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EPISODE 46:

For the Love of Investing

with the John Templeton Foundation

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, sales leaders, 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 their Dakota Live content, please check out dakota.com to learn more about their services. 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 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. Well, I am very happy to introduce our audience to Brian Crawford, Director of Investments at the John Templeton Foundation. Brian, welcome to the studio.

Brian Crawford: Great. Thanks for having me.

Robert Morier: Yeah. Thank you for being here. Before we get started, I want to quickly introduce my partner on the desk, Steve Aitken of Dakota. Steve, welcome back.

Steve Aitken: Yeah, excited to be here.

Robert Morier: Yeah, it's nice to have you here again. We're really excited to have Brian here in the studio, located not too far away, but we're happy you made the trip into Philadelphia to be with us. Before we get started, I'm going to read your background for our audience so they can better familiarize themselves with you and your experience. Brian Crawford is the Director of Investments at the John Templeton Foundation. In his role, Brian oversees the investment team and all activity related to oversight and management of the foundation's investment portfolio. This includes portfolio management, asset allocation, and investment selection. Previously, Brian was a partner at Colonial Consulting, now Crucial

Partners. For more than 15 years, Brian served as portfolio manager for multiple foundation and endowment clients, while also serving as executive director of research, leading investment strategy and the team of analysts in the firm's research efforts. Prior to his time at Crucial, Brian held several roles as an investment analyst and/or investment consultant at Bank of America, Asset Consulting Group, and Arthur Andersen. Brian is a CFA charter-holder. Brian received his master's in finance from Boston University, and his BA in both finance and accounting from the University of Missouri. Brian, thank you again for being here. Congratulations on all your success, and we're looking forward to getting into it. We always like to start with the beginning on this show, force you to go way back to when you were thinking about this career. So, thinking about your days in Saint Louis, did you know coming out of school you were interested in the investment management industry?

Brian Crawford: I did. I did. I loved the world of investments dating back to probably middle school, in fact. And I can still recall my business econ class in high school. I think I was a sophomore at the time. And we would pick stocks. And I was big on Nike, mostly because Bo Jackson was the best athlete of all time. I still believe that. But the teacher was kind of explaining, well, what more is your… do you have passion for Nike. And she started talking about fundamentals and understanding earnings growth and competitors and all of these components that were complete unknowns. And I was just intrigued by that. So many things are with math, there's an answer. With science, there's… for most science questions, there's an answer. With investments, there's no answer. We'll find out afterwards and I thought that was super intriguing. We can apply discipline, combined with so many unknowns that it's always changing and always evolving. So that was always intriguing to me. So, I knew going into college exactly what I wanted to do. I didn't quite understand the industry yet, but I definitely knew I wanted to be in the space.

Robert Morier: Well, other than Bo Jackson, was there anyone in particular who helped you point in that direction?

Brian Crawford: So, I was in college, and by sophomore year, I had started an internship at AG Edwards for a broker. That was a great experience. And then the very next year, had the opportunity to go into the main office and work on the sell side analyst team as an intern, not really doing the real work. But did that for a few years before I graduated, which was fantastic. And you know what I would say about that is that I understood the industry and what there was potentially out there, but not quite the tentacles that existed in that space. Unfortunately, for someone by the name of Bruce Burkle, who had to oversee the interns at the time… I think he was fantastic for me. He kind of shed a lot of light on what the opportunity set was out there, what things could be available to me, and I think, pointed me in the right direction. So, I'm very appreciative of Bruce and many others along the way, but Bruce certainly set my path for me.

Robert Morier: Well, for my students at Drexel University, they're in the process of graduating or thinking about graduating this year. And one of the things that they think about is where they want to be. And you made a big change. You started in St. Louis and then you relocated to New York City. So, what was that decision like for you at that point in your career, making that switch from Midwest to the to the East Coast?

Brian Crawford: Pretty simple. I love Saint Louis, grew up in St. Louis, still have family in St. Louis, had been working in St. Louis for a handful of years and just felt that I wanted to expand my opportunity set in the investment space, as well as potentially compete with I think, more and more people. I'm not saying better, just more people in that space. So, I knew I wanted to be in an investment hub in terms of a major city. And I went to my boss at the time at Bank of America, B of A, and said, hey, would you mind if I work out of Chicago, in the Chicago office, which is pretty close to St. Louis? And I think he knew. He said, he even told me, he said, if we let you do that, you'll leave in six months. There's no chance you're sticking around. He said, what do you think about New York? We have people in New York. Would you be willing to go to New York? And I said, absolutely. At that moment, he said, done. That's how I ended up in New York. I basically just said, nothing against St. Louis, but was ready to move into a bigger city and wanted those opportunities.

Robert Morier: You started with a very large firm, and then you ended up moving to a boutique or a more-nimble shop in Colonial Consulting, now Crucial. So, we have James Bell coming on the show in a few weeks. So, we'll get a sense how they're approaching manager research and selection today. But looking back at your nearly 16 years with the firm, congratulations, how did you and the firm approach manager research? And how did that evolve over your time at the shop?

Brian Crawford: Great questions. So, I'll tackle it in two different ways. One is, I would say when I first got there… and this isn't a negative… but we looked for what I would call middle-of-the-road opportunities, investment opportunities. And those are tried, long-standing investment strategies, firms that have been around for a long time. Everybody knows those strategies. They're not too much in terms of deviations. And the people that are leading those strategies have been around for quite some time too. And I would say we slowly started to evolve and move away from just the process to identifying talent and that edge that you're looking for in certain investment managers. We should owe a lot of that to Mike Miller, who is now the CIO at Crucial. He was a big proponent of searching for that edge. And that really led us to younger talent that's out there, arguably, the next generation of talent. And so, it expanded our opportunity set, not just with younger talent, but also, if you think about a lot of emerging managers or managers that would be classified as DEI today, that was still arguably a very untapped market, really led us to finding more opportunities in that space. And I again, credit Mike Miller for a lot of the work that he's done in that space. But I think we all grabbed on to that with two hands and was absolutely owning that kind of evolvement that we kind of moved through. So really excited about what happened in that space. About six years into my tenure at Colonial Consulting, at the time, they then also approached me to take over research. And I was happy to do so. But I had a handful of things that I really wanted to accomplish. And it really starts with structure. I wanted an open, honest debate. I wanted ownership, and I wanted talent discovery. And so, if I can just touch on a few of those things, or all four of those things. You know, first on structure. You go into research meetings. You ask where analysts have been. Someone was in San Francisco. Another one was in Florida. Another one's in Chicago. And they talk about the managers that they met with. And it arguably, unless you've met that manager yourself, it's the first time you're hearing about it. And we have a room of 20, 25, 30 people at times. And so, it would just be a single person talking. And maybe there would be a few questions, but some would be generic because you didn't have an intimate knowledge of what that manager was like. And I wanted to clean that a bit and have more structure around our research meetings, and with an agenda, with meeting notes ahead of time, any kind of materials ahead of time, so that all 25 people around the room could engage in the conversation. And I thought that was incredibly important. The other part of that is our analysts were meeting 700, 800 managers a year, and you would look at the end of the year, and you'd see maybe 100 notes. And I thought, well, I get it. The analysts are building this great repository of information for themselves, knowing who's good and who's bad… bad players in the industry. But that's their information. At the end of the day, the firm owns that information. And we need to share that with everybody. And so, requiring notes for every single meeting ever taken, sharing those notes with everyone so that if I wasn't in San Francisco meeting with managers, at least I'd have a sense of how those meetings took place. And it also helped facilitate conversations in our meetings. So, I think our meetings became much more robust and collegial and very conversational, which are all positives in terms of getting to the best ideas as we move forward. And the second tenet I wanted to touch on was open and honest debate. And we touched briefly on the fact that I spent a little bit of time at Bank of America. I started as an analyst, a senior analyst. But midway through, they made me a research manager. So, I was overseeing the senior analyst at the time, and in that role, developing a lot of process around how we look for managers and what we're looking for. And one thing I enacted when I was at B of A was a devil's advocate program. And I really wanted to carry that through when I came over as head of research at Colonial, now Crucial. And so, one of the first things I did was implement a devil's advocate program, not for any negative reasons, but really, to create debate in our meetings, one. And so, you know, I mentioned before, 700, 800 manager meetings a year, eventually, 5, 10, 20 of those will bubble up into ideas that are probably going to make our short list, our recommended list. And when we started to get to that point, at some point, the analysts that have been meeting six, seven times with those managers are now in love with those managers. They're almost on the same side of the table. And I wanted to make sure we kept objective views on that. And so, I would actually assign an analyst completely outside of that, maybe even that entire group, to come in and collect information, maybe even take a couple of meetings with them. And then find every reason possible not to make an investment in that manager. And as we know, every manager has some flaws or something to poke at. And we wanted to highlight those, bring those into our research meetings, have an open and honest conversation about, why wouldn't we invest with this manager, to the point that we actually included those in our reports that go out to clients. So still today, I think they're still in there, "reasons not to invest" exist as a section in our reports. And I've carried that to my new role as well, reasons not to invest, because I think one, we want to understand we're not pollyannaish in our views about every single manager that's out there. Every manager has some issues. But I also want to when I will sell a manager before I need to sell or terminate a manager. And I think that's important. And those are often found in the reasons not to invest. But it really created an open debate. And again, my entire goal was around dialogue, whether that's structure or this open and honest debate in our research meetings. The third is ownership. You know, I take ownership to heart. And I take that as a consultant and currently as in my role as director of investments at John Templeton. As a consultant, I used to sit across the table of committees. And if performance was great, they'd say, great job. Performance was bad, it's my fault. I'd own that. I'd take it home with me. I'd think about, what could I have done different, what changes in this portfolio need to take place, what doesn't need to take place. Sometimes inaction is an action as well. And we wanted to be aware of what we could or couldn't do. And so, I own those wins and those losses every day. But then you get to research. And if research, if the analysts among that research team, their goal is to just bring ideas, funnel an entire basket of opportunities, and let you figure it out. There's no ownership there. We're completely misaligned. And I wanted to create alignment between… all the way down from analyst up to consultants because we all own those portfolios. And this really stems from, and I'll steal from someone I admire greatly, but I started working with an organization called the Seattle Foundation, community foundation in Seattle. And Mary Pew, founder and head of… CIO of Pew Capital was the chair of that committee right when I got there. And she just took on that role too. So, her first meeting was my first meeting. And I still remember to this day, something that completely changed the dynamic of our relationship, meaning the foundations in my relationship. And she opened the first meeting with a conversation to the committee, not to me, and said… and it was an advisory relationship. This was not OCIO… and she said to the committee, Brian's going to come with ideas. We're probably going to like most of those. We might not like them all. But at the end of the day, we own the portfolio. It's not his portfolio. It's not his success or his failure. It's our success and our failure. And immediately, I felt I was on the same side of the table as them and we were working together. And our conversations from that point forward were fantastic. And I wanted to make sure I carried that internally as well, that we all own portfolios. So, ownership is really key. So, no idea is not without ownership. And so, any idea that's quote, unquote, "recommended or approved for investment" needed to have at least two members of the team with their name on paper. I own these names. I also created a research portfolio. Sometimes, consultants or senior leaders kind of have the strongest voices. But what's the best ideas that are out there by person? And what would you construct that's different? And we start tracking things. And so, knowing what the best ideas were, people felt I think, ownership to the investment ideas that they were bringing to the table from senior analysts all the way down to more of our junior analysts. And then that last piece is talent discovery. And I think it's connected to ownership. If you think about again, senior voices, kind of the loudest voice in the room, whether we're talking about research meetings or even outside of the research meetings, it's hard to find rising stars in that kind of framework. And sometimes the rising stars are better than the people that have been doing it for 15 years. And we'll never discover them because the loudest voice is those senior members. So, I wanted to have ownership on the names. And then we can also have those analysts, or junior analysts start to present and give ideas of their own in meetings and why they support such an investment. Why didn't they put their name on a different one that the senior people put it on? And it allowed us to start to not only see this visually, but also track it metrically to see who our rising stars are.

Robert Morier: Thank you for sharing all that. I have to say one of the things I love about this podcast is that we get that kind of time to hear those types of views, even if it was for 16 years at a prior role. We're grateful for that. Sometimes, as Steve knows very well, the conference circuit… we get these little sound bites here and there. And then as salespeople, we go back, and we try to scotch tape them together to figure out what the formula is. So, thank you for sharing all that. It was very interesting. I think you did name the episode, "Reasons not to invest with the John Templeton Foundation."

Brian Crawford: It might end up being our title. So, thank you for sharing that as well.

Robert Morier: Well, congratulations… this is the third time… on your three-year anniversary with the Templeton Foundation. So, for our audience who are less familiar with the foundation, more than three decades after its creation, the John Templeton Foundation continues to manifest the character of its founder, Sir John Templeton, who passed away in 2008. He began his rise on Wall Street in 1937 and proved over many decades, that he was one of the greatest global stock pickers of the 20th century. So, we're going to be channeling Sir John's investment in philanthropic philosophy for our audience over the next hour or so. But could you talk to us more about the foundation's mission, both philanthropically and financially?

Brian Crawford: Sir John was a legend, is a legend in the investment industry. And so simply seeing his name when this opportunity came to me was super exciting. But then to understand the mission that this foundation is working on was very intriguing to me as well. And as you pointed out, founded in 1987. The John Templeton Foundation is really trying to provide grants and service research in so many different areas, so many different spaces, from evolution to discovery of the black holes, to areas of curiosity or free will or forgiveness. Our theme this year for the entire year is about love. And so all of these components, helping human flourishing, is just a fantastic opportunity, a lot of cross-sectional between science and religion. We cover all religions in our research and our work. Just a fantastic organization to be a part of. We have over $3-plus billion in assets. And we grant out over $100 million a year. I think that ranks in the top 25 in terms of grant-making foundations in the US. So not only are we… I think we're doing some really phenomenal work. But we have a lot of assets or power to put behind that to really make an impact. So, it's the power of those things. And of course, you know, Sir John, known as a great investor, but he spent much of his later life… he's a great philanthropic leader, quite honestly. And he's done a lot of fantastic work when he was here. And I think all of us at the foundation look to carry on that mission as best as possible.

Robert Morier: Thanks, Brian, again for being here. It sounds like it's very rewarding being a part of a foundation like this to fund some of these missions that you guys are focusing on. But when thinking about the investment team in order to fund these projects, can you just give us an overview of you, your team, what you guys are looking for from an asset class perspective, and how that coverage of the team is kind of divvied out?

Brian Crawford: Yeah. It's a great question, and it's probably… I've got a simple answer. Sir John made his mark… he's invested in a lot of different asset classes, but he made his mark in public equities. And he's been… was a big proponent of transparency and liquidity. And that carries through in how this portfolio is structured as well, guidelines, policies, et cetera, that really dictate where we tend to dedicate a significant portion of our assets. And that tends to be public equity. So, when I first joined the foundation, there were no alternatives at all in the portfolio, and we've only maybe dipped our toe in just a little bit. And quite honestly, my structure will not have a significant amount that's not in traditional assets. So traditional fixed income, traditional equities become a big part of our overall portfolio. And for that reason, we tend to have a pretty lean team. I don't need to dedicate, and you need to dedicate a handful of people two private assets, for example, or hedge funds, et cetera. Again, we might look for opportunities there. But most of our work is done in public equities with public fixed income as a secondary. So, I have a very lean team, two members, one that's much more data management, data aggregation. The other is a phenomenal analyst that works closely with me on really, trying to source and find great manager ideas that are out there. I think again, staying true to what Sir John had intended, but also fit with how we can manage the portfolio as best as possible.

Robert Morier: Brian, are you utilizing any external advisory relationships? Do you have a consultant?

Brian Crawford: So, no consultant. So, all of our, what I call primary or traditional due diligence is done in house. So, it's our team out there, meeting with managers, portfolio construction. All of that is done in house as well. We do outsource our operational due diligence. You know, I think that requires significant interest and effort. And quite honestly, I think I would need to dedicate two or three analysts to that. So, doubling my team size for what I call ODD, or Operational Due Diligence I think is not efficient use of our capital. So, we do outsource to Auburn our Operational Due Diligence work. In addition to that, of course, being a lean team, we need a lot of tools in terms of software and technology. And so, most of it's on risk metrics, factor analysis, downside data work, returns-based analysis, things like that. We subscribe to a handful of different providers from a software and data provider perspective in addition to some macro stuff. Yes. We absolutely take advantage of others that are out there. But we're not using a consultant.

Robert Morier: That makes sense. Thank you for sharing. So, starting with the top down, how does the Templeton Foundation look at the world in terms of allocation? You mentioned that you're primarily focused on public market equities, public market fixed income. But within those two segments, is it a traditional look at non-US versus US emerging markets, investment grade versus high yield, for example? So how are you thinking about the world from an allocation perspective?

Brian Crawford: So, a few things. One is with most foundations and endowments you have all these different asset classes to think about and a lot of time is spent on asset allocation. We do too. Its most important component, by far. But knowing that such a large portion of our portfolio is dedicated to public equities, I tend to think of us more like, almost like an investment manager in terms of what we're doing. So, I spend a great deal of energy on understanding the risks that are inside… the one component of the portfolio that we have that's so large, which is public equities, breaking down as many lenses as I possibly can on understanding event risks, geopolitical risks, overlaps that might not be primary, but secondary overlaps that exist. What's the forward thought process behind our managers, not what they've done currently or where they've been before and understanding how all of that's going to actually maneuver inside the portfolio that I have today. And then of course, apply that to the biases that I'd like to have in the portfolio. When I think about how investment managers tend to think, they're constructing their portfolio and thinking about convictions and thinking about how they allocate to positions and all of these ramifications whether it's risk or opportunity, I tend to think about that much more than I think about some of the other components that my peers do.

Robert Morier: Well, I know you have some strong views about manager selection versus portfolio construction. So where do you see the value add?

Brian Crawford: Getting back from Brinson and Beebower it's a mini study, since asset allocation is obviously… it's always historically been, it's been proven statistically the most important component of what we could possibly do. And so, getting that right is important, even in a more simplified portfolio that we're looking at. Getting the allocation right is by far the most important. Second to that, of course, is still manager research. And teams of 20, 30 are dedicated to… out there scouring the universe looking for great managers and opportunities that exist across all geographies, all spaces that are out there. Again, those are the first by far, one and two in terms of what's important to a successful portfolio. But I find that there are allocators and consultants that kind of stop there. And so when, especially when you have multiple asset classes that are out there, as an example, if you had broken down your asset classes and you ended up with, say, an 8% allocation to US small cap equities, 4% to US small value, 4% to small growth, or maybe you have three managers, one's a micro manager, micro-cap manager, but generally speaking, you've kind of done all your work. You found great managers, and you allocate. If I took a step back and I meet with investment managers and we've done all of this fantastic work, process is there, philosophy is in line, I see the edge, they got a great team in place, the PMs fully engaged, every component is actually there… and then we get down to the point where we're talking about portfolio construction. And I say, OK, can I see a current snapshot of your portfolio? And I look at it, and it's 20 names, 5% each. I'm a little disappointed. There are managers that can absolutely do that and they rebalance right back to it. But generally speaking, an investment manager has a high conviction in the name. You'll see a 15% stake in that one. And it could be for risk purposes. It could be for compounding purposes. And then you see these stub positions that are 1% or 2% stakes, and they have high risk, but high reward and opportunities. And they've been thoughtful in how they've constructed their portfolio. Paul Tudor Jones and Stanley Druckenmiller, I mean, you've seen quotes come out from these fantastic investors that have mentioned that their batting average is below 50%. They have more failures… there are losers than they do winners. But their slugging percentage is where they've made all their money. And that's through conviction. So, when you have a great idea in your portfolio, you double-down or you triple down in those names. And some of the best investors that are out there have made their money on their convictions. And again, I think, why can't we translate that to the allocators. And I'm not saying… I think a lot of allocators do. In fact, I respect the ones that spent a great deal of energy thinking about portfolio construction, thinking about the risks that they have in the portfolio. But that's important to me. And it takes a lot of work to really think about position sizing and how we allocate to those convictions appropriately and adjust the portfolio to those things. And at the end of the day, maybe they only matter to adding 5, 10, 15 basis points. But 10 basis points to me is $3.5 million… $35 million. That matters to me. So, if I can bring in even $100,000 or $200,000 of capital by a little bit of extra work, I'll absolutely do that. And I just think there's a laziness with stopping at the manager selection side. And you need to move a little bit further in there.

Robert Morier: Well, you talked about your managers rebalancing. How about your views on rebalancing as it pertains to the foundation, your overall asset allocation?

Brian Crawford: Yeah. It's a great question. Probably pull out a few more quotes if I can.

Robert Morier: I'll take them. We'll take them.

Brian Crawford: First of all, cross classes, absolutely. Everybody I think does that, should do that. Markets move. Things change. You need to rebalance, trim your wins, recapitalize where you need to recapitalize. But I think it's within asset classes that people tend to have a different view. And I would argue that there's an industry view that these are differing views. So, I'll touch on two. One is… I'll quote Peter Lynch, and I'll butcher his quote, but something to the effect of, "Cutting your flowers and letting your weeds grow," or vice versa. You should always water those flowers and cut the weeds, which effectively implies, let your winners run and move on from your losers. But I'd also quote Sir John in terms of "Invest at the point of maximum pessimism," that contrarian view, where maybe these aren't losers. They've just been out of favor for a period of time. And so, it sounds like those are conflicting views. But I don't think they are. I think that as an allocator, I'm dealing with managers, not positions or stocks or bonds. And so, we do have winners and losers in our portfolio. But I would argue that the way I look at our portfolio is in two different lenses. And one is, do I have compounders, these long-term, great performers that kind of are almost market agnostic? They can deliver in down markets. They can deliver in up markets, generally speaking. And are these long-term compounders? And I want to allocate to those and let those flowers grow. But I also think there are great managers out there that tend to have a little bit of tailwind in their backs, or sometimes those are headwinds. They're macro forces. They're events that are taking place. They're dislocations in the market. And we can capitalize on those. And not that they aren't great investors themselves, but I do want to rebalance from those when that market opportunity isn't there. And I think Sir John would say, run into the fire, the burning house when there's an opportunity there. But eventually, that opportunity can dry up. And so, if a manager is being driven by those opportunities, I'll rebalance from those. And again, at the end of the day, whether you're a compounder or kind of this what I call factor-driven strategy, there are limits. And I think about that position sizing that I have in place and ensuring that I'm not over allocated, regardless of being a compounder because at some point, those risks kind of grow on you and become a bigger problem over time. So, I don't think it's one lens that anyone should look at. I think it's a multi-lens approach to investing, and it includes both of those quotes.

Robert Morier: All right, Brian, I appreciate all your comments thus far. And it was a great overview of how you think about the foundation's portfolio. But maybe take a step back as far as the underlying manager process goes. Definitely, our audience would love to hear how you think about… how you do underwrite these managers and maybe some recommendations when thinking about reaching out to the foundation, best practices, reaching out, what the next steps typically look like for you to finally get a manager through the door and into the portfolio.

Brian Crawford: First, I'd say, we get incoming calls and emails all the time. And the one criteria I have is that I typically just don't take a meeting. I typically say, send me your deck, preferably some past-quarter letters. We'd like to do some work beforehand. I don't want to waste their time. I don't want to waste our time. We need to be efficient with everyone's time to see one, if it's something that's of interest of ours, and then of course, if it's even a fit. For example, I mentioned before, private investments. That's not a high priority for us right now because of the limitations that we have. So, I'm not taking too many meetings in that space right now. So really allowing us to do some work ahead of time is process, from a process standpoint, to make sure, again, make sure we're efficient with our time and theirs is critical. But once we review a manager or an opportunity and see some interest in that, we'll open up with a first meeting, whether it's Zoom call, in our office, in their office. We're on the road quite a bit trying to really sit across the table from managers. And our process is I would arguably, pretty simple. We want clean and repeatable process and what they're actually trying to do. So, repeatability and just clearness around… and transparency about what they're actually doing is really important to us. The next step is really identifying a discernible edge because there are so many managers that are out there. What's the edge that this manager has that others don't? Doing, playing in the same space, playing in the same sandbox. And if we can't identify what that edge is, there are many other managers doing the exact same thing. So, what kind of value is that going to bring to us in the portfolio? The next thing is really around PM engagement. I've come across meetings where the analysts know their positions inside and out. And if that doesn't translate up to the decision makers, the people that are actually making allocations and making changes, that's disappointing.

I love to sit across… I mean, what a privilege to get to sit across from some of these brilliant investors that have been doing it for decades and some that haven't been doing it for decades, but either way, they're just brilliant investors, which at a minimum, I get to take with me, and frame my own views about the world and what's happening and where the opportunities lie, where the risks lie… and so that's happening all the time too. I take meetings just for that alone at times. But I also want to know that everybody at the table is engaged and understand what they have and what they don't have in their portfolio. And if there's a bit of a disconnect there, that's a huge red flag from our standpoint too. The other piece is, and the last piece that the manager side is really around humility. If a manager can't identify mistakes, everybody's made mistakes, if they can't identify mistakes they've made in the past and not willing to share those. In fact, I love it when a manager starts with their mistakes because they're learning from those. And more importantly, how am I going to know how they're going to react or behave when the next problem comes through and the next event that they're in the crosshairs of comes through? And so, I need to be able to see mistakes to really get a good gauge of who they are and how they operate. So those are really the key things that we're looking for at the manager side. At the end of the day, it also comes down to portfolio fit. So, we've found, still have, phenomenal managers that I would love to invest with. But it's the second or the third of doing the exact same thing that I've already got. And could I upgrade? Absolutely. There's always opportunities to upgrade. But I don't need to upgrade just to upgrade. I don't need to take action just to take action. And so, they'll end up being on our bench, and they're calling, and they know that we think highly of them. But at the end of the day, I want them to be a good addition to our portfolio and not just more of the same. And the other part of that is, sometimes you've done all this work and you found great managers. They meet all of those things that I just laid out. But a great manager isn't always a great manager for us. It's just not the right fit for what we need, and it's probably never going to be a good fit for us. So, we'll move on, or at least keep them kind of in our bench is what I refer to.

Robert Morier: Much of our audience is populating or are populating databases with the information on their strategies. Are there any other must-haves that a manager should be thinking about in terms of your decision to allocate, so whether that's an AUM level, length of track record, everyone needs to be in the same office versus spread around the world? Any other, I hate to call them checkboxes, but unfortunately, that's generally how we refer to them, so any other checkboxes that you think about?

Brian Crawford: Yeah, I'm not a checkbox person.

Robert Morier: Doesn't sound like it.

Brian Crawford: I wasn't before I got to the foundation, I wasn't. And I'm definitely not at the foundation. I mean, I think Sir John himself had not only invested where others weren't willing to invest, but also invested with people, talent where others haven't as well. He had ceded strategies. He had ceded people before talented investors. And I might not have as good of an eye as he has… actually, I know I don't have as good of an eye as he does… but there are no limitations. So, when I think about AUM, the biggest issue I have with AUM is I don't want to be a big part of a fund that if we need to get out of that fund, what does that do to them? Is it a going concern for them? Or does it create liquidity issues for us if we're in the fund? But we also often do a lot of SMAs. And that makes things a little bit easier. So, AUM is not an issue. People always talk about big teams versus small teams. I'll butcher this quote again as well, but I think Warren Buffett himself used to say, "committee meetings was him looking at a mirror." And so, I think there are phenomenal small teams that are out there, maybe one-person shops, quite honestly, that I've met myself that I think are extremely talented, fantastic investors, and absolutely willing to invest. But there's also robust teams. And I think there's value in that too. So, I don't have a desire or a guideline of what I'm looking for. I think there's a beauty and a benefit to all of those things. And the same goes for track record. Internally, I did in my past, but I still keep what I call a family tree. So, I'm always paying attention not just to the leaders of every organization or every strategy, but also, talented, second in commands, or senior analysts that are there. And eventually, they leave. They go off on their own, and I'd like to be ready and invest in those spaces, preferably early. I mean, statistics show that early is often a good thing too in a manager's track record. But it takes a lot of extra work to do that. So, there's no track record. There's maybe no history with that person. I think it's just lazy if you just don't have the opportunity or willingness to look at those things. And I think we're absolutely willing to do that. I mean, I think as they always say, you control your effort, but not the outcome, just constantly putting the effort in and looking and digging further you'll find some fantastic gems.

Robert Morier: Yeah, interesting. Thanks for sharing. We're going to talk more about emerging managers over the coming conversation. But talking about pioneering, Templeton was among the first to invest in Japan in the middle of the 1960s. He had pioneered strategies in industries like nuclear chemicals, you had mentioned, electronics. So, considering that legacy as it relates to the mission, do you… is there a preference? And there may not be based on what you said because there's no check boxes. But when you think about that specialist asset manager who focuses on a specific industry or a specific country relative to the asset managers who can do more than one thing for you, or can identify things in multiple parts of the economy, is there a preference?

Brian Crawford: So, there's not. I like both. But what I'd say is there are pitfalls to both as well, and opportunities to both. So, specialist, whether it's a regional manager, whether it's a sector manager, a specific focus that they have, they tend to know that space better than anyone else. And there's a benefit to that, or an attribute to that I don't want to dismiss. And also, as an allocator, again, using sir John's views to going in where areas of opportunity exist and dislocation exists, I'll target that specific area. And maybe I'll find a specialist that focuses on that space. So, I love specialists. I'll utilize them when appropriate. I will say, I tend to gravitate though to the most flexibility as possible. And that tends to be global. I love global equity strategies for a handful of reasons. But I'll also mention the pitfalls. The reason I like them is that as an allocator, we're trying to have a top-down view as well and decide, is US overvalued, does China look attractive to us. And these are all general comments. And there's a flaw in making general comments like that. Is the US overvalued? Yes, but not the entire US market. And so, if a manager can pick the right ideas inside the US space and then look in Europe, look in China, look in Africa, in frontier markets, et cetera, give them that flexibility, they know the market far better than I do, and certainly, the investment opportunities in that market. And so that breadth of flexibility is fantastic, and it solves my allocation decision, but it also gives them the best opportunities that are out there. So, when you think about the specialist, the pitfall with the specialist is that let's say I took a European equity manager because I thought Europe was super attractive right now, and they have their top 15 names in their portfolio. At the end of the day, their 15th name in their portfolio is arguably the 30th or the 50th or the 60th best idea in the investable universe. But I'm investing in that one because that's the space that they're working in. So, they're finding the best ideas only in that space. But it might not be after the first 10 European names. Maybe I don't need the other five. But I allocated to it. So now I got the third best or the fourth best idea. With a flexible approach, grab the top five European names, grab the top five in the US and bring those things together. So, there's a lot… there's a beauty to that flexibility. The problem with flexibility though that you have to be aware of is that it's… too much flexibility leads to what I call anchoring, or what many people call anchoring. But even if they say they're benchmark agnostic, they're paying attention to the size of NVIDIA and the S&P i and the MSCI ACWI, the size of Microsoft, Google, and Meta and these positions. And if they miss those, they don't have those positions because they tried to be benchmark agnostic. There's a going concern for them too, or at least a business risk from them. And so, you tend to see a little bit of anchoring with big, flexible strategies that end up owning a lot of the same names as well. And so, I like both. I want to be very careful that all my managers, if they are flexible, aren't gravitating to the same names. And so that might require some more specialists in the portfolio. But my bias on a clean slate would be as much flexibility as possible.

Robert Morier: So, I'm kind of sensing that based off some of your comments earlier as well, you talked about how you love analysts and the lead PMs knowing about specific names within their portfolios. So, it sounds like you do tend to gravitate toward more equity strategy. How do you define concentration? What's too much? What's too little? What are your thoughts around that?

Brian Crawford: I keep bringing up Sir John Templeton. By no means do I deserve to connect my name with his. But I happen to work at his foundation, so I guess I get to for now. But what I would say is that he was big on concentration, finding talented investors, and getting their best ideas in a portfolio. So, the idea of a 60, 70 stock portfolio probably wasn't his ideal fit. He really wanted to know what the best ideas were. And so, I take that to heart and certainly look for managers that can concentrate as much as possible. But I also, again, see value in more diversified portfolios too. But generally speaking, we look for best ideas when it comes to specific managers, talented managers that are out there. So, keep in mind, I should say, I'm also concentrated by asset class. There's a lot of asset classes I don't have. So, I already have two layers of pretty significant concentration that are out there. So, once I move past the manager, at that point, now I'm trying to create diversification as much as I possibly can. And that's those lenses I talked about on the risk side, understanding what I own, where these managers not only have been, but where they're going, based off of their approach, based off of their philosophy to investing, where they see their risks. I'm always talking about their forward-looking thoughts. And it helps shape not only my views, but again, helps shape how I would allocate. Could be position sizing. Could be what I'm missing in the portfolio. So, concentration is multi-layered. But I think at that third layer, once I've kind of embodied what Sir John had wanted to do at our foundation, I'd really try and focus on diversification. And you think about other foundations that have these private assets that have been kind of muted in terms of the let down or the market marks that they've have. We don't have that. 2022 was a tough year for us. Portfolio goes down, and I need to mitigate as much risk as I possibly can, not just for geometrically how the portfolio can grow long term, but also for our grants team. Think about the volatility in the out of that capital. Even if you have rolling past periods, it still has a lot of volatility to it. And that's disruptive on their end. And so, I want to be able to smooth that as much as possible without degrading returns. And so, it's a double-edged sword, but we're looking for concentration and then diversification thereafter.

Robert Morier: Well, bringing in the foundation's philanthropic work to the investment discussion. The foundation believes that the cultivation of good character enables people to create lives of purpose and meaning, per the website. You also believe that people who practice good character are motivated to serve others and work for the common good. So how do you evaluate strong character in your managers? So, we've talked a lot about the process. We've talked a lot about the strategy, concentration versus more diverse. But when it's all said and done, it's about the people. So, another way to ask this is, how do you evaluate the people behind the investment decision?

Brian Crawford: Yeah. Impossible to answer. We try our best, I would say. Last week, I was with a well-known portfolio manager, Brett Barakett of Tremblant Capital. And I think he said it best, one thing that I'll take with me. But he said, "When people do one thing wrong in their life, or inappropriate in their life, they tend to do more things inappropriate in their life." And so, we can absolutely kind of dig in and do background checks and kind of… you can scour the internet and find things about people. And if you do find something, that's obviously an easy red flag. And even if it has nothing to do with investing, I'll move on. There are plenty of opportunities out there. I don't need to mix in with problems that are out there. So that's one part. But I'd also say it's, at the end of the day, most people appear to be good stewards and good people. So, it's very difficult to sit across the table and assess that. I go back to humility, I think, just trying to read that person is one, difficult, but also part of the art in terms of finding great managers. So, what do I do? I tend to ask questions that have nothing to do with the answer that I'm looking for, because everyone knows exactly how they'd respond to a specific question. So, I'm triangulating what I really want to know about them, sometimes kind of pulling them in with easy questions, maybe even pulling them in with views of mine that would lead them to a certain direction. One thing I think is important for as an analyst is, never ask the question that you want the hard answer to. You need to ask around that question to get the real answer. But the other part, I'd say is one of my flaws is I tend to meet with managers as soon as I walk out, I'm like, wow, that was a fantastic meeting because they always come across so smooth and polished. And the process… I shouldn't say all the time, but it happens often… and I always need to reassess, come back to the fundamentals, come back to the data. And so, I never really like to talk about a manager with my colleagues right after a meeting, even a day or so after the meeting. Wait a couple days, maybe a week, go back to the data, compare them to other managers you've met objectively, and see if you really have a story there. And so sometimes being too close to managers becomes a problem. And so, I try and keep a pretty arm's length, especially for prospective managers in that regard.

Robert Morier: That makes a lot of sense. Well, speaking of doing good or trying to do good, what are your general views on impact investing as it relates to active management with company management? So, we don't hear about activist investing quite as often as we used to. But as you're thinking about these relatively concentrated portfolios, you know, particularly in small cap, there's a bigger stick. So how do you think about that approach?

Brian Crawford: Activism is great. I mean, we don't have a set policy on impact investing and ESG or any component internally. But do we look for activist managers? Absolutely. I think there's a value there. At the end of the day, as long as they're doing good things for the company, good things for the people that work there, good things for the surrounding environment, and of course, for the investor themselves, I would support activists and what they're trying to do in terms of turning companies around. So, we've invested in strategies that in my historical past, that are activists, or trying to approach that, maybe they're soft activist to some extent, and that includes not just here in the US but in Japan in particular, with norms and cultures to be very aware of how optically you look, or how outbound you look. So, there's certainly a benefit there. I wouldn't say we have a strong desire to seek them out or avoid them. It's really about at the end of the day, what can they bring to us? And do they bring something different than we already have?

Robert Morier: We mentioned a little bit earlier, merger managers. And just curious to hear your thoughts on how you and your team review emerging managers, whether you have a specific sleeve for emerging managers, or they're just implemented into the overall portfolio. And if you do look at emerging managers, how do you define an emerging manager? Everyone kind of does that differently from a firm AUM level, strategy AUM level. Love to just hear your thoughts and your views.

Brian Crawford: So first, I would say how I would define emerging, I would say new and unfound, or undiscovered. So, Dan Sundheim, launching D1 in 2018 is not unknown. That's not an emerging manager. But I think there are a lot of phenomenal investment managers that are out there that are completely kind of off the radar, and just unfortunately, being missed. We want to seek those out. So, on the sleeve, I would say, tying this a little bit into DEI, there is a desire by the industry to combine emerging and DEI. And I don't like that, specifically around what you just said, which is the sleeve. You know, I think there are some talented, exceptional investors that are women and minority-owned or operated. And they get sleeped, right, into the small allocation that everybody feels good that they're doing something. But it's disrespectful, quite honestly. And I think my job is to find phenomenal investors, emerging, experienced, or long track record, whatever you want to define that… who they are, where they came from. All of that doesn't matter to me. I want to find best opportunities. And diversification plays a big role in that. So definitely don't sleeve. But definitely try and incorporate in the essence of diversification, bringing in emerging strategies and emerging people into the industry is really critical for me.

Robert Morier: That's great, Brian. Thank you for sharing that. You did mention this that the emerging manager space is an area where investors have been able to expand their approach to women and minority-owned investment firms. So how do you approach DEI then as it relates to the portfolio? It sounds like you're looking for the best manager. But as you do think about the importance of diversifying the book as it relates to underrepresented folks in the industry, what are your thoughts there?

Brian Crawford: Yeah. I think there's been a lot of great strides taken in the DEI space. It's still a tiny, tiny move in terms of what's happened. And I take that as an opportunity for me. I think there are so many undiscovered talented investors that just don't have the assets yet. And if I can find those before my allocators, absolutely, I'd love to do that. And I take it from a position of diversification. So, when I think about all the… we've talked about diversification a lot today. But geography, sector, how they think, their approach to investment… all of those things matter, and a lot of those are measurable. But then you also have a person's background, how they grew up, what influences they have in their life, where do they go to school. And yes, race and sex play a role as well. And I think those components of how that influences their approach to investment brings a different lens to my portfolio. And so I've said this internally at the foundation, and I've said it many times in my past, but if I had a portfolio that's completely diversified on paper, different asset classes, different geographies, but at the end of the day you peel the onion back a little bit and you find out that they're all of the same race, the same sex, they all went to the same school, they all hang out in the same club after… the racquet club or whatever afterwards, I have a big problem in terms of diversification, even if on paper they're all over the place. So, I want people from different backgrounds. I want all of those different lenses to take place. So, I approach DEI not with an intention to find DEI or women and minority-owned firms, but with a selfish intent to diversify the portfolio with great investors. And that doesn't have to be just women and minorities. I have… one of my investments is in a strategy that's based in Denmark. And there are two white males that run that. But they… I mean, how many strategies are based in Denmark? And they have a very different approach or view of the world than most of the US or New York-based firms that are out there. So, I find value in that. And that's not DEI, but that's diversification. And I'll apply that to finding fantastic women and minority-owned firms too.

Robert Morier: Well, you've given us a number of quotes this episode so far. So, I'll give you a Templeton quote. "If you go to 10 doctors and they tell you the same medicine, that's what you're going to take. If you go to 10 engineers to build a bridge, and they tell you the same thing, that's the bridge you're going to build. But if you go to 10 investment advisors and they pick out the same asset, you better stay away from it." So how do you strike a balance between being a contrarian and then having the more popular view on a manager?

Brian Crawford: So first, that popular view… I'm thinking about asset classes in particular as opposed to contrarian investing… and it's hard to ignore that. I was just at a conference talking about leaders in certain decades. And we've seen… you've probably seen the studies yourself… but oil stocks in the '70s, Japanese stocks in the '80s, and they weren't the leaders the following decade. And this past decade, we've had all these big growth tech stocks that have really led. Are they going to lead in the next 10 years? But if you're not exposed there, and they are continuing to lead, you're going to miss out. So, there is this kind of populist view that you want to have that momentum and have that exposure in your portfolio. But I would say that whether it's the namesake of our foundations, Sir John and his views about contrarian investing, and quite honestly, that being carried through to the board, to my investment committee, to the people I work with at the staff level, that long-term lens affords me the opportunity to really be contrarian and think long term. And so, you know, Sir John used to always talk… long term was in centuries, not in years, and minimum, decades. So, I think that I have a pretty long leash in terms of taking some contrarian views in our portfolio. And if we're wrong for five or six or even seven years, I think that they would understand that. We rarely talk about what happened in the last quarter or the last year in terms of performance. It's really about that forward-looking and contrarian opportunities. When I was a consultant, I used to always say foundations are designed to live in a perpetuity, but they're managed by people with short-term views. And I'm speaking of committees. I'm speaking of the consultants, because we're always thinking about, how can we outperform, get that extra 50 bips above benchmark or those kinds of things. How did we do this year? What have you done for me lately? I don't have that pressure at all. I have a fantastic investment committee, a fantastic boss, a CEO, and the board as well, fully embrace Sir John's long-term view and extremely long-term view, and allows I think, a lot of leeway in terms of digging in for those opportunities and thinking about those.

Robert Morier: In that context, how are you thinking about private markets? You had mentioned that private credit is an area that you're starting to explore. So, thinking about that area of the market that was not a historic allocation, something new that you're working on today. So just your general views on where you see private markets specifically, with maybe some opportunities that you're starting to apply that research process to in private credit.

Brian Crawford: Yeah. We're certainly looking. I would say that I'm very happy to be on the sidelines right now. It was painful in 2022 being mostly in publics, almost all in publics. And it wasn't just equities. We saw bonds. I mean, the AG lost 13%, 14% last year. So there really wasn't a hiding place for someone like myself in 2022. And then you look at a lot of endowment and foundation portfolios that are… the downside was much more muted. But I don't know if you've seen charts recently, but there's still a pretty big gap between public equities and private markets. And they've historically run pretty tight in terms of valuations, at least the gap between them. And there's still a huge gap there. So, whether that comes through in markdowns, or whether there's just kind of a lower return profile over the next couple of years for private investments, I'm very happy to be on the sidelines in the short term. Granted, we need a time stamp this interview, because I think three years from now, I'll sound like an idiot because I think if you thought super long term, we all know private investments have historically added 500, 600, 700 basis points above public equities. And when you think about… I work at a private foundation. We have a minimum spin level. We have inflation to think about. And if you've looked at, over the last 25 years, I want to say… don't quote me on the exact number… but MSCI ACWI global equities I think are up 6.8% annualized over the last 25 years. That includes bull runs in the late '90s. That includes '03 to '06. That includes the post-GFC run. 6.8%, and then bonds are even less than that. So where am I getting 8% to 9% in the public markets? It's going to be a really hard battle, other than alpha generation and position sizing and all these things. And so yeah, is there an interest in private investments? Absolutely. If you can think long term, I think there's an opportunity there. But again, like I said before, I think the way we're built, we're going to stay in the public, transparent, liquid space in majority of the portfolio. And I think there's opportunities there too. And we'll hopefully capitalize on those.

Robert Morier: Well, if it doesn't work out, I take comfort knowing that you'll own your mistake based on what you said earlier. So, we appreciate you sharing that.

Brian Crawford: Absolutely.

Robert Morier: So, I mean, there is a lot going on right now from a macro perspective. How are you and the team looking to maybe capitalizing on that if there are any opportunities that you are looking at over… through year end 2023 and into 2024, over the next 6 to 12 months?

Brian Crawford: Yeah. I mean I think, as I said before, what I love so much about the investment industry is that it's always changing and there's always new elements or new events that are taking place. But I think you can always step back to the fundamentals and think long term, even within a short-term environment. And so, whatever I'm talking about, I'm not talking about the opportunity or the next, it'll be dead in by March or June. Hopefully, it's a 5, 7, 10 20-year opportunity that's out there. And when there's massive dislocations, I think those opportunities… the longevity of those opportunities can start to really come through. And so, what are we looking at in the public equity space? Outside of continuing to look for quality strategies with a discipline around valuation, I think is super attractive to me. I think that there is a strong debate between valuations and solvency right now, and which risk do you want to take on. And when I think about valuations, or when I think about good-quality companies, little debt, strong free cash flow, tons of cash sitting on their books already. They have the ability to grow, ability to buy others. Those are the Magnificent Seven right now. That's meta, Google, Microsoft. Maybe they won't be that way five years from now. But right now, they are the high-quality companies based off of balance sheet and income statement data. But they're still highly priced. And then you look at small and mid-cap value names, whether we're talking about regional banks, are we talking about the broader space, there's a lot of debt that's embedded in those companies. And going from 0 rates in terms of that debt, and that debt is starting to roll over, to having to pay 5%, 6%, 7% whatever interest costs that they have, there's a real growing concern. There's a solvency issue that may exist in the small cap space. But there's also… those are some great opportunities to invest. And so, we're exploring the small, mid cap value space pretty heavily, being patient or cautious, but seeing some opportunities there. Right now, nobody likes China. I was just sitting with a portfolio manager that invests in Asia, and he had mentioned he was over at a meeting with a company that… a very large cap company that had an investor day. And he was the only foreign investor that was in the entire room. So, there's just no interest in China right now, which that's actually perks my interest, quite honestly. And I know there's geopolitical risks. There are many other risks. I mean, China right now, imports into the US just reached a 20-year low. We're back to 2004 levels in terms of imports in the US. So, this deglobalization is real. And it's a massive impact. But China continues to be, it's still the second largest consumer, 18% of GDP, just some fantastic I think, green shoots over the long term. And these geopolitical things probably aren't going away anytime soon. But there's also opportunities in there as well. I was talking with past managers that I had that owned the private tutoring, investments in private tutoring. If you remember in 2021, China kind of butchered the private tutoring space. And those companies fell off completely, New Oriental, TAL, others. And if you look at them today, they've actually been up six, seven-fold, some of them already. So, it's kind of working its way through. And there's, why didn't I see that opportunity? So being willing to be contrarian and jump into those opportunities, that goes back to the specialist manager conversation as well. There's opportunities to invest when nobody else wants to. And that's what I'm looking for, so whether it's kind of in the valuation camp or whether it's outside of the US. And the last piece I'll touch on that is completely untapped, I think, still today, even though people have talked about it for about 10 years, and that's Africa. Whether it's private or public investing, people still haven't really dived in with two feet into the Africa space. And arguably, working off a clean slate, they are so much, there's so much opportunity to really see some leverageable investment gains coming in that space. And so, we're exploring frontier markets in general, but Africa if we can. I was asked once by a member of the board… you know, Sir John back in the '50s and '60s invested in Japan when no one else did, or very few people did. And that was a big leap, is there any market out there that's kind of like that today? And I'd argue Africa might be the only space that's left that is still untapped and arguably unloved. And if I can find opportunities there, I will.

Robert Morier: I'm just curious on that point with Africa. We've had a few guests who are starting to explore the space. What does the opportunity set look like from a manager perspective?

Brian Crawford: Yeah, it's super thin. I mean, there aren't a lot, especially on the public side, which is where I tend to obviously focus on. Much more on the private side, we've seen some opportunities there. It's been infrastructure. You've seen some energy plays in that space. But nothing on the… I shouldn't say nothing, but not a lot on the consumer side, which is where I'd love to more marketable investment opportunities and more global reach. But I think they're coming. And so, I just don't want to be watching others do it at the beginning. And once things are kind of… the foundations there and the fundamentals are there, to be ready to invest in that space. I think people who have been invested in that space got burned. And now, they just don't touch it. And I get that, but they were probably early to the space. I got the opportunity of sitting at a fireside chat recently with someone by the name of Christopher Ellis, who's Riverwood Capital… sorry, I forgot his name… big venture capitalist. And he mentioned, who, what, when, where, why. And only in our industry is it the when that matters the most. And we're not market timers. We're not trying to time anything. But if you're thinking long term, entry points play a massive role. Every single recommendation I bring to my committee, I talk about entry points. Are we buying at the top? Are we investing at the wrong time with this kind of strategy? And if it's done well in the recent past, why do I think it can continue? Entry points are really important. And I think Africa, going back to that opportunity set, will be important as well. So those that have been burned, maybe they don't come back. But we're exploring that right now.

Robert Morier: Well, we are moving into the home stretch here. And you had mentioned a couple times that things can move quickly. We don't want to time the market, but that said, rather, it's a fast-evolving landscape. So, when you think about when you've been in those moments in your career where you had to venture into uncharted territory, so how that experience shaped your approach to manager research. Things are changing all around us, whether it's the great financial crisis, or you had mentioned the events in China as it related to private tutoring, and industry being completely wiped out over the matter of days, if not weeks. You know, how have you looked at those opportunities or those events?

Brian Crawford: Yeah, I'll touch on two. And the first is one you've probably heard before, but COVID changed the way we do due diligence, for at least a short amount of time. We're back on the road now, which is fantastic getting to sit side by side managers and look them in the eye. But Zoom, as great as was, it still is great, it lacks a little bit of the read, or being able to really assess a manager clearly. And quite honestly, we relied quite a bit on reference calls, background checks, kind of stayed in our own lane for a number of months, if not years. And so that was kind of a rewriting of that process. So, we knew, and we already talked about it today, but at the end of the process of what we would do, the iterative steps we would take, which includes multiple on-sites with a manager. That just didn't happen during COVID. And we needed to pivot quite a bit. And I think that was successful. Thank God for technology. 20 years ago, when Zoom or video chats just either didn't exist or the quality wasn't there, it would have been really tough. But technology really stepped up in a big way, or the use of technology did. The other thing I would mention is probably a little bit more long term, but it's a change that I think many people kind of ignored or didn't think about quite a bit, at least I didn't. And that's that, people like Sir John Templeton and other great investors that were around in the '80s and the '90s, and then they retired and moved on, they were few and far between. We can all name them on two hands, the great investors of that timeframe, at least in the public equity space. But as the universe has grown so much, there are now thousands and thousands of managers. And that generation that was leading the firms, that generation that's the strong voice in the room, the person we're investing with, the key man that people always label, they're retiring, or worse, they're passing. And we're moving on to that next generation. And immediately, as an analyst, we've tended to say, well, when there's a change like this, we want to see it from the sidelines. We'll step away, come out of the strategy completely, and let's see how this works out. And that might have worked when there were one or two of those happening. But I think as this growth in the industry has led to now, we're at that point where we're seeing first generation of a bigger basket of investment managers come to retirement. We have this next generation coming in. We need to rethink that transition and understand if it's smooth, if it's not smooth, and be prepared ahead of time on who that next generation talent is going to be and underwrite that just as much as we're underwriting the person that's been leading the firm for so long. And I think that goes back to my family tree conversation, but understanding who the next layer of talent exists at those organizations. So, you're not taking these knee-jerk reactions to change.

Robert Morier: Yeah, I agree. It's an exciting time. A lot of these next generation managers, whether you want to bucket them into the emerging manager pool, are really presenting a lot of interesting opportunities. So, it sounds like you're doing the work. So, we appreciate it. Well, Sir John Templeton attributed much of his success to his ability to maintain an elevated mood, avoid anxiety, and stay disciplined. So, what would you attribute your success as it relates to manager selection and portfolio construction?

Brian Crawford: I'll stick with discipline because the others are not my strong suit.

Robert Morier: Yeah, you haven't been able to avoid anxiety?

Brian Crawford: Not at all. In fact, I think if you've talked to any committee member that I've ever worked with in my past, they know that I stress about everything. I worry about everything. I think about… overthink things, even internally. At my old firm or today, I used to pick apart portfolios and try and question returns and make sure they're just exactly right, and did you capture even… like I said before, I think every basis point matters. And I want to make sure it's exactly right. And what else could I be doing a little bit better? And so, I stress about all of those things. I think though, what I would say is that I don't let that stress or that anxiety dictate my decisions. And so, I always fall back on discipline and the fundamentals I've been taught throughout the years, whether it's quotes from Sir John. I wish I would have met him in person, but reading books from him, from Buffett, Graham, et cetera, all these great investors that just give you the principles and steady discipline to invest on an objective basis and not let the anxiety kind of come through. So, I think there's a healthy benefit to having to worry about quite a bit. But never let it actually dictate or make decisions inside the portfolio unless they're warranted with the fundamental support.

Robert Morier: Thank you for sharing all of that. It was very interesting. I'm going to share one more Templeton quote with you. "To be successful in investing, you need to keep changing your ideas." So, with a long-term horizon as it relates to the foundation's mission, which you very eloquently described to us over the course of this conversation, how do you approach the ability to remain flexible in your views on markets and managers in the context of your long-term goals?

Brian Crawford: Yeah. I mean, I think all of the things we've talked about today kind of come together in that question, or I guess my answer to that. And that's… it's one of the things I love most about the investment space is it's always changing, but it repeats itself. So, there are always things that are new events, new factors, bubbles come, bubbles burst, opportunities arise. And I just think that you're never bored. There's always new things to look at and you're always humbled by being wrong, but finding those new opportunities that exist out there. And that's super exciting. But marry that with those long-term fundamentals. Like I said before, opportunities can arise. But if you can see the fundamentals behind them, and if the dislocation is big enough, it's going to take some time for those to really play through. So, like one, I mentioned before, I'm not a market timer, so I don't have to get the entry point just right. But I want to see that dislocation. I want to invest. And you can invest for the long term. And I think marrying up that fundamental contrarian approach to investment with an ever-changing environment that's always given us new opportunities is super exciting. And I think you can be flexible, yet long term at the same time.

Robert Morier: Thank you for sharing that. Well, we always like to close the show with a question about the people who influenced you, the advice that you received over the course of your career. Who are some of the mentors who have been most important to you?

Brian Crawford: I've had a lot. So, I won't go through all of them. I maybe speak to the more recent ones that have been… meant a lot to me. I'll call them mentors. I don't know if they know they're my mentors, but—

Robert Morier: They're going to find out.

Brian Crawford: They meant a lot to me. The first is Keith Ferguson who's the CIO at Washington University. Actually, gave me quite a bit of career advice over the last probably, 10 years. So, he and I have talked a handful… many times about investment opportunities. And he's definitely given me a lot of guidance in that space as well, and being willing to plant your flag, say who you are and what you want to focus on, and do it. And he's done that at his endowment, and I think he's done obviously, a fantastic job. So that's part of the investment advice that he's given me. But he's also given me fantastic career advice. And the other one, another CIO, Joseph Boateng, who runs Casey Family Programs has an incredible level of insight and the ability to digest information yet remain completely disciplined throughout his entire thought process. And it's so much fun to just sit and have a conversation with him and talk about where the opportunities lie, but then come back to all the pitfalls and all the problems that those opportunities might have. And it kind of grounds you. And so, he's a fantastic sound board for investment ideas that I'm thinking about.

Robert Morier: Brian, thank you for planting your flag here with us for the last hour. It's been wonderful. Congratulations on all your success… three years at the Templeton Foundation. We wish you many more years of success going forward. So, thank you for being here on the show.

Brian Crawford: Thank you for having me. Appreciate it.

Robert Morier: If you want to learn more about Brian and the John Templeton Foundation, please visit their website at www.templeton.org. You can find this episode and past episodes on Spotify, Apple, Google, or your favorite podcast platform. We are also available on YouTube if you prefer to watch while you listen. If you would like to catch up on past episodes, check out our website at dakota.com. Finally, if you like what you're seeing and hearing, please be sure to like, follow, and share these episodes. We welcome your feedback as well. Brian, thank you again for joining us today. Steve, as always, and to our audience, thank you for investing your time with Dakota.