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EPISODE 53:

Empowering Investment Insights with Fiera Capital

Robert Morier: Welcome 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 the 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 a 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 thrilled to introduce our audience to Majlinda Kamberi, Senior Investment Officer for the Private Market Solutions team at Fiera Capital. Majlinda, welcome to Philadelphia.

Majlinda Kamberi: Thank you for having me here.

Robert Morier: Yeah, thank you for being here. We always appreciate our guests coming down to Philadelphia, whether it's New York City or further. So, thank you for being here. Thank you for taking time to answer our questions. We have a lot for you. But before we get started, we're going to read your background for our audience. Majlinda Kamberi is a Senior Investment Officer for the Private Market Solutions team at Fiera Capital. She is responsible for portfolio construction as well as investment due diligence across Fiera Capital's private market strategies that include private credit, real estate, agriculture, timberland, infrastructure, and private equity. Majlinda is responsible for overseeing a team of analysts who are focused on bottom-up analysis, including research, governance, risk assessment, performance analysis, and cash flow management. For those of you less familiar with Fiera Capital, Fiera Capital is a Canadian asset management firm that provides investment management services. The company was founded in September 2003 and is headquartered in Montreal, Quebec. Fiera Capital offers customized solutions to clients in North America, Europe, and Asia. As of September 30, 2023, Fiera Capital has over $114.9 billion in assets under management. The company invests in multiple asset classes, including public and private markets. Fiera Private Market Solutions are investment strategies that aim to provide optimized and diversified portfolio solutions and private credit and real assets by leveraging various investment teams, track records, and strategies that exist under the Fiera Private Markets investment platform. Majlinda began working in the alternative investments industry in 2006. She joined Fiera Capital in 2016 upon its acquisition of Larch Lane. She worked at Larch Lane Advisors from 2011 through 2016 as a hedge fund research analyst and became a partner in 2013. From 2008 through 2011, Majlinda worked in alternative investment solutions for the fund of Hedge Funds Group at UBS Global Asset Management where she started as an investment analyst and received the title of Investment Officer in March of 2011. She started her career at UBS in July of 2006 as a hedge fund credit risk analyst, managing the investment bank's counterparty relationships with hedge funds. Majlinda graduated simultaneously with a BA and MA degrees in economics from the City College of the City University of New York and holds the CAIA designation. Majlinda calls the New York area home where she lives with her family. And once again, Majlinda, thank you for being here in the studios in Philadelphia.

Majlinda Kamberi: Thank you.

Robert Morier: And congratulations on all of your success. It's always so exciting to see someone who's had all of this experience as well as success in the private markets world. And I'm also going to say congratulations on being named one of this year's 50 Leading Women in Hedge Funds by Hedge Fund Journal in sponsorship with Ernst & Young, an incredible accomplishment.

Majlinda Kamberi: Thanks, Robert.

Robert Morier: Yeah. Our guests often talk about... and I usually start with the beginning of your career, but it really is an incredible accomplishment. And many of our guests, particularly our female guests, often talk about the work that needs to be done in terms of women's representation in private markets, or I should say, increasing women's representation in private markets. And just a few statistics. I know many of these you're probably familiar with. But McKinsey reports a recent study that says that women make up just 12% of managing director-level investing roles and only 14% of CC roles, and even fewer women in investment committees, 9% across our industry. So as a successful woman in private markets, what strategies do you believe are most effective in increasing female representation in the industry?

Majlinda Kamberi: So, it's well known that women have a challenge with confidence, especially in the earlier years of their career. And the imposter syndrome... I'm sure you've heard that a lot... where we are always thinking, I'm not good enough. What did I do wrong? I didn't do things perfect. And we also have a risk-averse personality where we don't like to take risks. There's ways to train women and help them get over those challenges. On the confidence, I've actually taken quite a bit of training within Fiera Capital and previously. There's ways to just get comfortable with being uncomfortable. Fake it till you make it. Perhaps you've heard this where, just pretend like you have confidence. Pretend like you know what you're doing. Because at the end of the day, you probably know what you're doing. But as you gain experience, you'll realize that, and then the confidence will show naturally. In terms of risk, there's no reward without taking risks, so you just have to be OK with that. Be OK to fail because failure is actually a lesson. But this takes time, takes training. So having the training within the firms we work for or also having a good sponsor... for example, a male sponsor who will see the strengths and capabilities of the female and advocate for her. That helps because we tend to not brag and not talk about our accomplishments, so having someone to sponsor is very important.

Robert Morier: Well, the good news about this podcast is we are going to be bragging and talking about your accomplishments throughout this conversation. But I do understand particularly the idea of taking a risk, which can be very challenging. But for you on the personal side, you and your family took a very big risk early on in your life. You came to the United States in the late '90s from Albania. Could you talk about that journey for our audience?

Majlinda Kamberi: Yes, absolutely. So, in 1999, I was a 15-year-old teenager living in Kosovo. But there was a war, and so I had to flee my country, go to the country next door for... to Macedonia for a month, and then came to US as a war refugee. So yes, that was a big risk where we left everything and basically started our lives from scratch.

Robert Morier: During my research for this interview, I came across an impressive detail about your educational background. I noticed that you completed two degrees in just four years at City College. So, can you share with us how you managed that remarkable feat and how it influenced your early career path?

Majlinda Kamberi: Well, when I came to the country, I could speak some English but really not great. And when it came time to apply for colleges, I didn't even think about applying for Ivy League schools. One, it wasn't affordable for me, and two, I didn't have good scores on my English part of SAT. So, I applied to public schools which were affordable and got into City College of New York. But being in this country with that background that I've had, I felt like I had to embrace everything that America had to offer. So, I was studying very hard. I was working hard. And so, I think I got noticed during my school time. And then I was given the opportunity to take master's classes at the same time that I was doing my bachelor's degree. So, by the junior year of college, I started taking extra credits, extra master classes. And when the four years was done, I had enough credits to basically obtain both degrees. That helped me with my first job at UBS as a credit risk analyst, covering hedge funds, because I was able to speak about the hard work, ambition, and determination that I had during that time. So even though my background was not great, my education was not perfect for Ivy League schools or a great job in the hedge fund industry, I was able to still stand out with the hard work.

Robert Morier: Well, you absolutely made the most of it, so thank you for sharing that. What did you learn from those early days at UBS? So, you're coming out of a relatively expedited education process, going right to work in Stamford, Connecticut. You mentioned before, monitoring hedge funds for alternative investment solutions. So, what were those early years like for you in terms of transitioning into this new industry?

Majlinda Kamberi: They were actually great years because both on the credit risk side as well as the fund of hedge fund side they were an amazing learning experience. So, imagine starting... we were lending to hedge funds during '06, '07 when we started to see a lot of blow-ups, funds, hedge funds, large hedge funds that blew up because they had a lot of leverage, or they had a mismatch on the liquidity between their longs and shorts and the credit long-short side. So that was a great experience as a lender.

And then when I moved to the fund of hedge fund side, it actually made me a better investor because even though my focus changed from looking at the risk to now looking at the investment opportunities, the risk analysis got ingrained into me because I continue to this day to always think, what could go wrong? How much could they lose? What's the worst-case scenario? Which helps because that affects returns, right? So, it affects the investment opportunities. In the fund of hedge fund side, I was there from '08 to '11 within UBS. UBS was the largest fund of funds at the time. $48 billion in AUM and we were invested with some of the larger funds. But got to experience the global financial crisis and how managers behaved during that time with regards to their portfolio liquidity, dealing with clients, redemptions. So, it was a great learning experience. And one of the quotes that the CIO at the time said to me, which has stuck to this day, is crisis does not create character. It reveals it. So, it's during times of crisis that you really learn about people's behaviors and you know, who they really are.

Robert Morier: Good quote and good advice, especially during that time with how much volatility was going on in the markets and how much volatility was being experienced at those businesses. So, you had mentioned UBS. And then after UBS, you became a hedge fund manager research professional with Larch Lane. So, what were you looking for in that move from UBS to Larch Lane at that time?

Majlinda Kamberi: Well, one of the things about me is that I want to grow and learn. And so, it was an opportunity to continue to expand on my professional career. So, at UBS, I was part of a larger team. We were a large firm. And I was covering one of the four strategy buckets. It was called equity arbitrage. So, I covered relative value funds, convertible arbitrage, merger arb, quant equity, and relative value multi-strategy hedge funds. But I was part of a larger team. More junior. Although I got the title of investment officer, there were still senior investment officers, et cetera. When I moved to Larch Lane, I was part of a smaller firm. I was more senior on the investment team. I became a partner shortly thereafter. I was a generalist, so I got to learn about other hedge fund strategies, global macro, event-driven, credit long-short. What's interesting about

Larch Lane is that it was a seeder of hedge funds or early-stage investor before the hedge funds reached their three-year track record or $300 million in AUM, which brought a great skill set to be able to analyze and evaluate the hedge funds before it becomes easier.

Robert Morier: What were you looking for in those early-stage managers? We talked to a lot of institutional allocators who have introduced or have managed emerging manager programs for several years, and they're doing or offering similar programs in the sense that they're maybe seeding managers with a sub-three-year track record, less than $100 million in assets. Maybe they're their first institutional investor. So, in your experience, what were some of the key criteria that you were looking for? Because there may not be a track record, so it's very people dependent.

Majlinda Kamberi: It is very people-dependent, and you said it great because that is the key of who will be your partner, and who are the other people that are working with the portfolio manager or the portfolio management team? Have they worked together before, whether at the prior shop or in some capacity? Because culture is very important for firms. They have to be able to talk about the investment strategy and their edge and that it's going to perform going forward, right? You need to understand, is this going to work out over the longer term? Past performance is not indicative of future returns anyway, so looking at the past, that's great. Good job. But it doesn't speak about the future. So, you have to understand the investment process, risk management philosophy, how they put the whole team together, how they're thinking even about the operations because operations sometimes really blow up funds. So, you do a full due diligence, but track record is not possible. Sometimes you are able to call past firms and get some sort of P&L or track record.

Robert Morier: How important were references, either from other LPs or from past firms where they may have managed money previously?

Majlinda Kamberi: References are critical. But when someone provides you a list of references, you know they're going to be good, because no one's going to provide a list that someone will say something bad. So, what's very important is to go on off-list references, meaning, try to find people that that team worked with in the past, but is not on the reference list. Either they worked for, they worked with, or somebody that worked for them to speak about their character. So, LPs, that's great. But you try and also understand, was there an LP that they may have a relationship who's not investing in their fund? So, we really try and go outside of the—

Robert Morier: Well, Larch Lane was ultimately acquired by Fiera Capital. So, for our audience who are less familiar with Fiera, would you mind giving a brief overview of the organization and where you and your team sit within the ecosystem?

Majlinda Kamberi: Fiera Capital is, as you mentioned earlier, $114.9 billion investment manager. We are a leading investment manager in Canada. And in Canadian dollars, we actually manage $155 billion. Fiera Capital has three verticals, private wealth, public markets, and private markets. Within private markets, we manage $14 billion in assets under management across various strategies, including infrastructure, agriculture, real estate, timberland, private equity, and private credit. And the Private Market Solutions, which is where I work, is a business unit within Fiera Private Markets, which allocates about $5 billion to the private markets strategies.

Robert Morier: Well, I'll start with a top-down question. So rather than getting right into the investment process, you're talking about private markets and nontraditional income solutions. So, are private markets the solution for modern income challenges? I ask that because one, it's on your website, so I'm always interested to hear the reasons for why you think it is. But if so, if you could provide some examples in the context of the opportunity set in which you're reviewing.

Majlinda Kamberi: That's a great question, and good research on your side.

Robert Morier: Thank you.

Majlinda Kamberi: You've seen our white paper which answers that question. For those of you interested in our thought leadership, you can Google Fiera capital insights and come to a page that shows you our research papers. So private markets are nontraditional income strategies, both on the private credit and the real assets or private equity side. So, what I mean by real assets is agriculture, infrastructure, real estate, and timberland. These strategies have bond-like characteristics with contractual cash flows. They are nontraditional because they are private and not publicly traded. But we at Fiera Capital are able to exploit opportunities here from the perspective of these are not easily accessible and they are more complex strategies. Therefore, creating market inefficiencies. So why is there a premium in private markets? It's because these are directly originated. They're more flexible. So, a lender or a deal maker can be more flexible in terms of structuring and the terms of the deal. They are less liquid and more complex. So, this offers better risk-adjusted returns for those investing in private markets. What is current modern income challenges? Well, let's talk about the current macro environment. It has a lot of geopolitical risks, higher inflation, higher interest rates, whereas the private markets act as a diversifier, provide diversification, downside protection, stable long-term cash flows, and resiliency to market environment. For example, we have an Australian and New Zealand real estate debt strategy, which has actually generated over 10% net returns for each year over the last five years, despite if we've gone through COVID, if the rates were low five years ago or high currently, despite inflation, despite geopolitical risks. So, we're able to offer these niche strategies in nontraditional investment opportunities. On the real assets side, these strategies typically provide inflation hedge. For example, we recently closed on an acquisition of the largest and lowest cost-producing olive oil in Portugal. The price of the commodity has gone up significantly over the last year, and it has no correlation to traditional income strategies. We also have apple farms across US or Spain. It takes four years or so for the tree to grow in order to produce fruit, but it has no correlation to geopolitical risk, the economy, or traditional income strategies. And then we also have infrastructure debt strategies, which fund power projects, and they generate multi-year contracted cash flows.

Robert Morier: It's interesting long-term solutions, given the current environment. Thank you for sharing that. So maybe moving to the bottom-up then, can you tell us about how the team is structured? All of these varied asset classes, it sounds like it's a relatively large scope. So how is the team designed, and what's your role in the group?

Majlinda Kamberi: Absolutely. So Private Market Solutions, we are three members of the management committee. I work closely with the CIO of Private Markets and the Portfolio Manager for the Global Asset Allocation. The three of us are voting members of the investment committee, but we also have a larger team that participates in our investment committee, including our risk manager, capability specialist for real assets, capability specialist for private credit. We have a team of analysts who conduct bottom-up research with regards to manager research, risk governance, performance analytics, and cash flow management. And so given where we sit as the solutions on private markets, we also have access to 120 investment professionals within the Private Markets platform or Fiera Capital, running the different strategies. So, we have great relationship with them because we're providing solutions to clients and allocating to their strategies. In addition to that, we do leverage Fiera's broader infrastructure with regards to technology, legal compliance, marketing services, client services. And specifically in private markets, there's another 130 professionals on the operations side. So private markets is a very resource-heavy business, and you need a large team to be successful.

Robert Morier: You mentioned bottom-up analysis from yourself and the team, but could you talk about how those top-down inputs are incorporated into the process? You mentioned with some of those examples the macroeconomic environment. So how are you taking those inputs and then applying them into the investment process in the beginning?

Majlinda Kamberi: Absolutely. So, our firm has had tremendous success over the last 20 years on macro analysis and asset allocation services that we provide to our clients. Long-term macroeconomic factors such as outlook for growth, inflation, and interest rates are critical in identifying investment opportunities across private credit and real asset space. Our analysis of the economic cycle allows us to identify the most attractive opportunities by sector and by geography. Portfolio allocations are strategic in nature, looking out on five-year horizons. And we formally review and publish these macroeconomic factors and also issue scenario analysis for future economic states on quarterly basis. But if there is heightened volatility or significant events, we'll do it more frequently.

Robert Morier: Well, you mentioned volatility. So how do you measure and manage the risks associated with a variety of these private market investments such as credit risk, liquidity risk, currency risk? I was thinking about loan to value, the loan-to-value ratio in global infrastructure investments versus, say, global agriculture. Which, you mentioned olive oil and apples. It involves different considerations due to the unique characteristics of each of those sectors. So how do you assess risk across this variety of investment ideas and solutions?

Majlinda Kamberi: In private markets, there's no two strategies that are the same or that report risk the same way, and it's very difficult to assess risk. You're absolutely right. And when we're providing private market solutions, we're optimizing the portfolios. We're taking into account expected return, expected risk. We have constraints and other inputs that we put into the model. But having the right accurate expected risk is critical. On the hedge fund side, which was most of my prior background, that information is easier to obtain because these are publicly traded securities. Hedge funds typically deal with prime brokers. All their trades sit at the prime broker. Then you have risk metrics or another vendor take those positions, aggregate them, and then slice them in a consistent and structured manner for the end investors. In private markets you don't have that, so you're getting information directly from the private market funds. And even if they all report loan to value, it will not mean the same thing between two strategies. For example, construction financing. The value part of the loan to value could mean value as is, which could be just the land or a little construction work that's been done, or it could be as if complete, meaning when the project is fully complete, and you are assuming that you're selling the units at the price that you've targeted. What will be the value of that asset? On infrastructure debt, the value and the loan to value is typically the long-term contracted cash flows. And on corporate debt, the value could be enterprise value, which depends on the EBITDA or adjusted EBITDA and the multiple applied on it. So, you see the loan to value on corporates, but I think a better tracker for leverage is the debt to EBITDA, though you have to be extra diligent on how the EBITDA is defined. So, there's a lot of nuances with private markets strategies and how you think of risk on them. And at Fiera Capital, we've built our own risk models. We have 15 different variables. Each variable has a certain weight. And it goes from 1 to 5, lowest risk to highest risk. And we assess primarily portfolio risk diversification, where you sit in the capital structure, leverage, liquidity, asset risk or credit risk. So, what's the financial health of the company? What is the structural leverage of the underlying assets? Is there a loan on loan? Is there a mortgage on the real estate? Loss ratio, default rate, et cetera. And the last component is performance risk where we take into account sensitivity to interest rates or sensitivity to market factors as well as the worst-case maximum drawdown. As you know, volatility is one standard deviation move, but a two-standard-deviation move, we consider that worst case scenario, 95% confidence interval. And so, we try and gauge that, what could be a bad scenario for these funds. And so that's how we put it all together and come up with a volatility target.

Robert Morier: So, when it's all said and done, how do you select and monitor these underlying managers? What does the process look like?

Majlinda Kamberi: We actually receive position-level information from each underlying fund. We've created these customized position templates, where we have minimum criteria that we need to gather. And then we aggregate that data, create exposure reports, and track them for any trends to see if there's been deterioration, if there's been more concentration on certain sectors or position reports, higher default rate. And then in addition to just tracking their exposures, we also conduct, at a minimum, quarterly meetings with each strategy where we talk about the business update, portfolio performance, and market outlook.

Robert Morier: So, can you take us through, what does the typical manager underwriting process look like? You have such an extensive experience in manager research and selection. So, as you think about the role today in Fiera, what does that underwriting process look like from due diligence through idea generation, and then ultimately execution where you're engaging with one of these strategies for the portfolio?

Majlinda Kamberi: At Fiera Capital, we're primarily investing within the private market strategies that are already existing within Fiera's Private Markets platform. This gives us transparency. It gives us better understanding of the portfolios and liquidities and an overall lower level of fees that we charge our end investors. That said, given our top-down macro research and our goal to offer our clients optimal... optimized portfolios, we often think about new strategies that we should be adding to our suite of strategies offered within Fiera's private markets. So, this means either using our existing teams to lead into launching a new sector or looking into a new region, lifting a team from another firm, or acquiring a firm altogether. Fiera has actually had tremendous growth, exponential growth over the last few years, especially since 2017, adding teams, adding strategies on the private market side. And so, our sourcing for these strategies really comes in multiple ways. I mentioned earlier we have 120 investment professionals on the private markets. They all have network relationships. We have relationships with consultants, peers, and also often funds and teams just come directly to us. When we're acquiring a team or a strategy, we put them through the same due diligence process that we would any other external manager. So that means investment committee memos. We're talking about the team's history, background, pedigree, strengths, weaknesses, edge, investment process, risk philosophy, track record if available, but it's not a must. And then we also have a scorecard for the full due diligence. So, I mentioned earlier we have the 15 variables for vol, but this is a different scorecard which has 25 variables where we assess people, performance, process, and product.

Robert Morier: So, you've mentioned nearly 40 variables from the scorecard to what you described earlier as it relates to the risk management process. So, what are the criteria then for the processes in adding or removing a strategy from the overall solution portfolio?

Majlinda Kamberi: We would look to add a new strategy if it comes from our macro top-down research, that we need to add a new asset class, new sector, as well as our portfolio optimization goals of always adding value to our clients and the existing portfolios. We score everyone through the various variables, and they have to pass a minimum score of 80% to be considered for an investment. Once they score the minimum criteria and we approve them at the investment committee, we run the strategy by our optimizer where we take the volatility target in addition to other expectations. And our optimizer will provide us a target allocation in percentage terms. So should we have capital available to deploy, we'll use that capital to commit towards that strategy. We look to remove a strategy if our conclusion is that the macro environment has changed tremendously and is no longer appealing going forward, or if during our due diligence, the regular monitoring, we have lost confidence in the team or the strategy.

Robert Morier: So how do you ensure alignment of interests and transparency with your clients and partners? Thinking about everything that we just discussed as it relates to portfolio construction, sourcing these ideas, applying them to the process, now you have a client on the other side of the table. So, could you talk to us about that alignment of interests?

Majlinda Kamberi: This question actually comes up quite a bit because we're investing in Fiera Capital within the strategies offered in-house. At the end of the day, the clients are really buying Fiera Capital and all of its capabilities. It's no different than other multi-manager hedge funds like the DE Shaw, Citadel Millennium where an investor invests in the multi-strategy fund, and then in turn the multi-strategy fund allocates to the different portfolio management teams, which they've hired, built, developed over time. Compensation is heavily based on the performance of the underlying strategies that we manage, so we have to hit our minimum target returns, and that actually benefits clients. There is significant employee capital invested in our funds. And finally, the products that we offer on the solution side, they primarily have monthly liquidity or sometimes quarterly, which means if we're not doing a good job for our clients, we really won't have a business. And then because all of these strategies are offered within Fiera Capital, we are able to demand a lot, get position-level information. And then in addition, they're getting our standardized oversight, due diligence. We make sure all the strategies and teams apply best-in-class processes. So, I think overall, the clients are better off with the extra oversight.

Robert Morier: Thank you for sharing all that and bringing it all together. It was very helpful, really understanding how you think about the solutions that you offer your clients and ultimately how you construct them. So, one of the questions I'm always interested in, particularly in today's climate, is, what does sustainable investing mean to Fiera Capital? So how do you define it and how do you apply it?

Majlinda Kamberi: Sustainable investing means considering and integrating material, environmental, social, and governance factors within the investment process to deliver enhanced risk-adjusted returns on behalf of our clients. Our mandate is to generate the best returns possible for our clients within the investment constraints of each portfolio solution. Therefore, we believe sustainable investing is core to our ability to satisfy both our duty and mandate without sacrificing returns. We also believe that integrating ESG considerations into our investment analysis and decision-making processes truly benefits the asset valuation process by providing a deeper understanding of business models and industry challenges. In private markets, ESG considerations are particularly important with respect to real assets. Real assets are typically held for longer term, and they are geographically fixed. Take as an example farmland. And therefore, they're linked to local communities and environments and are frequently subject to regulatory and compliance regimes. Individual and specialized investment teams within our private markets are directly responsible for ESG integration into their respective investment process.

Robert Morier: As you think about ESG and some of those UN Sustainable Development Goals, are there any factors that outweigh one more than another? Are there any specific areas that you are more focused on, whether it's diversity... you talked about agriculture. You know, those real infrastructure assets. Is there a scale that you look at?

Majlinda Kamberi: We actually have a pretty broad focus and exposure to the multiple factors there, so it depends on each strategy. For example, our Fiera Real Estate team has their proprietary ESG Resilience Scorecard, which is used to provide an overall level of ESG risk exposures at an asset level. They look at the factors different from our Agriculture team. Our Agriculture team identifies five ESG-focused areas that it considers critical to sustainable farming across its investments. They also... as equity owners, they influence and directly collaborate with farm partners to help them manage and mitigate risks in these areas and advance sustainable farming practices. On the private credit side, it's a different process. The investment team's integrating the consideration and thoughtful management of material ESG factors throughout the investment cycle, including sourcing due diligence, final investment decisions, and ongoing portfolio management.

Robert Morier: So, thinking of all this, how do you handle the valuation and reporting of your private market investments? So how do you value these illiquid assets?

Majlinda Kamberi: That's a great question because valuation is very important, especially in private markets. And the methodology actually differs by each strategy. So, our private equity strategies, specifically timberland, agriculture, and infrastructure, use primarily a DCF model where their discount rates get reviewed by an independent valuation agent as well as the auditor on annual basis. On the real estate side, the strategies use either DCF or direct capitalization method. And the properties are typically appraised by an independent appraiser on quarterly basis. On the private credit side, it depends if the loans are shorter term, two years or less, or longer term. So, for shorter term loans, the valuation methodology is typically at cost plus any accrued interest unless there's impairment, at which point we'll have to take the provision. For longer term loans, there is a credit spread generated at the time of the deal origination relative to a benchmark. So, these assets are valued based on that. And if there is an impairment, then the credit spread will be adjusted accordingly. The valuations for all of our private market strategies that the Solutions team invests in are generated on monthly basis. Actually, within three to four business days after month end. We require that the managers provide us at least a best estimate, best efforts estimate on that basis because the solutions strategies in turn generate their valuations and reports on monthly basis. This is very uncommon because usually private markets, they issue their valuations 45 or 60 days after quarter end. It takes forever. But for us, it's critical to do this more frequently. So, all of our teams look at the valuation models monthly and do a deeper dive on quarterly basis.

Robert Morier: Well, thank you for sharing all that. So, if you think about the mix of assets in the portfolios today, what does it typically look like as it relates to these private market opportunities that you've shared? And how do you go about sizing them?

Majlinda Kamberi: So, we primarily manage two core private markets diversified solutions, private credit, diversified private credit, and diversified real assets. The diversified private credit, we've been managing that since 2008. And historically, we've always been heavyweight on real assets-backed loans, specifically residential real estate. And even today, we have approximately 70% of the portfolio allocated to real estate debt strategies. While that's a large number, there's four different strategies within that 70% allocation, and it's primarily residential real estate. 25% is corporate loans, so typical corporate direct lending across Canada, North America, Europe. And that's represented by three different individual strategies. And about 5% is allocated to infrastructure debt. All of these portfolios are very well diversified globally with exposures to Canada, US, UK, broader Europe, Australia, and New Zealand. So that's private credit. On the real asset side, we typically have about 1/3, 1/3, 1/3 allocated between real estate, infrastructure, and natural capital. Natural capital is our timberland and agriculture strategy. And very similar to our private credit strategy, the real assets is also very globally diversified. So, I mentioned an apple orchard in Spain, olive oil in Portugal. We have assets all over the world. And then you also asked about the sizing. How do we go about sizing? I mentioned earlier our optimizer. So, we use our optimizer to issue target allocations to each strategy. And so, we review that at a minimum quarterly basis. And if we have a new target allocation to a new strategy, we try to... we try to commit to that strategy, assuming that we have dry powder or available capital. It's not easy to rebalance in a private markets fund, so we cannot just redeem from one strategy and commit to another. So, we typically use new inflows into our funds in order to reach our target allocations. The positive thing about our strategies within Fiera is that the underlying private market strategies are typically open-ended and they're continuing to take new commitments, new capital, and deploy it rather quickly, within three to six months. So even if we have a lot of capital that we raise on the solutions side, we're able to still deploy it within the same strategies. Last year, it was interesting because we were raising something like $50 million per month. And so, we had to think creatively and think of pipeline and new ideas of how to put the money to work, but we were able to do it.

Robert Morier: What are some of those new ideas that you're looking at today? So, if you think about areas of opportunity that you're seeing now from an asset class perspective, what's on the horizon?

Majlinda Kamberi: We actually think there's great opportunities to invest in real estate debt, in the US especially. Banks have retrenched. There's a large wall of liquidity coming due, whereas the demand for housing and construction continues to be there. So, we think that this will provide for a great investment opportunity for many years to come. We're putting lot of effort into this compelling opportunity right now, especially in multi-family and industrial assets. And this is a great example where we... as on nontraditional assets, we can invest in and generate opportunistic returns without taking opportunistic risk. Timberland is another strategy that the firm is very excited about. This strategy is being implemented by our Natural Capital team who's already invested in it in the past. And the team is seeing great sustainable timber deals across the globe. As you know, the New Zealand and Australia islands, they run on immigration, which basically came to a halt during COVID. But in 2023, there has been record immigration as these countries catch up on human capital needs. For example, there have been almost 100,000 new immigrants in New Zealand just this year. And they need homes, particularly affordable homes. And so, our team is able to provide construction financing for real estate for some of the biggest developers in New Zealand to cater to this housing demand. Yes, we're making money for our investors, but also serving the community need.

Robert Morier: Thank you for sharing all that information. Really interesting, especially portfolio construction because there's so many different ways to approach these private market investments. So, as we speak to allocators when they think about their own optimization tools, I think there's a lot they can glean from this conversation, so thank you for sharing that. And also, as we'd said before, I'm grateful for you sharing your own background and your personal experiences coming to the United States, your career path to your seat today. And you shared prior to the show that tennis was one of your favorite extracurricular activities, as well as the piano. And I always like to quote either athletes or writers. And in this case, I'll quote Arthur Ashe who once said, "Start where you are. Use what you have. Do what you can." So, in the context of conducting this thorough research that you do on due diligence for these investment strategies, how do you apply that philosophy when you're thinking about these investments?

Majlinda Kamberi: That's a great quote, and that's exactly what happens in our industry. So, you start with very limited information. You start with the first meeting of just getting a feel for the manager and they're getting a feel for you. And you don't get a lot of information initially, but then you have a follow-up meeting where you get more, and then another follow-up meeting, and you get more. And especially if you're able to show to the manager that you're serious, you've done your due diligence, your research, you're asking good questions, they're willing to open up and share more information over time. When I pivoted from the hedge fund industry to the private credit strategy in 2017, my first goal was to just learn about the strategy. What's private credit all about? What do I need to know? Who are the good players? Why? What's their edge? And you know, what are the key criteria that we need to evaluate? So, my first step was to have as many meetings as I could, and I spoke to something like 150 managers within a couple of months. So having all that knowledge helped me look smarter and more capable in front of the other managers as I continued to do more due diligence. I got a lot more information over time. Actually, I was able to get full transparency reports, full deal-level information from external managers, and even convince them to provide monthly valuations.

Robert Morier: That's impressive. Very good. Well, getting back to you and your own background, as we're getting close to the top of the hour, I cited another quote recently for one of our guests that says, "What you are is an expression of history." So where does your history show up in your life today?

Majlinda Kamberi: We talked about me coming to this country as a war refugee. I think that's really shaped who I am. It's built me resilient, persistent. I don't take no for an answer. I really feel like I've gotten a second chance in life, just going through that experience, so I try and take advantage of all opportunities given to me.

Robert Morier: Well, we always finish the show by asking about the people who helped you in your career, so those mentors who were helpful or influential in moving you through from UBS through Larch Lane into Fiera today. Are there any people in particular that you remember and think about often?

Majlinda Kamberi: There's a lot of mentors, and it's difficult to list them all here. But what I view as mentors is people that I respected their behavior and I wanted to copy what they're doing, or people that have been there for me when I needed guidance and advice to solve a problem. There's one mentor that I wanted to be her when I grew up. She was heading the FX and fixed income trading desk at UBS. She was very direct, smart, confident. But most importantly, she was very honest and cared about the stories of the younger people. So, she would spend a lot of time talking to me and just hearing about my personal story. And so, I've always looked up to her and wanted to be that. But where I've been really lucky is to have the sponsorship that we talked about earlier, to have people who I worked for or worked with who saw my contributions, saw my work, and promoted me or advocated for me. Because as women, it's hard to brag about that, so I've been lucky to be noticed.

Robert Morier: I hope that our audience gets to notice more of you after this wonderful conversation. Thank you for sharing all of these insights, and congratulations on all your success. It's really been an honor to have you here today.

Majlinda Kamberi: It's my honor. Thank you, Robert.

Robert Morier: If you want to learn more about Majlinda and Fiera Capital, please visit their website at www.us.fieracapital.com. 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'd like to catch up on past episodes, check out our website at dakota.com. Finally, if you like what you're seeing and hearing, please be sure to like, follow, and share these episodes. We welcome your feedback as well. Majlinda, thank you again for being here today. And to our audience, thank you for investing your time with Dakota.

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