other groups, family offices or pensions or whatnot that might have their own investment team. And we become the provider of alternatives for those groups. So, they might be interested in our asset class sleeve funds to help bolster their private equity or venture capital exposure. But for the OCIO holistic piece, it's usually small staff, larger asset base, but not to the point where they would be building out an investment team themselves.

Robert Morier: Bre, can you talk to us about that top-down process where it starts in terms of your general approach to asset allocation, kind of setting the stage as to how the decision-making process begins?

Breanna Stein Genecov: It's based in the endowment model of looking at holistic balanced diversification of the portfolio. And so, we don't have strict asset allocation targets, but we manage the portfolio to a roughly 60/40 risk profile. So, 60% equity, 40% fixed income would be the passive equivalent. But for us, we achieve that 60.6 beta to equity markets in a very different way than a 60/40 portfolio traditionally might have. And so, we have equity, both public and private. And that is meant to take advantage of long-term growth in the economy. We have real assets, which would include real estate and natural resources, which is meant to protect against long-term inflation risk. And then we have hedge funds, fixed income, and cash kind of more defensive asset classes that are meant to protect against long-term deflation risk. And as I mentioned before of being able to survive the path, being able to survive many different market environments, having that balanced diversification across those different asset groups is part of the key tenets of our model. And then the secondary piece of that is being long-term investors. So not just, are you in equity? But are you in private equity of being able to take advantage of our long-term time horizon and lock up capital to capture an illiquidity premium is the other piece of what we believe you need in potentially a low return environment to meet our client's main objective, which tends to be maintaining intergenerational equity. So, keeping up with inflation and a payout. Being able to provide for this generation, as well as tomorrow's generation.

Robert Morier: Taking that then into portfolio construction. So, you've generally put together this allocation model, as you mentioned before, 60/40. But when you think about those evolving needs and risk preferences of multiple investors, is it really… your clients, how are you taking the next step in terms of constructing the portfolio as it relates to the building blocks?

Breanna Stein Genecov: It is interesting because every client is different and nuanced in their specifics of each one. But all of them do have generally the overarching same goal of again maintaining intergenerational equity. So, while there are variations, we've found that using that building block approach that we have is actually quite useful. It allows us to accommodate most clients. Not everybody's going to like our model, the co-mingled model relative to building a custom portfolio. But one of the benefits is that you buy into an existing portfolio of assets that has mature private equity in there. And so, you're able to build up exposure a lot more quickly than if you're building it yourself. The way that we think about exposure for different clients, as I mentioned, is more of a risk profile. So certain clients might want a slightly lower risk profile closer to a 60/40. And others might want a slightly higher risk profile or have more of a tolerance for illiquidity. And so, we can use our different asset class funds to help adjust the portfolio and customize based on those specific needs.

Robert Morier: How does the idea generation process work between you and your colleagues? Is it primarily bottom-up just trying to find the best managers you can? Or is it, are you all looking for relative value and then you're going to find the managers after that? Could you give us some insight into how that process works?

Breanna Stein Genecov: Absolutely. It's I'd say we have a little bit of both mixed in. But I'd say the vast majority of our sourcing comes from bottom-up manager selection to your point, finding the best opportunities, the best managers around. And then to the other point of the way that our investment committee is set up is there are members of every asset class team, the office of the CIO, and our risk management team on our investment committee. So, while an asset class team might go and pursue a given manager that they really like, it comes through and is seen by the entire firm. And it gets feedback.
And there is a little bit of a relative value comparison when you think about different asset classes bringing managers. There's only so much we can commit to private managers in a given year. Is it to real estate? Is it to venture capital or buyout? Those decisions get made and viewed across the entire firm, even though the teams themselves are finding those specific managers. And then my team comes in and says OK, given these managers that have come in as part of the portfolio, what is our exposure look like? Do we like that from the top-down view? And do we need to make some adjustments, put an overlay on or do some hedging to get us back where we feel comfortable in terms of overall risk liquidity or general exposure?

Robert Morier: So, it sounds like the collaboration has to be pretty tight as it relates to the manager research teams who are sourcing these managers. And then they're essentially delivering it to your team to find the fit within the asset allocation model. So where does that conversation begin? Are you part of the sourcing process with the team who are out there looking at the world, trying to find the right manager to fit the solution? Or does it come a little bit later to you in the process?

Breanna Stein Genecov: It tends to come a little bit later, though again everybody at the firm can kind of see the pipeline of managers. And we tend to rate them of we have a ton of manager meetings across asset classes. And then there's a tiering structure of probably a group that we'd like to stay in touch with, but maybe not something that we can do right now or not a fit in the portfolio right now. And then groups that we actually are actively wanting to just talk to more and might potentially make it into the portfolio. So, we have an idea of what's coming down the pike. But it's really a little bit later in the process when somebody gets closer to being an actual investment that will get more involved. Most likely our process for getting a new manager into the portfolio tends to be pretty lengthy. We are a behemoth a big ship slow moving in many ways. But also, with some nimbleness in terms of when we decide that we want to go with the manager, we can move pretty quickly.

Robert Morier: And how many managers generally, as you think about concentration, so you think about the number of managers in the pool, do you take a more concentrated approach, or do you tend to diversify across more managers? And you can ask about… we could ask about concentration in one of two ways. One is the number of managers that are in the pool. And then the second is the types of characteristics that you look for in managers. Do you tend to prefer more concentrated managers, less securities, or less companies depending on what the asset class is?

Breanna Stein Genecov: Yeah. Both good questions. I'll take the second one first. And mainly we do tend to prefer, though not always, tend to prefer more concentrated portfolios. So not portfolios that have 100 to 200 securities, but those that maybe have 10, 20, 30, to 50. And part of that is just the way that our portfolio is constructed. When you think of the number of managers that we have, and then the number of underlying positions that each of those managers have, we start to get very diversified very quickly. And so there is a sense of we want balanced diversification, but also want to make investments that actually matter when you get up to the portfolio level. So, from a manager perspective, we also say prefer more concentration in more liquid strategies. So, you'll see higher concentration on the public equity and hedge fund side of our book. While we have large manager relationships on the private side, we tend to make slightly smaller commitments to any given fund, because those will aggregate over time. And with privates, you can't get out of them. And so there's an element of risk management of being willing to make bigger bets in something that you can actually change your mind on.

Robert Morier: You mentioned you take a lot of manager meetings. Let's assume this is a manager meeting you determine, hey, we need to do more work on. And that bucket, you just outlined. Where does it typically go from there after an initial meeting? I know you mentioned it can take a long time on the front end. But you can act quickly once you've done the research. Just take us through what that research might look like.

Breanna Stein Genecov: A lot of the managers it's not after a single meeting that we start moving them through the process. We'll probably have gotten to know them over a couple of meetings. And then the asset class team will probably meet and discuss that manager in their specific team investment meeting. It will then come to a teaser phase, where the entire firm gets to see it, and all of the different asset classes and get to ask questions and get feedback. And then they'll probably go back and do additional diligence.

And eventually, it will come back to through the risk management team to again see how it might fit into the portfolio. And then to an ultimate investment committee memo and vote at the senior level to see if they actually get into the portfolio. One area that you might hit on later is kind of emerging markets. And I'd say this is where we're most adept at moving quickly even when there's a new manager, because we might have followed the particular investor who's spinning out of a larger firm during their tenure at that firm where we might have had a relationship. And so, we've been following them as an investor for a while. They spin out. They start their own firm. And we're able to move a little bit more quickly because we actually do have a relationship with them. We do know them. And then you start to learn more about their firm. And that those are the areas where I think we move a little bit more quickly, is on what we define as emerging managers. They tend to be maybe new fund, but not new investor.

Robert Morier: So Bre, there are certain groups I come across that are mandated to invest in emerging managers. There are other groups that think emerging managers have better opportunity set or better incentives. Could you just talk about how McKenna views emerging managers?

Breanna Stein Genecov: Our experience has lended to that idea for sure. And I think we like playing in smaller niche areas. And once you get too big, you can't necessarily be in small cap. And so, an emerging manager that starts with a smaller asset base, maybe smaller investment group that they have to… the LP base that they have to work with, yes, is likely to be able to find opportunities that the large investment firms can't. And to your point, the hope is that they outperform over time. And that is… I don't know, if this will fly, but that is our experience to date.

Robert Morier: So, as part of your due diligence, there's obviously quantitative metrics, and then there's qualitative metrics or consistent attributes that you all tend to focus on either side of this.

Breanna Stein Genecov: Performance is something you have to look at. But as the old adage goes, past returns are not indicative of future performance. So there's only so much you can glean from there. When we look at performance, I'd say we try to really dig into the process of the manager. How they build a portfolio, and the quality of the returns that are coming out. Was it a fluke that one company did well? Or have they consistently been able to find businesses that improve earnings and aren't just taking advantage of multiple expansion? And things like that. We focus on the team, the organization, the structure, the ownership and alignment of these managers. These tend to be high in a lot of the asset classes that we're working with. But if we can align them and if we can make sure that the manager is good enough to earn those fees, then I think we feel better about paying them. And just really focusing on the process and investment edge of these individuals.

Robert Morier: Bre, another area that arguably requires some expediency is co-investments. So, you had mentioned emerging managers potentially moving through your manager underwriting process a little bit faster. I was listening to Larry Banks who you mentioned earlier talk about the opportunities that McKenna is seeing in co-investments. So how do you and the manager research team approach co-invests? And will it typically be with established GP partners? Or will you look at it on as it comes?

Breanna Stein Genecov: We've occasionally looked at non-existing relationships to bring co-investment opportunities. But I would say the vast majority of our co-investments are through existing relationships. Part of that is because we've already underwritten the firm and the organization. And so, you're really only focused on this investment. Whereas with a brand-new manager, you've got to do a lot more diligence on the rest of the firm. That's where we focus mainly of the… we've done many more with existing managers than we have with non-existing managers.

Robert Morier: And just thinking about the private equity, the private markets mix of assets, one area that I'm just curious about because I teach it at Drexel University is venture capital. So where does VC fit into your view as it relates to asset allocation and manager selection? It's obviously been through a lot of turmoil in the last year or two now. So, as you're thinking about the asset class and potentially some opportunities that are coming out of this relative distress, where does it sit in the mix as it relates to your team?

Breanna Stein Genecov: Definitely still one of the areas that we're most convicted in long-term. While venture capital, as you noted, has been going through a rough patch for the last few years and may continue for a little bit longer, we do think that over the long term, the innovation that's coming out of these companies and the return potential there is such that it's going to be one of the main return drivers for the portfolio. Honestly when things are out of favor, probably the best time to get into them. And there's been a lot of pressure on venture. Will it ever rebound? Will it come back? And we think that the answer is probably yes. Just we don't know when.

Robert Morier: Let's take the other side of that discussion, which is the in favor, which is private credit. I think everyone we've spoken to at least in the last 20 weeks has been… that's been the asset class that they've been spending the most time on. So, what about private credit as it relates to… and just maybe just credit in general as you think about it from a top-down perspective?

Breanna Stein Genecov: Private credit is actually an area where we don't have a ton of exposure. And part of that is choosing where we put our liquid dollars. And so, for illiquid capital, we much prefer to put it in the buyout and venture space, where the return potential is higher. To your point on credit, though, we have been adding to credit more broadly just in more liquid structures within our hedge fund portfolio. And as… it depends on where spreads are. There's a lot of different market environments. But it's nice to be able to be a little bit more nimble with that capital too, and have partners that are existing, maybe there's a strategic allocation there that we can scale up when spreads blow out and when the opportunity presents to really invest in hopefully the right parts of that cycle.

Robert Morier: So, do you have any inherent biases towards natural resources since that's where you started when you came back after grad school? Or where does the thought process take you in terms of your exposure in that regard?

Breanna Stein Genecov: I'd say that choosing an asset class is like choosing a favorite child. You just can't, because as I've mentioned before, and I really do believe this of every asset class serves its role in the portfolio. And some are going to do well at certain times and others are going to do poorly and vice versa. And again, just being able to stick with those different groups through different market cycles I think is very important.

Robert Morier: That marriage, if you will, between public and private securities. I was intrigued as I was doing research for this conversation with you to learn about McKenna's approach to blended strategies. So, I'm just curious, can you tell us about the manager research approach and how your team covers those types of managers that are looking at both public and private securities?

Breanna Stein Genecov: Yeah. So, we refer to them as hybrid managers. And they tend to sit in our public equity portfolio. And most of those managers were public equity investors first. And then have moved more into the private space. In our coverage, actually we have members of the team of both our public and our private teams tend to be on the coverage teams for those hybrid managers. It's definitely a challenge when you think of liquidity within a public equity portfolio of having managers that can invest in private assets. But we think that the managers that we have chosen in this area have an edge in being able to get into companies earlier, and then hold them through their public portfolios as they IPO and enter the public markets. And it's actually very nice for those managers to be able to choose where to put new dollars to work of if the public markets are overvalued, maybe they're focusing more on private. And if the private markets seem to be overvalued, maybe they're focusing more on public.

Robert Morier: Can you touch on sustainability, just how McKenna thinks about sustainability as it relates to those types of sustainable investment solutions that your clients are potentially asking for?

Breanna Stein Genecov: Because of our co-mingled structure, we can't necessarily do custom portfolios. We can't do an ESG portfolio or sustainability portfolio for one client. But what we've tried to do is integrate sustainability and ESG as a lens in the investment process. And so, it's part of every investment committee memo. It's part of the questions that our operational due diligence team and investment team are meant to be thinking about and asking about throughout the diligence process. It's very easy to apply to places like natural resources and real estate. But even you can even focus it across the portfolio and other asset classes. And rather than having a specific designation defined like a sustainability manager, we try and have that lens of sustainability and long-term viability through all of the investments that we're making.

Robert Morier: Bre, could you touch on the importance of your connections with other allocators? How important is idea sharing? Do you worry about groupthink, creating crowding, especially when you're focusing on capacity constrained managers?

Breanna Stein Genecov: The network of allocators is pretty tight actually because it's just a smaller group than what people think of when you think of finance in general. And a lot of people stay on the manager side and the direct investment side. But once you get a level up, I honestly think there's a little less competition. And it's actually a very collegial group. And there's a lot of idea sharing. To your point, you don't want people stealing your ideas. But I think one of the places that I actually find it most valuable is in referencing new managers. Being able to talk about different managers not in a way that is protective of our allocations, because I don't think that one other group trying to get into a manager is really going to significantly change the allocation that we get. And it's more of just having a network of like-minded investors to be able to speak to and reference as we diligence different managers.

Robert Morier: Bre, for those asset managers that have never called on McKenna before and are thinking about maybe after this conversation calling on you for the first time, what's generally the best point of entry?

Breanna Stein Genecov: That is a great question. And honestly, we are taking more meetings right now with brand new groups. Cold emails, I'd say are not always the best way to get in. But if you can get a soft introduction to one of our team members, that's probably the best way to get somebody to take a meeting, and then potentially escalate and get closer to the rest of the team.

Robert Morier: That's great. It makes a lot of sense. Thank you for sharing that. Well, with all of these manager inquiries and all of these calls and emails that you do receive, you have to make a lot of decisions. So, a question I was thinking about recently is a decision that you're most proud of. So, when you think about your career, you've been very successful at McKenna. And you've had this opportunity to think about all of these different decisions that you've made. Maybe a little bit of personal weaved in there as well because you made a decision to leave for your MBA. But what's one of the decisions you're most proud of?

Breanna Stein Genecov: That is a great question. This was not on the list.

Robert Morier: It was not on the… it was not on the list. And it was asked—

Andrew O'Shea: I can confirm it's not on the list.

Robert Morier: It's not on the list.

Breanna Stein Genecov: Coming to McKenna and taking the leap to California, I do think going to business school is probably one of the best decisions I ever made. From a career perspective, sure, it definitely helps to be able to say that I have an MBA. And I've seen it pay off since I've been back at McKenna. That's been great. But even from a personal perspective, I'd say business school ended up just creating a whole new world for me in California and elsewhere and a friend group that I didn't think that I would make after however many years of being out of college and having work. But I also met my husband through a business school friend. So, I can say for him that, that was one of the best decisions that I made.

Andrew O'Shea: I love that.

Robert Morier: I love that too. I would concur for him. Well, the last question is, you have met all of these people over the years both at business school, McKenna, even going back to Vanderbilt. But who were some of the people, some of the mentors that have really stood out for you as you think about your career?

Breanna Stein Genecov: This was a fun one to think about because there have been so many people, it was almost hard to narrow down. And it's one of the things that I think I am most grateful for in my career is the number of people who have helped me along the way and who continue to. And it's one of the things that I think about a lot in terms of mentoring and guiding the next generation and trying to pay it forward. I'd say I don't know if I'm supposed to say names, but Luke Poskin was the McKenna individual who interviewed me at Vanderbilt and brought me in as a baby analyst. And has kind of watched and supported as I've grown within the firm for a very long time. He's still here. He's actually a co-managing partner. And he's been an amazing resource and support for me. My first female boss, Holly Labelle, who's no longer at McKenna, but actually just launched her own fund that's focused on diverse managers, is another person who I owe a lot too, and who I still speak to even though she's across the country in Baltimore. But we do regular calls or Zooms now. And I was even around when two of her children were born. So, I mean, again, there are so many people who've contributed in small and big ways. But those are the two who come to mind as really shaping the way that I look at investing and the way that I approach career progression and balancing career and family.

Robert Morier: That's wonderful. Thank you for sharing all that. As you were answering that question, I was remembering the first time that we met. And you reminded me why it was so memorable. So, thank you for sharing that answer with me. And thank you for being here today. We greatly appreciated the insights on you and your career on McKenna capital and what the future holds. And you did mention children, and I would love to say that… I would love to wish you a very good luck and congratulations. And we wish you all the best. We know you're expecting. And thank you for sharing that with us. So hopefully, the next time we see you, you'll be with a little bit of sleep. And we obviously, hope with a very healthy and growing family. So, thank you again for being here.

Breanna Stein Genecov: Thank you very much.

Robert Morier: If you want to learn more about Bre and McKenna Capital, please visit their website at www.mckennacapital.com. 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'd 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. Bre, thank you again for joining us today. Andrew, thank you as always. And to our audience, thank you for investing your time with Dakota.