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**EPIISODE 2:**

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# Selling Asian Equities

*with Zlata Gleason  
of Indus Capital*



**Robert Morier:** Welcome to the Dakota Live podcast. I am your host, Robert Morier. And we are thrilled to bring you our second episode. If you're not familiar with Dakota and the Dakota live content, please check out [dakota.com](https://dakota.com) to learn more about their services. The goal of this podcast is to help you better know the people behind the decisions. We will be introducing you to chief investment officers, manager research professionals, senior sales leaders, and other important players in the industry who will help you sell in between the lines. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota, not a solicitation, testimonial, or 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 sponsored by Fuse for Salesforce. Do you struggle with outdated information in your Salesforce accounts and contacts? Fuse for Salesforce is here to solve that problem. Fuse is the innovative platform that updates your Salesforce data in real time. With Fuse, you can sync your Salesforce accounts and contacts with Dakota marketplace data so you never have to worry about stale information again. Say goodbye to manual data entry and hello to a more efficient and streamlined work experience. With Fuse for Salesforce, you'll receive real time updates, saving you time and increasing your productivity. You'll be able to focus on what really matters, closing deals and building relationships with your clients. Don't miss out on the opportunity to elevate your sales game. Try Fuse for Salesforce today and experience the difference it can make in your work life. Before we begin, I want to briefly reintroduce myself. After more than 20 years of investment sales experience, I took a step to the side of the industry to host the Dakota Live Podcast. When I'm not behind the microphone, you can find me at Drexel University as a professor in the close school of entrepreneurship and a social entrepreneur in residence, mentoring and teaching the next generation of founders. When we developed the podcast, we said it was important to include both allocators and sales leaders from our industry to present the entire ecosystem of the investment sales cycle. And I'm very happy to introduce you to one of those sales leaders today, Zlata Gleason from Indus Capital. Hi, Zlata.

**Zlata Gleason:** Hi, Rob. Thanks for having me. Nice to see you.

**Robert Morier:** Yeah, thanks for being here. Welcome to Philadelphia.

**Zlata Gleason:** Thank you.

**Robert Morier:** It took a little while to get here.

**Zlata Gleason:** It did, yeah.

**Robert Morier:** That's because probably people are still coming out of the stadium. The Phillies won last night.

**Zlata Gleason:** That's right, the World Series. That's right.

**Robert Morier:** Yeah. And they're playing again tonight, so there's probably a good—

**Zlata Gleason:** I better I get out of here soon, yeah.

**Robert Morier:** Probably a lot of people camping and then heading back. Yeah, I'd get out of here soon. We'll get a coffee, but we'll head out.

**Zlata Gleason:** Perfect.

**Robert Morier:** And I have a lot of questions for you. But before we get into our conversation, I want to share a bit more about your background for the audience. Zlata is a Partner and the Head of Client Advisory for Indus Capital overseeing the firm's business development and client relations and the team supporting those efforts. Indus Capital is a \$3.4 billion Asia-Pacific equities investment manager founded over 20 years ago. Indus offers hedged and long only strategies with offices in New York, Hong Kong, Shanghai Tokyo, and San Francisco. Indus clients include primarily endowments and foundations, as well as corporate and public pension plans, sovereign wealth funds, high net worth individuals, family offices, and financial institutions. Indus Capital's key strategies are Pan Asia long/short, Pan Asia long/only, global emerging markets, Japan long/only, Japan long/short, and China equities. So definitely a specialist. Prior to rejoining Indus last year, Zlata worked in the investor relations group at Lone Pine Capital, and was a Director of Client Relations at Senator Investment Group. Zlata worked at Indus Capital as a partner and a member of the client advisory group from 2011 to 2017. And started her career at Morgan Stanley where she worked in prime brokerage and equity derivatives departments in New York and London. Does that feel like a long time ago?

**Zlata Gleason:** It does feel like a really long time ago. Especially after COVID, everything's so long ago. It's pre and post COVID.

**Robert Morier:** Yeah, years feel like decades.

**Zlata Gleason:** Yes.

**Robert Morier:** I agree. Well, you're a CFA charter holder. You're a graduate of Wellesley College with a BA in economics and German language and literature. You're a member of the boards at Concordia Conservatory Bosana Foundation, and investment community board of Citi here in New York. You're fluent in five languages. And last but not least, you're a mother to three amazing children. And you and your husband live in Westchester County, New York.

**Zlata Gleason:** That's right, yeah.

**Robert Morier:** Congratulations on all your success. How many languages are required to be a salesperson at Indus Capital?

**Zlata Gleason:** One.

**Robert Morier:** Just one?

**Zlata Gleason:** Just one.

**Robert Morier:** OK, that's good because I wasn't sure. I was feeling-- I was definitely feeling less than. As I was putting together your biography, I realized why you're still at Indus Capital and I'm not. So, congratulations.

**Zlata Gleason:** We do miss you. It was really fun working with you many years ago now.

**Robert Morier:** It was, it was many years ago. I joined in 2012 Indus, and at that time Indus was primarily hedge strategies only, so long/short. And you were starting to introduce long/only for the first time.

**Zlata Gleason:** That's right. You were one of the first salespeople to help us with the long/only.

**Robert Morier:** Yeah. And how is that mix look today relative to a decade ago?

**Zlata Gleason:** I mean it's predominantly long/only now. I mean, of the 3.4 billion, just shy of a billion is in long/short and the rest is in long/only. So, if you go back seven years ago, we kind of completely switched the ratio from long/short into long/only. I think part of that is structural. If you look at equity long/short assets and HHRI data, equity long/short assets dedicated have halved since global financial crisis. So, a lot of it went to multi-strategy funds, but a lot of it went to long/only funds. And I think we were fortunate to be one of the first or early firms in Asia, in particular, to have long/only offerings. And this was thanks to one of our large investors approaching us and saying, would you like to do this? In 2009 and then

another investor in 2010. But now I think a lot of our peers have morphed more towards long/only.

**Robert Morier:** And has your sales approach changed as well? Now that you're predominantly long/only, do you find that there's still this differentiation between the types of audiences that you're speaking with?

**Zlata Gleason:** So, we have, as you pointed out, a lot of endowments and foundations and family offices. And in those situations, it's usually the same person we're talking to. But once we're talking to larger sovereign funds, pension plans, consultants, it is different. It's more like a traditional long/only manager research folks we have to talk to. And that's a different set of skill set. It's even different ways that you present your information. It's different databases you have to be reporting into. So, I think we had to elevate our game and learn a lot of that. When you were there, it was natural to you because you came from a predominantly traditional asset management firm. I think we're still borrowing a lot of your knowledge that you left from your time—

**Robert Morier:** Oh, no.

**Zlata Gleason:** --at Indus, but we definitely had to up our game. And I think the conversation is the same but it's really different. As I said, the hedge fund only pitching versus long/only pitch is different. The lines have merged more and will probably continue to do so. But you can just treat them exactly the same. And I can go into what I mean by that later on if you want.

**Robert Morier:** Yeah, no, absolutely. Thank you. That's helpful. Well, you came back to Indus a year ago to lead the sales client service and marketing efforts. What were your focus areas? So you're coming back into a firm that you know well, you know the people. But you're starting over as a head of sales and really thinking about how to approach this market where there's a background and there's, obviously, a client base. But it's still a somewhat green field.

**Zlata Gleason:** Yeah, definitely. It's interesting. So, I came back to Indus because I really love the firm. Even during the first six or seven years, I didn't really want to leave. And the reason why I ended up leaving, I just had a good opportunity to do something different and expand my horizons. To be honest, I was a little bit worried to just be sitting at an Asian firm, from my career perspective. So, I feel very grateful that I have gone to a hedge fund that did event driven equities and credit. And then a global growth manager where I learned a lot of other things. So, coming back to Indus, I felt like I had just much better perspectives how we need to do things and what we have that's really special about our firm. When I walked into Indus, I mean, literally the first three months I was actually on leave because it was summertime.

So, I had three months in between jobs. And I actually ended up spending a lot of time with my family, but also sitting down and listening to everybody at Indus what they want to accomplish. And I think as a salesperson, it's really important to listen not just to your investors, but to people internally. And then I basically went off and wrote a business plan. And I was like, OK, this is what I think they want to do and what I think we could do. And there are areas where the firm wanted to accomplish things. And I was like, I don't think... maybe eventually, but not now. And after I wrote the business plan, then I was like, do I have the right people here? So, I really went around and tried to understand the skill set of the team that was there. And what was really apparent to me is that we needed to elevate our game both on the client servicing side, but also bring in folks who had more approach to knowing how to talk about long/only or knowing how to go into international markets where we traditionally have really done not so much even though what we do is all outside of the United States in terms of investing. So those are some of the priorities. And then what's interesting when you go to a firm that's been around for 22 years, and you're like the old yet the new person-- because they've changed, and I've changed in the five years that I wasn't there... you have to be respectful of the context and the history. But you also were brought in with the mission to change things and evolve because there was a need while you were there, now you know they obviously were missing something and that's why they're bringing these people back. So, for me, it's been an interesting first year. I always have to remind myself I'm old here, but I'm new and I have fresh perspectives. I think it's really important when you're within an established construct to be respectful of the history and all the people who came before you, but you have to acknowledge that there's something that is not working as well, or the market is changing, and you have to evolve. So, like that constant pushing the brakes on, pushing the pedal, pushing... push and pull, that's been probably the hardest thing of, honestly, coming back and trying to take this on. The other thing is head of sales. When you're just salesperson, you have your list, your territory, your responsibilities. You are kind of just doing stuff, getting out there, executing. I feel like now I'm a bit of like a doing still a lot of that, but also coaching and delegating to the others. So being kind of player coach has been just a good learning dynamic as well for me because I didn't really do a whole lot of that in early 10 years of my career.

**Robert Morier:** And how do you find that your time is allocated between the two if you have to think about it?

**Zlata Gleason:** I mean, it really depends on what's going on in the markets. I mean, this year I've been spending a lot of time definitely proactively getting our story out there, talking to existing clients because it's been a tough market environment. And just explaining what's happening with the portfolios.

So, I would probably say those are 70% of my time. And I will bring my colleagues along for a lot of those conversations, and we'll do trips together, we'll cover clients

together. And then the rest is like strategic piece. I do a lot of strategy thinking. Like, are our fees competitive? What are we doing on ESG front? Should we be doing a podcast? All these other branding strategic things that I have to worry about.

**Robert Morier:** Hopefully you being on here will at least alleviate that for a little while—

**Zlata Gleason:** Yeah, exactly.

**Robert Morier:** -- so you can see how it actually works.

**Zlata Gleason:** Exactly, we check that box. And I'm thinking, yeah.

**Robert Morier:** But something big did happen over those five years. There was a fairly significant succession planning event. So, I know one of the things that we get asked quite often on the institutional sales side is what is the succession plan and what... if there were a change in ownership, what would that look like. And you actually went through that at Indus Capital and kind of inherited those changes. Maybe some of them were even still happening a little bit.

**Zlata Gleason:** Yeah, yeah.

**Robert Morier:** But I think for our audience, that would be something interesting to learn about. How did you telegraph that to your clients? How was it communicated? And then how was it received?

**Zlata Gleason:** All the firms I've ever worked on the buy side I was either there or shortly thereafter they went through their succession plan.

**Robert Morier:** So, you know the drill.

**Zlata Gleason:** I feel like I've seen different versions of the story. I think what's really important and what Indus in particular did well, from the very beginning, the two original founders really stocked a talent pond with a lot of talented folks who they would look at and say, well, that person could have my job one day. And I want to empower them and incentivize them. And they give it a lot of economics in the business from day one to be able to achieve that. So, when we started transitioning, actually the first transition did occur on one of our funds in 2012. And I was there for that. And I think what is really important, and having seen this at Indus and other firms, is to telegraph this well in advance of succession happening. When I was on sell side, like I covered some funds. One of them is really well known who just one day decided to make a plan and appoint somebody else. And their clients absolutely were not responding to this in a positive way because they did not know much about

this person. They knew that he was there, but that was kind of the extent of it. So, I think if you're going to go through succession, which a lot of firms in our industry don't do as well, I think long/only asset management firms do a good job. Private equity firms do a really good job. Traditional boutique hedge funds don't end up doing a really good job. And more often than not, the firms fold when that personality or the name of the door decides to do something else. What I think the firms have to do and what we have to do as salespeople and investor relations people is to be really honest that these transitions are just natural evolution. It's nothing that you should be ashamed of or hide. This is passage of life, passage of time. And eventually everybody's day will come to pass the baton. And I feel like my day will come at some point too. And when the day comes, I want to be very upfront with our team and our investors that this is what's going to happen. So, I think honesty, transparency, not hiding this, I think that's the worst thing you can do. And then just being thoughtful also about economics. You don't want this event to tank your company down. You want to be thoughtful how you transition this equity. And you want to use these events to look at the next generation of leaders and say, this is really good for you because you are now going to be able to get more economics and more skin in the game. And this is the playbook. When your time comes, now we know how to do this. And at Indus it was really interesting. We have... I think 75% of our analytical team is new in the last five years. So, I'm meeting a lot of new people, Rob, that I did not know the first time around at Indus and getting to know them for the first time. And that generation is really excited right now because they can see the next 10 years, Indus is going to have, again, transition. Again, this is not a secret. It's passage of time and people moving on. But now they're comfortable this is one firm that knows how to do that. But look, it's not... now that it's behind us, it's easy to talk about it. When we were going through it, it wasn't super easy. But I think there's a playbook now, and I think you just have to be really thoughtful and really honest and be transparent with your investors. And I'm sure we'll talk about this later, but one of the things that I really pay a lot of attention to is you have to be cognizant of this transparency and respect for your investors because at the end of the day, you are a fiduciary for their capital, and you owe it to them to let them know what's going on in your organization.

**Robert Morier:** Yeah, absolutely. And their consultants as well. They're usually they're not operating alone.

**Zlata Gleason:** Exactly.

**Robert Morier:** So, there are different points of communicating.

**Zlata Gleason:** Multiple players in a relationship that you have to keep in mind, yeah.



**Robert Morier:** Yeah, as you build out the team did, you think about dedicated consultant relations or dedicated hedge fund investor relations, relationship managers?

**Zlata Gleason:** I did. And to be honest, I kind of... we're not... we're \$3.5 billion firm so we're not a huge team. It's basically five of us, plus we have an executive assistant. So, it's a team of six. And I had to be-- I wanted to find a multi skilled athletes who could talk to endowments and also talk to consultants. Maybe into the future it would make sense to have somebody just dedicated for consultants. Right now, I have switched my mindset to have more of a generalist model. And this actually applies to everybody in our team. As much as they do sales, they also do some investor relations. And they are able to also client service somebody who's looking for their capital statements or trying to understand where the offering materials are housed. So, I'm more of that mindset right now. It could be just a function of being at a more boutique firm and having limited resources to deal with, but consultants are incredibly important. And I've seen a lot of value having a dedicated person. So maybe that's something just to rethink in the future.

**Robert Morier:** Yeah. I think it's interesting. When I joined Indus in 2012, there were five or six consultants that essentially dominated the alternatives landscape. So that has grown quite a bit. So, I would assume not only are you working maybe with less people, but you're also dealing with more consultant relationships, and particularly outsourced CIO relationships—

**Zlata Gleason:** Correct, yes.

**Robert Morier:** --that continue to grow and proliferate in the industry.

**Zlata Gleason:** Yeah. So, we have been-- part of this business plan that was put in place about a year ago does include dedication to OCIOs and consultants. So, I totally agree with you. I think consultants and OCIOs have sort of become a whole lot closer. And a lot of consulting firms, traditional ones that we used to talk to now have big growing OCIO businesses, and that's a different person you need to be talking to. Yes, a lot of that we are focused on, but it's kind of split across the team.

**Robert Morier:** Well, you are a specialist in Asia so that's another interesting dynamic to what you all have to do. So, I would assume there's an education component because you are essentially trying to convince, I would assume in some cases-- and correct me if I'm wrong-- that an investor may not have a dedicated exposure to Japan or may not have a dedicated exposure to China. How is that added to all of what you're already doing?

**Zlata Gleason:** No, definitely there's a lot of education that goes on. And it is a more sophisticated conversation in a sense because you need to know a lot more about these markets to be able to explain it to somebody who doesn't know enough about those markets, and they're looking at you as the specialist. And that's like a huge responsibility. Like, oh, gosh, we are Asia specialists. I better know and act like a specialist and tell them all about this wonderful part of the world. So, there is a lot of education. I think the challenge for me, and my team is, at what point do you stop educating and kind of ask for the order, because education works both ways. You also don't want to be a research post, just giving them a bunch of content and there's just no... so it's like this delicate balance, educating but also realizing you have limited amount of time, and you have other clients to talk to and cover. We try to do a lot of these webinars now, more kind of thematic calls which is new thing at Indus where last year we hosted something on China. And it was really specific about regulatory issues and what was going on with education sector. And some of the crackdowns that were really well documented in the press, but we want to give our perspective from different portfolio managers. A few months ago, we hosted conversation about the yen and the BOJ policy. We included our macroeconomic consultant into that conversation. This was really well received. I was in San Francisco a few weeks ago, and we had a former policy maker who worked for the US administration, talked to a handful of our clients about what's going on. And this was literally as the Congress was unfolding, what his read was on the party Congress and what the implications might be for investors in China as well as Taiwan, and potential military conflict there. So, we try to do now a lot of those sessions where we're showcasing and helping educate investors. And it does go a long way, to your point, because a lot of investors don't have deep boots on the ground to understand what's going on. I was an econ major, so to me it's really fascinating to talk about the yen weakness and some of these currencies and current accounts. This is what I did at Wellesley for four years. And I look to our team, and I'm sure this will come up, like, do you have a product specialist? Which we don't have on our team. We used to have somebody as a product specialist. I think, again, there's a function of our size here. If we were a \$100 billion asset management firm, I could see why we may want to be hiring a lot of product specialists. But right now, we are... you're looking at product specialty, I am the marketer and the client service person and a product specialist.

**Robert Morier:** I should have listed that one off if I figured that might be the case.

**Zlata Gleason:** You need to be, yes.

**Robert Morier:** But that begs a lot of questions about... because as you know, very well, whether you're an Asia specialist or you're a global equity long/only manager, it's still all about fit. So how does this strategy fit into your asset allocation model?

**Zlata Gleason:** That's right.

**Robert Morier:** So, as you think about your clients, you... and alternative managers in general, historically have had predominantly endowment and foundation, high net worth, family offices. So, as you've expanded outside of those channels, how has that conversation around fit changed? If at all. Or is it still the same message? I'm just curious just because diversifying outside of your core channels is something a lot of our audience think about.

**Zlata Gleason:** Think about, yeah, yeah. No, definitely. I mean, you definitely have to do... so I have... this is... there's my view and there's what I feel like industry has gone to. So, my view is that regardless, whether you're an endowment or a family office or a public pension, if you're looking at Asia, hopefully you're finding the best, most tenured reputable firm to partner with. And I know sometimes it's like, OK, what's your vol like? What's your Sharpe ratio? What's your information ratio? There are some metrics that will screen you in or out of the process. But overarching, hopefully, those metrics are just the next kind of level once you figure out, I want to find the best Asian manager in this space, in equity space and talk to them. Now having said that, we have evolved when we started going after public and corporate pensions in a sense of our fees came under scrutiny, willingness to take managed accounts, willingness to give transparency, willingness to get into side letters. Those became things you had to do, which in early years of Indus nobody really asked us so that's why we didn't do them. So that kind of fitness for their portfolio has evolved. But I think for... and the other thing is consultants. Consultants are a lot more important gatekeepers for some of these larger institutions. So, we had to evolve, to my earlier comments about that, knowing how to talk to them, who they are, how to keep them up to date. The other thing with consultants is like you have the research teams and then you have client consultants. And sometimes in some organizations you have to talk to those different layers as well and keep them up to date. So, this goes back to the earlier point, how do you do all this effectively? And I think, again, you have to pick your spots. So, the fit for the portfolio, what I tend to do a lot of is you have to be prepared in this business and do your research. The good news about public entities is it's in the public domain. You go through their reports, you can even see who their consultant is, you can read the meeting notes, you can see exactly what was discussed, who was recommended, who was terminated. You can go through investments, see their holdings. Actually, on a long/only side your life is a little bit easier because you can get a lot more information publicly available. With the hedge funds it's not still the case. It's still a little black box. You have to—

**Robert Morier:** Even the allocators still treat it a little bit like black box.

**Zlata Gleason:** Even the allocators. And some allocators will be friendlier and tell you what they own, and some others will not. And then you'll have a lot of friends at the

firms. You'll kind of pick up a mosaic theory of whether these folks have money. But I think it's really important to ask... again, going back to listen and ask questions. And I think in our profession sometimes does a mistake because we want to accomplish a lot, we want to get through a lot of meetings, a lot of content. And I've done this myself. You just show up to a meeting, you're so excited to tell them your story about your firm. And then at the end, that person asks you one question and you're like, oh, this is just not going to work. So, I think doing... to understand this fit, you have to do a lot of research, you have to ask a lot of questions. And you have to have a confidence to say, you know what? You're right. This is never going to work. You're just requirements and your fit criteria are so different than ours. But I know a firm over here that's a lot more similar to what you're looking for. Let me make the introduction. And I do that all the time. So, I did capital introductions in my past. And I still help my peers get introductions because that's the right thing to do. And I think sometimes I'll be the one to say to the investor, this is not the right fit. This partnership is not going to work. This was a great introduction, but let's—

**Robert Morier:** I know. I think that's great. And it makes a lot of sense, especially as a specialist. Sometimes it's just not going to fit. But you said the other F word, fees.

**Zlata Gleason:** Fees.

**Robert Morier:** Fees is another four-letter F word. So that's, again, just looking back at alternatives firms reputationally, as they were going into long/only, they were price pointing a bit higher and getting a little bit closer to what they were charging. Previously how have you seen that evolution. And as you're thinking about those conversations with potential investors in the long/only space, how has fees—

**Zlata Gleason:** Played into that?

**Robert Morier:** Yeah.

**Zlata Gleason:** Yeah. So, I mean, fees are... have definitely been in structural decline. I think there's so many ways to prove that point. We've definitely seen pressure on fees in our long/only funds. Having said that, because we are specialists... and, for example, in Japan, there's not a lot of long-standing Japan managers with 22-year track record. So, you could still get premium fees because there is a bit of a premium to get into Japan in a dedicated fashion with somebody who's been doing it for a long time. But we have in other... and it's very market specific. Like some markets are a lot more worried about liquidity, ability to get out if something goes wrong, and the fees. And then there are some types of investors that are just not as sensitive about that. So, I think you have to define what is your TAM. Like, what's your addressable market you're trying to go after. And then also be honest with your colleagues

internally. So, when PNI has a big article that somebody landed \$500 million from a large pension, and you know that it was for very low fees that your firm would never agree to—

**Robert Morier:** You put that on their chair.

**Zlata Gleason:** ... you need to exactly say, yes, they did win this mandate, but it was at the economics that we agreed we wouldn't do. So, I think there's just going to be expectations, what are we willing-- where are we willing to price our fees? And are we competitive right now? We're actually going through this study at Indus, and I haven't done this yet since being back. But holistically looking at our funds and saying, are we price competitively for what we have to offer for what our alpha is? And how are we compared to our peers? And then get input from our consultants and clients who probably will say, like, it is expensive. Cut your fees. But just to get more thoughtful sense of where we are. And then we're going to go to the senior management and have this debate, like, do we want to reduce our fees? Do we want to just say, OK, now our addressable market is going to be a fraction of what we thought it would be because we're only going to be this premium higher priced manager? And that's fine too. So, I think as long as we all agree what we're delivering on, I think it's fine. But look, the fees have absolutely come down. In our hedge fund we never were two and 20. From the beginning in 2000, our hedge funds were priced at one and 1/2 and 20. And about six... or five, six years ago... and this was just happening as I was leaving, we did work with some of the larger consultants, like Auburns of the world, to be more aligned in our hedge fund fee structure. So, yeah, I mean, we had to change. And I just think you have to be open minded and—

**Robert Morier:** Could that change come from the clients, consultants, the manager, or a combination of all three?

**Zlata Gleason:** I think it was a combination of all three. I think there's a danger of racing to the bottom and always changing your fees when an investor asks you, because that's like an endless bottomless pit. And you can constantly renegotiate your fees all the time if you do that.

**Robert Morier:** And have a lot of side letters.

**Zlata Gleason:** A lot of side letters, which we've didn't... that's been one of my priorities is to... unless it's for a specific regulatory reason, is to not agree and enter any side letters. Because if three clients are asking you for something, then maybe we should be changing our offering documents. Maybe the market is telling us this is a provision that everybody should be getting. So, look, I think on fees, we try to... and, again, this is kind of the 20% of my job is like we're not calling clients, we're not raising capital. It's like innovating and thinking what's ahead, what's next, how do we

be proactive... how can we be proactive. And this study on fees is to be proactive to just say, OK, let's just assume fees are going to continue to decline. We don't have to be a first mover in this, but we want to be thoughtful. And at least, every once in a while, once a year, just do the work to understand where we're being priced. And the portfolio managers... and now we have a CEO too who's very involved in everything that's non-investment related, they're pretty good about being proactive and saying don't do something because you have to. Because usually if you've had a bad performance, your clients are asking you for fee reductions, it's almost like too late. You should be doing these things proactively when the firm is having a good period of performance. So, you do have to be proactive.

**Robert Morier:** And is capacity and discussions around capacity in that conversation as well? How does that work particularly when you're in a market that's arguably much less liquid?

**Zlata Gleason:** Yes. Capacity, for sure, is a topic of discussion constantly. So, our risk team usually run liquidity metrics and say, OK, if you were to increase your AUM by this much, this is what it would do to the liquidity profile of your portfolio. And so, when we tell somebody, we only want to raise x amount of dollars, it's usually backed up by the data from the trading and the risk. It's not this made-up number. We had closed our funds to new capital historically. So, this does have a precedent of saying we're hard close or soft close, only replacing redemptions. We're not there now. I feel like in this environment everybody's looking to take capital not because people are having redemptions left and right, but it's a really good opportunity to get into these stocks at these levels. So right now, we're not capacity constrained, but I would imagine one day into the future we will be. And this is similar to succession planning, you have to telegraph this to your clients. The worst thing that would happen is, you're working with some of these two, three-year-long mandates. And they're just ready to write you a check and then you're like, oops, sorry. There's no capacity for you. So, we never want to be in that position.

**Robert Morier:** Yeah, that makes sense. Well, taking a step back. So, you have been there a year.

**Zlata Gleason:** Yep.

**Robert Morier:** So, as you're thinking about your sales process, so we're in Philadelphia at Dakota studios. And as you look at a market like Philadelphia or any metro area, what is the sales process look like for you now that you've got the... the boat's not rocking quite as much.

**Zlata Gleason:** Yes. You know what's really interesting-- this is my observation-- but after COVID, it's harder to get meetings with people in-person. It's obvious not just

like early on when people were worried about contracting the virus. But they're like if I can do Zoom, I'm not going to travel, I'm not going to ask you to come and travel. This is a lot more efficient. But when you get the meetings, I feel like they are meeting you because they genuinely want to engage with you. So, I almost feel like COVID has helped separate the true meetings versus just kind of fillers, informational.

**Robert Morier:** Yeah, good point.

**Zlata Gleason:** So, I think that has impacted our approach and saved us time. Look, I think Philly is a great market. There are some really amazing investors here. It's so easy for us to get to. So, I typically come down to Philadelphia probably once a quarter, if not more frequently. We're having some active conversations with folks here. So, to the extent those become clients, I probably would come even more frequently. But, again, a lot of Philadelphia investors go to New York. It's really easy. I think of it geographically. I think Texas is a really important market for us, and it always has been. So, we really try to go to Texas very frequently as well, at least once a quarter. We have a decent amount of relationship in Chicago area. West Coast, we have an office San Francisco, so that's easier for us because when you go to the office there, you can usually do a lot of meetings. And then I95, as we used to joke, it's so easy. Like you and I were like at the corridor, I95 corridor. So, all those big cities are Boston, D.C, those are all great markets for what we do. And we get there a lot. I've been spending a lot of time internationally, so we talk about that too. I feel like our firm is not as well understood or covered in some of these international markets. So, I've been spending a lot of my time in Australia, less so in Middle East but ramping up those efforts as well. And then I was just recently in Singapore, and really had some fascinating conversations with people on the ground there. And that's a whole different level of conversation. And some of these investors are for the first time hiring dedicated equity long/short managers. This is like the United States in the '90s and 2000s.

**Robert Morier:** Yeah, especially in some of the markets that you mentioned. So that's interesting. I mean, overseas distribution is something a lot of, not just boutiques, but boutiques growing into mid-size managers or mid-size managers graduating into someone a bit larger, they're thinking about overseas distribution for the first time. And in my experience, the way that conversation usually starts is a reverse inquiry. So, you get a call from someone in the UK, you get a call from somebody in the Middle East, you get a call from a super in Australia, and all of a sudden you need an overseas distribution plan. And—

**Zlata Gleason:** Or a licensing rep or just... yeah, all sorts of jurisdictional—

**Robert Morier:** The right vehicles.

**Zlata Gleason:** That's right.

**Robert Morier:** Do you have... basically, do you have what it takes to be able to distribute effectively into these markets? And then there's this steep learning curve that comes along with it. I guess maybe taking a step back, so why do you think in... I know sometimes things can come faster in certain markets. So, it sounds like in the United States in particular Indus saw a lot of success earlier on and has carried that through over the last 22 years. So where are you going to start?

**Zlata Gleason:** I know, it's a big world out there.

**Robert Morier:** I mean, you mentioned a lot of... some of these countries are pretty far away.

**Zlata Gleason:** Yes, they are. No, and it does involve a lot of travel. And you have to be sensitive about the budget too and the time it's going to take for you to raise money in these markets. So, I tend to think of... and when I wrote my business plan, it's a diversity of conversations and diversifications. And also, that diversification of timelines. To raise money from some of these other regions, it is going to take you a couple of years. So, your whole overseas or distribution strategy cannot just be one of these markets because you'll sit there for three years waiting for that ticket to come. So, you have to have some short, medium term, try to understand who's allocating now, who's a good prospect to have over time. I didn't include Canada, that's an overseas market. It's an hour flight from New York. We actually have done a lot in Canada. I find Canadian, Australian market to be really interesting because they actually do understand the value of Asia specialist, and also a country fund. A lot of conversations in the US, they may want to hire a Pan Asia manager, but the country fund is just like really out there for them. I found in Australia and Canada, they do one country specialist, so they go even a level deeper. And those conversations for us, like, we're... going back to the fit, I think our firm is a much better fit in these markets, which does accelerate some of these conversations. Most recently, a lot of these markets are looking at what's happening in China and saying, how do we address this? So, we want to have a China dedicated allocation. Do we want to do something else in Asia? Those are great articles. When I see those, I get super excited because I know I can just call them and immediately I know what we're going to talk about. And where do you start? I mean, you're right. Sometimes it is somebody gives you a call, and the next thing you know, you've spent six months looking at that region then you're on a plane. Right now, our focus is really Singapore for the most part because a lot of family offices have moved there in the last three years. Singapore has actually become a huge wealth management hub. A lot of sell side banks are now putting bigger wealth management groups on the ground in Singapore. I think people as they got out of Hong Kong during the



lockdowns, I don't think they're all going to go back to Hong Kong. I think those trends are going to be harder to reverse. I'm really bullish in Singapore. I think Australia is fascinating to me. It's a huge market.

**Robert Morier:** Lots of consolidation.

**Zlata Gleason:** A lot of consolidation going on. But it's a superannuation market where your compulsory contributions that these plans make on your behalf grow at a pretty steady rate. So, it's a pretty steady business. And they are some of the smartest investors, I think, that I've dealt with. Same with Canada. So that's where we're starting. Starting, those are the three locations.

**Robert Morier:** That's interesting. And that's a little different than what you normally hear. I think the typical answer is London. And start in London and see what you can get. And then go up into the Nordics, particularly with public equities. And then if there's a little bit of interest, you go down into the continent. And then from there maybe you move into the Middle East if you can get a couple of meetings with some sovereign wealth funds. So, it sounds like it's a more satellite, almost more peripheral approach.

**Zlata Gleason:** It is more peripheral. And I should mention one of my colleagues, she has done a really good job in Europe. We used to have a London office, but we don't have a London office anymore. And we used to have UCITS funds back in the day. We don't have UCITS funds anymore. So, Europe is important to us. I think about 15% of our capital is from Europe, so it's still a really important market for us. But I think of it more of where the brand-new market is. And this hasn't really done a good job, I would say like Singapore, Australia, and Canada.

**Robert Morier:** That's interesting. Well, you mentioned ESG. There's a lot of ESG interest in those markets as well, particularly Australia and Canada. Not just interest from an investment perspective, but interest from a legal perspective. Laws are being implemented that are changing the approach of asset managers into those markets. Whether it's a policy on modern slavery or 0% emissions by a certain—

**Zlata Gleason:** Or child labor in some of these markets and human rights violations.

**Robert Morier:** Yeah. And not to pick on the Asian markets, but it's historically there's been more negative press, negative headlines coming out of those markets from an ESG perspective. So how do you think about that as you were... I guess I should ask it this way, do you integrate ESG into your investment process?

**Zlata Gleason:** Sure, we do. So, we are not an ESG fund. We don't have ESG share class. We don't have an ESG fund. We don't use screens and say we're just going to

ignore these stocks. We have few clients who have managed accounts with us, who have lists, exclusionary lists that say you cannot be investing in this. And those are easy conversation because most of these companies we wouldn't invest in anyways from the fundamental research standpoint. And because it's a managed account, we have an investment management agreement, of course, we're going to take those stocks out of those portfolios. So, the way that we integrate... so a couple of things have happened. I think you made a really interesting point, which is an important one because in Asia, for the most part, transparency on ESG issues is not as good as in developed world. Europeans are way ahead of the US, by the way. They've even to the—

**Robert Morier:** And even Japan. Japan has never been the most transparent market, so it's been a little bit challenging. Korea is another good example.

**Zlata Gleason:** Correct. So, I feel like our job is even more important as shareholders in these companies. As SEC registered, US... half of our team is in the United States, 70% of our capital is in North America. We even have greater responsibility to ask these tough questions when we go to the meetings. Japan is an interesting... I'll get to that in a second. Japan has changed a lot. And GPIF had a lot to do with also pushing Japanese corporates uncertain definitely corporate governance issues, but on environmental issues too. If you think about Japan, I mean, they're thinking about bringing nuclear energy back right now. So that's like a really big effort. So, I think when you go to Japan too, they've been way ahead of lights that are efficient, not using a lot of plastic waste. So, I think on the East stuff, Japan as a society have been actually ahead of us. I think on the S there's probably some work to do, especially with companies that are run still by the original founder, kind of more small and mid-caps in Japan. But just overall in Asia this is what we do. So, we have each fund, and at the firm we have our statement policies. This is what we stand for, these are the things that we'll typically avoid. And we typically shy away from extractive industries. We definitely... there's a human rights violation in some of these companies, as I said, child labor. There are certain things that are a no now. And those companies will not end up in our portfolio. We have an ESG committee that's comprised of research, portfolio management team, compliance, operations, trading. And I sit on that committee as well. And we meet quarterly. And our job is to talk about how we integrate these issues across the firm and also within the research. And our head of research is on that committee as well. And what the analysts do... so within our research database, there are qualitative fields they have to fill out for each of their companies and ESG. What are the most pressing issues? Are you doing anything about these issues? And I'll give you some examples on where we've corrected some of these. Because it's great to say we integrate this, but then what are you doing with that information? Are you just telling your clients to get some brownie points or raise money? Which is not what you should be doing.

**Robert Morier:** And checking the box.

**Zlata Gleason:** Or checking the box. Or are you then going back to the company and saying, we have an issue with your stance here. And we want you to make a change. And we are significant shareholders so hopefully you'll listen to us. And we've done that in a few situations. And there was one very recently that I'll get to in a second. So that's the qualitative aspect, how we... analysts need to monitor these issues and document them. And then we did run our portfolios through Bloomberg S&P Global rating to see low, medium, high, and mocked up these investor reports. And shared them with some of our larger consultants. And we had a lot of calls where we said, is this useful to you? Do your other managers provide this? And the feedback we've gotten is actually not a lot of people provide this. And I don't know what 94 score for this company even means. What is this? So now what we're trying to do is to say... and this is a very active conversation... do we develop our internal quantitative scores? Like a scorecard, call it zero to five, where analysts who know these industries better than these rating agencies would give them the scoring. And then we'll track that score over time to see progress or not progress. And then it will be a more quantitative measure of these qualitative issues. So, there's one example. There's a China listed company. It's a port operator. We noticed they didn't have a woman on their board for the last four years. And the research team really thought that that's kind of not OK. You're a really large... one of the largest port operators to have no diversity of opinions, no female representation in your company for four years. It's a little odd. So, we wrote a letter to them. And, actually, they just recently appointed a woman. And it wasn't... I'm not taking credit it was just because of our work. I think a lot of their other shareholders felt the same way. But that's an example of ESG integration. There was an issue, we were vocal about it, and we didn't stop until we got a response from the company. And, thankfully, their response was, yes, we just actually nominated somebody. And I hope they nominate more women. It shouldn't just be a woman it should be multiple. So that's an example of what we do. But ESG is a big debate. We... sorry... and one last thing. We get a lot of questionnaires from different consultants and investors.

**Robert Morier:** ESG specific.

**Zlata Gleason:** ESG specific questionnaires. So, what we're trying to do as well is look at the common denominator across these questions and say, why don't we instead of answering five different organizations, just implement this into our standard DDQs? So, we're now in our own DDQ have sections dedicated to ESG DEI. And we also use ILPA and AIMA Albourne DDQs as a template for what those questions should look like.

**Robert Morier:** When you mentioned DEI, I remember I think at one point you were the only female partner at Indus Capital. And prior to you I don't think there were

any women in the partnership. But I think I saw in your presentation there are now nine partners and principals?

**Zlata Gleason:** Yes.

**Robert Morier:** So, it sounds like there have been a lot of strides in terms of DEI and balancing the—

**Zlata Gleason:** There's been a lot of progress made, which is good. I think our industry was due for some course correction on racial, gender, representation, and having more senior women of... and men of different backgrounds in those leadership positions. So, Indus has done a good job. Yes, I was the lone female partner, and now we have a principal program. So, we have 12 principals, or thereabout, who actually share into the economics of the business as well. So, between our 12 partners and 12 principles, 24 people are actually tied to the economics and have skin in the game of the business, which is also a great development. And I just think it does a lot for your culture and motivations. So, I think this has done a really good job. We have a women network as well internally. One of our partners, she's a member of the chief, which is this really exclusive network for successful women. We've done a good job, but we can't stop. I feel like we sort of... I personally this is my view, but I worry that women in our industry have come really far. And then COVID happened, and we've gone back a little bit. Because if you look at the studies... and I know this is not the case with you because you're so involved with your children. But for the most part during COVID, a lot of the household chores and work fell back on women. And now female participation in America has actually gone back a little bit. I'm a little sad about that, to see that COVID set us back, but I'm really positive. In my profession, there are a lot of senior women and endowments and foundations, family offices. Even now like in California, some of our larger public plans have women CEOs. So, I'm rooting that we can do better and get to equality over time.

**Robert Morier:** That's wonderful. We are too. And we're so happy you joined us today.

**Zlata Gleason:** Yeah, thank you so much. This is really fun. Good luck with your venture. And it's good to see you.

**Robert Morier:** Yeah, it's good to see you too. Well, if you want to hear this episode or any of our past episodes, you can check us out on our website at [dakota.com](https://dakota.com). We are now up on all of the major podcast platforms, so [Spotify](#), [Apple](#), and more. You can also see this video on [YouTube](#). So, feel free to check us out. And if you'd like to learn more about Zlata and Indus Capital, please, check out their website [induscap.com](https://induscap.com).