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EPISODE 62:

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# Investing in Education

*with the CIO of Drexel University*



**Robert Morier:** Welcome to the Dakota Live podcast. I'm your host Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, and other important players in the industry to 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](https://dakota.com) to learn more about our services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes 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](https://dakotamarketplace.com) today. Well, I am thrilled to introduce our audience today to Cathy Ulozas, Chief Investment Officer with Drexel University's Endowment. Cathy, welcome to the show.

**Catherine Ulozas:** Thank you for having me.

**Robert Morier:** Thank you for being here. Welcome back to the desk. You were here with me a year ago. We did a panel discussion on behalf of Drexel students.

**Catherine Ulozas:** Yes, and that was great, with David Holmgren and Jenny Chan. It was a lot of fun.

**Robert Morier:** Yeah, and Jenny's coming on the show, actually, in a few weeks. So, it's been wonderful to see you and others come back to us. It's a great opportunity. This is obviously for asset managers and asset owners, but it's quickly become a podcast for educators and students as well. So, we're very happy that you're here. And it's also a good day because it's your daughter's birthday.

**Catherine Ulozas:** Yes, it is.

**Robert Morier:** So happy birthday to her.

**Catherine Ulozas:** Yeah, she's a Drexel grad.

**Robert Morier:** Another Drexel grad. That's wonderful. Another proud Drexel graduate. I'm happy to hear that. So, what we'll do is rather than get right into it, I'll read your biography quickly for our audience. And then we have lots of questions to ask you. With more than 30 years of investment experience, Cathy has managed funds for the Drexel University Endowment, insurance companies, banks, and a state pension fund. Celebrating her 14th year as Chief Investment Officer at Drexel University, she has instituted policy and operating improvements through repositioning assets into a more resilient structure with resulting performance success. Her efforts have resulted in the endowment scoring in the top 10% in the Wilshire consulting foundations and endowment universe for the last five years. Cathy assisted in Drexel's purchase of Saint Christopher's Children's Hospital and was a key member of the Drexel team that led to realization of the University's real estate development project, Schuylkill Yards, which is transforming 10.4 acres of endowment real estate into a leading innovation hub. More recently, Cathy was a 2023 finalist in the CIO of the Year category for the sixth annual Allocators Choice Award from Institutional Investor. She has taught as an adjunct in Drexel's Lebow School of Business. She is a board member of Clarify, a nonprofit community resource devoted to lifelong financial literacy for consumers. Cathy received her MBA from George Washington University and a BA from Drew University. Cathy, thank you again for being here. Congratulations on all your success.

**Catherine Ulozas:** Oh, thank you so much, and I'm so glad to be here.

**Robert Morier:** Yeah, it's really a pleasure. We had Matt DeAngelo here early on in the podcast life cycle. He was very brave because I didn't know what I was doing. We didn't know how to approach these conversations. So, it's a little bit more formulaic now, which makes our jobs a little bit easier. But at that time, he was wonderful in sharing with us your careers together over the last 14 years.

**Catherine Ulozas:** Yes, and prior to that, because we had been at ING Direct together as well.

**Robert Morier:** Rather than take our audience through those 25 years or so and portfolio management, mostly in the insurance sector, as I noted in the opening, it was just about a year ago where you spoke to our students around how institutional allocators see the future of startups. And one of the other panelists who you mentioned, David Holmgren, shared with us that every asset owner brings their own personal biases and interests to the plan. And I was curious... I wanted to ask you then, but I'll ask you now if you agreed with that. And if you do, where do you see some of those preferences that you've carried through your career as you came into Drexel?

**Catherine Ulozas:** I do agree. And I think David is brave to actually say that out loud that there are personal biases. And I like to look at that a little bit differently and say that it's from the experiences that you've had, that you have learned from, that you bring to the job. And I think that when you're thinking about how you invest, you do always have to ask yourself questions as well about, why do I think what I think? Why do I have this conclusion that I'm drawing? I think, particularly when you look at someone like David, who had a phenomenal track record, yet he certainly had his areas of interest, but you can see through his long career that he made great decisions more than half the time for sure. And I think that is because while he may have brought his experience... and he may refer to it as bias... it's also because he's a good analyst and not afraid to check himself on his thought process. And I think for all investors, you need to do that. You need to take a step back and see if you're feeling or if you're knowing something.

**Robert Morier:** How did you find your way into asset ownership? It's a question, actually, a lot of my students ask. Because they have to watch this podcast. I require them to watch this podcast. So as a result, they more often than not want to know, how do you find a career, either in institutional sales or in your side of the business as a CIO of an endowment. Dan, for yourself, how did you find your way into this business?

**Dan DiDomenico:** So, I also graduated from a local school here to the Philadelphia area at Villanova. I was a finance major. And coming out of school, I went to work with one of the larger employers on the asset management side at Vanguard and got this great exposure, great education. And so, for me it was a matter of wanting to understand all the different verticals and how you can participate in the world of investments. And I naturally just started to gravitate towards the sales side and relationship management, and being able to engage in conversation and bringing to those relationships what I thought were world-class high caliber investment strategies and being able to nurture those relationships along the way.

**Catherine Ulozas:** I didn't really have a set plan in college. And I went to a small liberal arts school. And I was majoring in political science and added economics to it and found a real love for that as I went through that. And I was very lucky in that my economics professor, who ultimately did become president of Drew University, was a great mentor. And I talked to her a great deal and talked to her about... at one point I said, oh, I want to get a PhD in economics and teach. And she said, no, go into the real world. And so, I pursued an MBA. And from that, I ended up getting a job back in Connecticut, where I had grown up, with a large insurance company, which is one of the best training grounds there is, quite frankly. And I started basically on the corporate finance side at Aetna Life and Casualty. And I got to see a lot of different things. And ultimately from that, I moved over into the bond area and started as an analyst over there. And then ultimately became a trader and a portfolio manager and worked in different insurance companies that way.

This wasn't so much of a plan as it was that opportunities presented themselves and I was willing to take them, to do that. I was surprised the day my boss came in and said, you're a mortgage-backed securities trader today. And I had... a mortgage, but that's about all I knew. I had been a bank and finance company analyst looking at bonds for the portfolio. And suddenly I was now sitting on a desk and looking at mortgage-backed securities and working my way through that. I think, importantly, taking opportunities and not being afraid of them in your career is really important. And I worked at several insurance companies. I ended up at working at ING Direct Bank, which was, I'm always happy to say, the first fintech. Because if you think about it, we were actually the first bank that convinced people to give us money over the phone or online. And we didn't have any branches. We didn't have a vault. We didn't have any cash. We convinced people to do this. We used to say we were just a technology company that happened to do banking often with that. And that was an amazing place to work. That's where Matt and I met on the Treasury desk. And one day, the CEO saw me and said, I'd like you to do something for me. We all know what the answer to that question is... of course, you know. And he said, I want you to work with the black belt team. Black belt team? He said, yeah, that six Sigma stuff that the parent company is making us do. I said, OK. And later in the day, my boss came to me and said, what did you do this morning? I said, well, Arkady asked me to be on this project. And he said, no, no, it's a job. You are now running 11 six Sigma black belts in three locations and three time zones. Have a good day.

**Robert Morier:** Wow. Just right into the deep end.

**Catherine Ulozas:** So, people ask me about this, like how did you... why did you do this? And, well, you know, actually, honestly, it was the great financial crisis at the time. We were pretty much shut down on the activity that we could do on the desk. I said sure. And it was the best two years I spent in terms of new skills, new growth opportunities, new ways to think about things that I now bring to the job that I have and the career that I have now. It was great to take that diversion and learn other skills that really were applicable, ultimately, to the position that I have now. And it's very important. A lot of negotiation has to happen in that. But a lot of detailed analysis. And a lot of the projects we did were IT-oriented. And I was very blessed to have a lot of really great IT people as part of that. That doesn't make me an expert at all, but it taught me different ways to think about things and how things can get done.

**Robert Morier:** A lot of companies have had to play catch-up, particularly coming out of the crisis as it related to technology and financial services. So how did this opportunity then come across your desk? How did Drexel University find you or you found them?

**Catherine Ulozas:** I found Drexel. So as the financial crisis came to a close... and, of course, a lot of banks had taken money from their respective governments. And ING, the parent

company, had been funded by the Dutch government. The ECB decided that those terms of those loans were non-competitive and so they fined ING. And in that decree, they insisted that ING, worldwide company that it was with 40 subsidiaries or whatever it was at the time, needed to break up. In about the fifth paragraph of their decree, it was very, very clear that they wanted ING to divest of ING Direct US because of those nasty mortgage-backed securities that we owned. However, those mortgage-backed securities actually did hold up very well, ultimately. But regardless of that, ING was going to be sold. And I went home that day after reading that on my BlackBerry—

**Robert Morier:** The good old days

**Catherine Ulozas:** ... and pulled out my... and at this point now, direct banking was more prevalent and the barriers to entry were down. And I knew, at that point, that this was not going to be a good long-term strategy for us. So, I pulled out my resume file. And I had kept an article about one of the most powerful women in Philadelphia who had a placement firm. And I looked it up. And sure enough, there was the Drexel job on that website. And I applied and called everybody I knew that might know someone at Drexel. And they interviewed me. And that's how I got the job.

**Robert Morier:** For our audience who may be a little less familiar with Drexel University and the Endowment, can you share an overview, if you don't mind, of the Endowment, the structure, the mission, and how your team operates within the University?

**Catherine Ulozas:** The mission of the Endowment is to provide funds to the University for the long-term, for the very, very long-term. And the Endowment is made up of contributions that have come in through donors as well as funds that have come in through the Board of Trustees. Our job is to steward those funds, to fund the scholarships that are being supported by the Endowment. So, our job is very important, and we take it very seriously. We are the largest asset on the balance sheet... single asset on the balance sheet for Drexel at almost \$1 billion between the Drexel University Endowment and the Academy of Natural Sciences Endowment. We are very prudent in how we approach our investment because we're here for the long-term... the very long-term. And we want to be sure that we're consistent and that we manage our volatility well. So, we work to create a risk return profile that is acceptable to our investment committee, a subcommittee of the Board of Trustees, when we look out long-term, and build our asset allocation around how much return we want to achieve at what level of risk. So, it's not just, well, what's the highest return we can get, and we'll live with a lot of volatility. That's not how we approach it. From that, we develop our asset allocation and select our managers. And we do this in concert with our Investment Committee. We seek their opinion. We seek their approval on all that we do. We are... an important part, though, we are not a large part of the operating budget... less than 3%. We are a very important part because we are

supporting those scholarships. We are supporting those students. We are supporting those professors, those endowed chairs.

**Robert Morier:** So, take us back when you first started. Was it a blank piece of paper or were you inheriting? It's always an interesting question. We see turnover either at the CIO level or within manager research. What were those first couple years like in terms of the priorities?

**Catherine Ulozas:** We inherited an existing portfolio, and there had been turnover and there had actually been no one in the office for an investment staff for a couple of months. So, when Matt and I came, neither one of us had worked for an endowment at that point, which was probably a very good thing because we just started from scratch. And we started to look at what investments were there. We started to look at some of the structures that were there, why dividends weren't being reinvested, things of that nature that were low-hanging fruit that we were able to do and improve upon right away from a more of a structural, working with the Treasury team to get things in a little bit better order. And then looking at all of the managers... and there was an outside consultant that we were working with and decided that they really weren't giving us the best use of their time and our time. So, we moved on to a different... we moved to Wilshire with the investment committee's approval, obviously, to do that. And really came up with better ways to look at the long-term and figure out... and really get into conversations with the investment committee about the long-term. What did we want to do? Now, we knew that we weren't going to turn this over overnight. So, we knew this was going to be a long effort to do that. We were going to do things like go into illiquid assets and private equity, and that takes time to deploy. You just can't get out there and all of a sudden have a large private equity portfolio. And through all of this is how we've been looking at and managing the risk. As we bring a new manager on, and depending on which asset class it may be in, we are constantly looking at the return that it will contribute over time and the risk that is associated with it. So that's... when we came in, we were a little shocked with what we had, and we worked hard at making those changes along the way. And now I think we have a real strong portfolio that we continue to build on. There's always a watch list. And we are always looking for ways to continue to improve our results.

**Robert Morier:** How did you decide to structure the team then, in that case? So, it was just the two of you?

**Catherine Ulozas:** It was just the two of us.

**Robert Morier:** So that's... I mean, that's a lot of work.

**Catherine Ulozas:** Yeah, that was a lot. And the first thing we did was we did hire an analyst. And so, then there were three. And from that we have slowly built out taking co-

ops along the way. Always trying to have a co-op. We always have, when available, a graduate school co-op. And we've really enjoyed helping them, as well as the undergrads. The undergrads have been great as well. But we enjoy taking on the graduate co-ops because they tend to come to us at the end of their time at Drexel. So, we keep them employed afterwards so that they have continuity in jobs. And I will say the last one we have we've hired. Stephen Chase is now part of our team. But we've been very happy to be able to help... we become almost sports agents and trying to help them get their jobs afterwards. So, we're very happy to do that.

**Dan DiDomenico:** It's a great opportunity.

**Catherine Ulozas:** Yeah.

**Dan DiDomenico:** It really is.

**Catherine Ulozas:** Yeah.

**Robert Morier:** It is. That's a great way to think about it, too, as a sports agent. You did recently announce that there's an open headcount, a director of private markets. Could you talk about the genesis of that role and what you're looking for in a candidate?

**Catherine Ulozas:** We actually did have a private markets person prior to the pandemic... Amy Miller. Wonderful and terrific contributions that she made to the portfolio. She left us to get married and move to Chicago right before the pandemic. And it was a bit unfortunate since we are now remote. But at the time, we didn't know what was happening. We put the job on hold during the pandemic. And we've waited a bit to replace that person because we had worked more with the investment committee on the long-term structure, and the development of the office, and what they what they wanted for the future. And we've made this a senior level job as private assets will become the largest part of the portfolio over time. So, with that, we've been looking for someone with 10 to 15 years of good solid private equity experience. We've had almost 200 applicants in the portal and some phenomenal candidates that we're now seeing. So, we're very excited that Drexel is attracting such good talent. We're very happy about that.

**Robert Morier:** That's great to hear. Great for the University and great for Philadelphia.

**Dan DiDomenico:** And great for you as well. That's fantastic.

**Robert Morier:** Well, getting back to the portfolio, I've heard you say before, a few times, that 90% of the success comes from asset allocation. You've already touched on asset allocation.



**Catherine Ulozas:** Yeah. I mean, that's what consultants tell you all the time. They like to prove that point. That is the case. I do think that you have to go a little bit deeper when you actually talk about that because when you are deploying in illiquid assets, you own them for a long time. You are married. You're not dating. Divorce is expensive. But I think that you do have to understand, in general, what your asset allocation will result in in terms of long-term risk in the portfolio. How you deploy does matter, where you deploy, and managing that risk. You can't just say, oh, any private equity is going to work out, or any venture capital is going to work out. You have to make sure that as you are deploying, you are understanding what risks could occur and will occur in your portfolio.

**Robert Morier:** How about when you deploy? When does the when, get discussed?

**Catherine Ulozas:** We're not market timers. We deploy as we need to. We deploy... on the private side, we have pacing models on how we will deploy the money over time because not all capital is called at once in a private equity transaction. So, we do plan these things out and we stress test as well different economic scenarios on how this will affect the value of the portfolio as we're going forward. So, it's not just a singular analysis. It's multifactored. And when we look at it, and we look at it in different ways, and we have these conversations about how much to deploy, what does that mean, how much capital will be called, how much liquidity do we need to have in the portfolio. All of those things come into play as we do this.

**Robert Morier:** And how does that dialogue with the investment committee take place? Investment committees are always interesting and always different. Each investment committee is their own child. Sometimes they leave the house early and other times you can't get rid of them, which is a good thing, I think, continuity. So, I'm just curious. How does that relationship work with the investment committee in the context of what you just described?

**Catherine Ulozas:** The dialogues that we've been having have developed over the years, and I think we are at a great point because we can go in now with how we look at things we do. Obviously look for feedback as well from the investment committee. And oftentimes we will get some really great ideas as well as comments. And I always say that we love and fear the questions because we love to be asked about how we're looking at things and why and to give our analysis of how we're doing things. We fear questions because we're afraid we won't know the answer, quite frankly. And we don't want to disappoint. But we know we can't know everything. So, questions that come up help us. They help to educate us. They help us to think differently. And that's why having a good diverse committee is important. Not just investment people, particularly if they have a specific area that they have an expertise in, but to have others who are managers, or CEOs, or CFOs or that really make a difference in terms of what they bring to the discussion that we have. And that is very, very important and very, very helpful to us. But

as I said, we want to please. But the questions that we get are so helpful in broadening our knowledge and making sure that we are thinking about as many factors as we can.

**Robert Morier:** Well, this is where we usually pivot to talk a little bit about manager research.

**Dan DiDomenico:** You have the investment committee. You have your team. Other consultants that you're engaging with as well? And what's their role then within the process?

**Catherine Ulozas:** Sure. We do use a general outside consultant... Wilshire. They do help with overall asset allocation work as well as work we do on long-term capital market assumptions, things of that nature. And we do have an advisor on private equity that helps us with pacing and opportunity sets out there. We are looking at the best ways to use outside experts. And I think we'll become more bespoke as we move forward, particularly in the areas of real assets, which is a very diverse area. And how do you compare a timber fund to that of a mining fund to that of an infrastructure fund? It's very hard to find someone who is expert in all of those things to try to make those decisions. So, I think we'll be looking more for third party advisors to help us in specific areas.

**Dan DiDomenico:** It makes sense, where they can complement your existing talent and resources, where you can leverage what they already have available to them in terms of their history, their experience. But then how does that translate to manager research? So, when you identify then an area, an asset class where you want to pursue a mandate, you're then going to go out and you're going to look for those that can manage whatever it is that you're trying to express within the portfolio. Talk to us a little bit about what that process looks like because you mentioned these are marriages. You're not dating.

**Catherine Ulozas:** That's... on the private equity side, that is true. That is true. So, let's take it apart a little bit. For public assets, for stocks and bonds, there's many funds and there's many databases to look at. Morningstar and any number of different places that you can start to look at. As well as those who show up on our emails and our screens and such. So, there's a lot of data. There's a lot of opportunity on the public manager side for us to take a look and do comparisons and develop out a thought process. And when we're talking about active managers here, it can really talk with them about their strategies, what defines them, what delineates their performance. And from that, there's just a lot more data. And our risk analyst is phenomenal. And she's very much able to tear things apart and take a look at the different factors that go into play. So, with the public assets, it's a bit easier to find managers and they're... and accessible. On the private equity side and for private assets, there are obviously lots of databases, but you never know if someone is particularly fundraising at the moment. We get tons of direct emails ourselves. And we do have an advisor that does help us to look through. But from my

perspective, it's their universe, right? People that are calling on them that they know. And there's many more opportunity sets that are out there as well. So, it is a challenge. It is very, very much a challenge to try to find... you tend to respond as opposed to solicit on the private side. Does this fund going to work or not? It's funny, as we talk about looking for someone in this position, I saw many resumes where people wrote that they had 600 manager meetings in a year. And I'm thinking to myself—

**Dan DiDomenico:** Wow

**Catherine Ulozas:** ... wow. Is that really the highest and best use of your time? What type of meeting did that look like? Is that even... could you even have possibly gotten deep enough in that kind of a timeframe over a year to figure out which of those 600 were going to result in the right three, four, five transactions that you were going to do that year? I really take pause with that. And I think this is where having an advisor that knows more about the market and knows more about you... and I think that that's what's very key is being able to say these are my risks. These are where I'm already overweight. Technology in the portfolio... I can see on my private side... I can see on my public side where my technology risk is. Maybe I don't want to add any more to a fund that's going to be primarily tech. Those are the types of conversations that really have to have the analysis that really has to be done to create the best portfolio for Drexel going forward. It's not an easy answer. I don't have a great answer to a framework step process.

**Dan DiDomenico:** But it's important to have structure, though, because what it tells me is that you're able to screen, if you will, those emails that are coming in. You're getting a lot of information passed your way. A lot of people in my seat are reaching out to you to gain your attention, to look deeper at an investment strategy, either on the public or on the private side. So, it's clear there's criteria that you're looking for. So maybe you can help us understand a little bit more about that criteria, either in terms of size of the team, asset levels, decision making structure. Are there any consistencies that you look for from managers that will inspire you to want to take that next step?

**Catherine Ulozas:** If they know more about Drexel to start with, that's a good first step.

**Dan DiDomenico:** Great advice. Maybe start with this podcast.

**Catherine Ulozas:** Right. And I would say that if the first question is, tell me about Drexel, the conversation is usually over. The best way in which a manager can approach is to say what they have instead of going fishing. If they said, we are raising a private credit fund right now that's focused on XYZ industries and this is why, that is far more helpful to me, and I think to the team in general, to be able to quickly see what the focus is. And we can then much easier say, yeah, this is not what we're looking at now. This is not what we're considering now. Or you know what, let's keep going. I think it is far better for managers

to approach us with their story but have at least some knowledge about Drexel already. You can look... you can see the types... the size level of commitments that we make. We're not going to be making \$50 million commitments. So, if that's what you're looking for, you probably shouldn't call me. It really... that's not a good use of the time that we have. And you can look to see where we are. There's a lot of data out there. And so that's always a very good first step.

**Dan DiDomenico:** I think that's wonderful advice. It's a matter of respecting your time—

**Catherine Ulozas:** Right.

**Dan DiDomenico:** ... respecting who you are. And then being direct to tell you, here's what we have to offer. We know that we're not going to be a perfect fit for everybody, and the quicker that you can get to that point, the better use of everybody's time it's going to be versus wasting your time and taking you down a path that ultimately isn't going to result in a relationship anyway.

**Catherine Ulozas:** We talk about... we started with a little bit of bias here in the very beginning. And this is where bias really does come into play. People like people, right? And so that's one of the very, very first things, particularly in private assets, it's, like, but I like you... and we should talk more. And that's where you can... also to developing a relationship with a private manager will be a long-term relationship. So there does have to be a dialogue. There does have to be interactions. And there has to be honest discourse on things as you move forward. So, I tend to look at private equity in three parts, basically. One is, what do we need in our portfolio, and from the risk return perspective that we're looking for in there. And then from that we start with the implementation of that, the negotiation of the documents, things of that nature. We're small but we're loud. And we like to be able to understand what are in those documents for the long-term because this is what we're signing up for, and we want to make sure we understand what the market is, what the terms are, what may be different through that period of time. Once a fund is in place, it doesn't mean that it stops there. Yes, we can listen to the annual meetings. We can call the manager. We can talk about things along the way. But oftentimes you'll see a GP come back with asking for a change in documents. My joke is that I'm a three-year-old and the first word out of my mouth is "no." And —

**Dan DiDomenico:** I love that.

**Catherine Ulozas:** So, tell me why or tell me why this is good for us. And so there is a continuum management of it's not just set it and forget it. It is a living document that may change over time. And you need to understand when that happens. And more specifically, lately we've been talking about when is the opportunity that you might think about... and there's a lot of conversations around secondaries and the secondary market these days.

But at one point do you say, this is great, but how much more am I going to get? Can I sell it? And we are starting to do a lot more analysis on what... now that we've had a portfolio that is developing and aging, are there things that we might want to sell going forward? Do we have better opportunities elsewhere in other private assets or other parts of the portfolio? So, I think that it's an active management process all the way through. And I think that's really important to understand, and even always looking away to see what those secondary prices are to keep yourself honest about how you're marking your portfolios going forward I think is very, very important to be true because we don't know what the values are. We see statements, and we write them down, and we look at all of that. But we really don't know until the very, very end.

**Robert Morier:** You mentioned the importance of people and understanding the people behind these processes. I'm just curious, what's the importance of the support or the buy-in of other LPs, of other endowments, foundations who are also looking at these managers? How often are you investing alongside of or going out on your own?

**Catherine Ulozas:** 90% of the time we're out on our own. I think that we're not working in conjunction with anyone else, necessarily. Everyone's different. There's a reason there's 3,000 universities in the country. We're all different for a reason. We all have different reasons in our portfolio to add things or to sell things within our portfolios. Talking to other LPs is very important. And I think it is good to have those networks. And I do think that it's important... regardless of it's an endowment or a different type of asset allocator that's in the portfolio, it is good to have those discussions. It's a great way to share information. But I haven't seen the group come together to fight a battle here, necessarily.

**Dan DiDomenico:** What does the typical asset mix look like? You talked about the private fund representation within the overall portfolio. It's growing. It's going to be the dominant portion of the—

**Catherine Ulozas:** It's going to be over 40% of the portfolio, yeah.

**Dan DiDomenico:** So, what does that look like, then, between private and public? And you actually mentioned earlier in talking about public market representation within the portfolio, you talked about active management. I'm glad to hear that. We hear still a lot of the debate right now... active and passives. Maybe even within the public portion of your portfolio, what that blend might look like between active and passive?

**Catherine Ulozas:** So, when it comes down to our major expression in US equity, we are passive S&P 500. But we are active in small cap, mid cap where we do think that there's opportunities, as well as internationally as well. We do think that active management does pay off in less efficient areas. And we've seen some very highly concentrated

portfolios that have done really well. And that obviously the best one example we have is the dragon fund, our student run fund, which is their best performing manager in the endowment.

**Dan DiDomenico:** Amazing.

**Catherine Ulozas:** Yeah. And they're highly concentrated and they're very active.

**Dan DiDomenico:** Yeah.

**Catherine Ulozas:** So, we believe that we get better value and better return when we go active in the inefficient spaces. With that said, that requires constant due diligence as well because things change, things change at firms, analysts change, markets change. And you will find, when you're talking, that sometimes it's very hard for an analyst to let go of a position, of a thought process. A great book is called Quit by Annie Dukes. And she talks about... she has a whole section on investment managers and analysts who just won't let go of their premise. And knowing when to quit is very, very important. And I also think one of the important things that, both in private and in public assets, that's important to me is to see diversity of thought and bringing in more diverse portfolio managers to the process. I think it's very, very important because, again, another great book, which is called The XX Edge written by a good friend of mine, Patience Ball, who proves statistically that gender diverse teams outperform either all-men or all-women teams. So, it's very important that when we look and we see and we hear what people are talking about, that we hear those diverse opinions coming through because that will lead to better results. We know that. We know that that's statistically true, not just in investments but in other industries as well. So, it's good to, when we're talking with teams... and trust me, I've handed out this book more than once to people and said, I'm going to quiz you on it later... so I think it's important that we all make sure that we keep our minds open and listen to others as we do that. So, I know that we got off topic a little bit on your question.

**Dan DiDomenico:** No, that's great advice. It also gets for our audience, people listening, if they're going to do their homework, before they engage in conversations, they should understand, what does the conversation around the table look like at their firm and the strategy that they're representing. That's good to know.

**Catherine Ulozas:** And I would think for younger people, and your students in particular, they should not be afraid to bring up a different opinion and not just to go along with it. If they have a thought, if they've done their research, if they've thought about it, they should speak up. It's one of the very first things that one of my very first bosses said to me. Do not ever go to a meeting and say nothing. Don't say something frivolous. But if you were asked to participate in a meeting, speak.

**Robert Morier:** I couldn't agree more. It's an important topic. So, before we do step away from portfolio construction and manager research, I did want to ask you about sizing managers in the portfolio. You mentioned if a fund is calling you with a \$50 million ticket size, you're not going to be the endowment. But how do you think about portfolio construction, sizing those mandates as it relates to maybe the last piece of the puzzle?

**Catherine Ulozas:** We're looking for diversification, obviously, in the portfolio. So, you don't want to overdiversify in lots of little pieces. So, you try to find that sweet spot in which... and for us right now it's around \$8 million. I've been talking about we'll increase the number of managers when we get past \$10 and we're able to do that. I'd like to increase our size a little bit more before we start adding too many other managers. It is a balance between going into a fund and putting your money there versus spreading it out. So, you don't want to overdiversify for the sake of diversification. And so, in the beginning, as you're building out portfolios... this is why discipline is so important relative to your risk return, because you're adding one at a time and you're starting to build it out. You don't... when I look at some of my friends in large pension funds, they're like... they don't care that five or six of their managers in their 25-manager venture portfolio didn't do so good. Well, my one venture managers got to matter to me. So, size matters. But I think that that's where the discipline in the beginning is so very, very important. First of all, so you keep it going forward. But you have to start with being able to say no. And not just say, ooh, I need this. I need to put this in here or this looks good. You have to have the ability to say no when you say, yeah, that may not really fit the overall portfolio.

**Dan DiDomenico:** So, Cathy, a big question that we always get to that our audience loves to hear, as we start to move into calendar year 2024, as you look into your crystal ball, what do you see as some of the greatest risks that are presenting to you today and how are you expressing that in the portfolio?

**Catherine Ulozas:** Well, again, we're a long-term investor. So, we're not market timing. We're not responding to weekly economic data. We're in it for the long-term. That said, I'm a former bond trader. An inverted yield curve always makes me nervous, and we've been there for a very long time now. So, I think that when we're looking in the environment that we're in and we see sometimes very good economic numbers, and then on the flip side of this we still see lots of pain in the economy, and it's not always coming through... the data in the last six to nine months has really been sloppy. It's the nicest way I can say that. Revisions have... I've never seen revisions like we've had in this last year, which makes it very hard to understand what really has happened. And so, I think there's a lot of uncertainty for investors across the board, no matter what asset class that you're looking in right now, because it's difficult to really discern what has happened. And certainly, that makes it harder to make an educated decision about the future. So, this is a very difficult time. I don't recall ever being quite this confronted with so many different factors that just don't seem to sync with one another.

**Robert Morier:** But with that uncertainty, does that create opportunity... do you see areas, then, that you think are being mispriced that you can attempt to capitalize on?

**Catherine Ulozas:** I do think that there is those abilities. But again, that's not our—

**Dan DiDomenico:** That's too short-term.

**Catherine Ulozas:** That's not what we're doing. If I were on a Treasury desk somewhere, I might be arguing a different story here right now. But for us, we're not going to try to... particularly because most of the things that we're talking about here are short-term in nature. When we're looking at longer term investments, you can say, well, I already have my permanent exposure in the stock market, and I can dial it up and down a little bit here and there. But overall, that's where we are. And we've made that long-term commitment. And we know what the volatility is in there. And so where do we... what do we do with that volatility? Well, we can lessen it in other areas of the portfolio. And basically—

**Dan DiDomenico:** So that's on the margin—

**Catherine Ulozas:** Right.

**Dan DiDomenico:** ... changes that you can make to account for that uncertainty, yeah.

**Robert Morier:** That increase in private markets began before COVID. You were de-risking the portfolio at a very smart time. And then going through it, you've been increasing it since. You did mention real assets. I'm curious, how will that be deployed? Will you look at a generalist? Will you look at a specialist? Will you look at timberland? How specific do you think you could get?

**Catherine Ulozas:** So, we actually started going more into real assets because inflation was low for so long that it was the unloved area of the market for a very long time. We actually started back in a bit early into that, which was... I don't like to talk about timing, but it seemed as if inflation was beginning to occur. And we started to put our toe more into the water with that. And I've always said, I'm not trying to hedge inflation. I'm trying to capture it. So, between public and private managers, we have been doing that. Within real assets, we have liked infrastructure very much as an opportunity set. We like mining. We've done a mining transaction. Those are difficult, quite frankly, because some of the funds that we saw had operations in places we really don't want to be. And rule of law, things of that nature, that we... a lot of things to consider. More risk factors that you have to really put into play, particularly when you're dealing with anything overseas. So, we do like that. But timber is interesting. There's not that many funds that are out there. And I think that other areas that we'll look into is water. I think there's a lot of opportunity with



the need for clean water and the usage within the economy altogether. We'll probably do more time on that side as well. Commodities... we do have a commodities manager. We do take a look at that. I do admit that I listen to rural radio in the morning and I'm still trying to work my way through farm reports and commodity reports every day. It's pretty interesting to listen to what you hear in the real market timing that's going on as you start to listen to the development of everything from fertilizer. So, if you see fertilizer prices going up, it's going to go right through the chain, right? It's going to affect the crops, which is going to affect the food stock and everything else. So, it's good to pay attention to real assets. I think there's a lot, particularly in this inflationary time, it's very, very important to make sure that you are with managers who are deploying well and understand their markets and have access.

**Robert Morier:** Are you applying a lens of sustainability in those allocations or is it a separate pool of assets?

**Catherine Ulozas:** We don't have a separate pool of assets. But sustainability and ESG factors were things that we were talking about before they were popular, quite frankly. We've always believed that good governance leads to all of this happening. If you're dealing with reputable good fund managers who are looking for reputable good companies that you will get there. And you don't have to necessarily mandate this because those that are smart and already assessing those risks... you have to assess those risks. When you're already assessing them, you'll get the better outcome. And so, for us, we've been thinking about these things for a long time, as opposed to... and when we look at through our portfolio, we don't have a lot of carbon. We're below the benchmarks and things like that. We have really built out a very strong portfolio. We do still invest in energy. It's very important to stay in energy. And we think those who know how to get the power to the grid will be the best at the transition. And we're finding that to be the case.

**Robert Morier:** What has made the dragon fund so successful, because arguably you're turning over your portfolio team every four to five years—

**Catherine Ulozas:** Right.

**Robert Morier:** ... which goes against everything portfolio managers typically tell you. We've been here for 10 years. We've been doing this for 30 years.

**Catherine Ulozas:** This is only my theory.

**Robert Morier:** We'll take it.

**Catherine Ulozas:** And so, I have not done the analysis on that. But I think it is because students don't get evaluated on their stock price. They get evaluated on their analysis.

They get evaluated on their presentation skills and not on their stock price. So, they pick these stocks. And they vote on it. The students vote on which ones stay in the portfolio. Now, they'll take questions from people like us. But none of us can override them. No one can override them. And they pick. And then another team comes in and they don't care what the previous students have done. They don't... there is no bias.

**Robert Morier:** There's no bias.

**Catherine Ulozas:** There's no bias. So that, I think, is why that is the case. But the one I'd like to point out is NVIDIA. I think it was 2016-'17 when they first bought it. I think they bought it at \$8.0. It split four to one. And they've held it all this time. So, every class that's looked at it held NVIDIA. And then they finally had to sell it because it got so big in the portfolio. Or I think there's still some left. And it's no longer a mid-cap. It doesn't quite fall into there. But they held NVIDIA.

**Dan DiDomenico:** There's some pretty major corrections.

**Catherine Ulozas:** Right. So, think about that in terms of when they're looking at their technology sector and how all these new students have thought about that. And I think that's a pretty interesting case study unto itself, quite frankly. But I do think it's because what is in there is irrelevant to them. And what they pick going forward is what they pick. And only time tells about—

**Dan DiDomenico:** Well, to your prior point, there's nobody digging in and defending their pick. And to the book that you referenced in Quit, and not having that bias that you're bringing along. That intellectual capital that you've invested so much to, that stock... that proverbial stock marriage doesn't exist.

**Catherine Ulozas:** Right.

**Robert Morier:** Also, all that history, all that baggage that we all bring with us when we're thinking about making a decision, things that may have burned us in the past that we'll have in the back of our minds that—

**Dan DiDomenico:** You make it personal.

**Robert Morier:** And you make it personal.

**Catherine Ulozas:** Or things we like, right? There are things we like. There's products we like. And we have to be careful to be able to take a step back and look at really what's happening, not just our personal like or dislike.

**Robert Morier:** We're getting close to the top of the hour. And I cited a quote last year that one of our guests had shared that "what you are is an expression of history." So, I'd like to ask, where does your history show up in your life today?

**Catherine Ulozas:** My parents. I was blessed with phenomenal parents. And I've told this story a little bit lately. I was back in my hometown right before the November elections, the local elections. And my dad had been mayor of the town that I grew up in. And I was visiting family. And I was going through Cheshire, Connecticut on a beautiful day. And... New England day. And there were people standing outside holding up their political signs. And I recognized one of the guys who was the current mayor of the town, and I knew this. And I went to high school with him. And I stopped. And I got out of the car. And he was kind of surprised to see me for sure. And he said to me, Cathy, we were talking about your dad last week. My dad's been dead over 20 years. And they were talking about him at the town council meeting for all the work that he had done on the water management for the development of the town. And I was just... I was so touched by that. And so there were signs all over town. And there was another sign for another person that I went to high school with that I was very close to in high school. And I thought, oh, I'm going to make sure to check on Wednesday morning and see what happened. Well, Tim, who I saw and chatted with had... he was still on the council, but he had lost the seat as mayor. But my other friend won as mayor of the town. And I thought, ooh, I got to call him, right? I got to call him. And I said, oh, I'll call Tim, because we all know each other from homeroom a long time ago. And so, I'm thinking about... and suddenly my phone rings, and it's a Connecticut number. And I hear, "I'm so glad this number works for you, Cathy." And I said, "Congratulations, Mr. Mayor." It was Pete who called me and said to me, I had to call and tell you this. I'm so excited. Your dad had such an effect on my life. And I'm going to be mayor now, and my picture is going to hang next to his in the town hall. And so within three days, the memories of my dad... and my mom, too, by the way, she was phenomenal... have meant so much to me in my life at this point that being a good person that my dad was, always open, always helpful, that just means a lot to me. And it's the history I would like to take forward. And it's—

**Robert Morier:** That's so special.

**Catherine Ulozas:** ... great to be able to tell people about that, and my kids. And that's why, as we say in Greek when someone passes, may their memory be eternal. And it's one way to keep it that way.

**Robert Morier:** Thank you for sharing that.

**Catherine Ulozas:** Thank you for letting me.

**Robert Morier:** It's wonderful.

**Dan DiDomenico:** Yeah, is it.

**Robert Morier:** Just one last question. One of the things that I always get excited about is when I see a few women, females in my classroom. Unfortunately, it's usually not enough. They're typically outweighed by the gentlemen. But I would love if you could share some advice for those women who are in my class who are thinking about a career in finance.

**Catherine Ulozas:** So, I'm going to answer this in two ways. First, I'm going to talk to any females that are mid-career or later career right now, which is what we need to do... and oftentimes times we'll make introductions, and we will help younger females, or younger people in general... but I think it's very important to not just make those introductions but to check in. And what I have found is that I've done the introductions for people, but I didn't check back. And what I found after talking to a few former students, in particular, that they got lost those first couple of years. And they ended up doing something else and maybe not staying in investments. And I think part of it is that we need to do some more coaching through this. I think the days of the big management training programs are over in a lot of ways. So, we don't... the people don't get that same kind of training. And there are a lot of the softer skills and the fear of speaking out I think is a problem. For younger women, I would say, you do need to be an advocate for yourself often. And don't assume malice when stupidity suffices. I've said this before... to people, which is basically don't assume because someone is saying something negative that they are coming after you. Take that power away from them by not assuming something negative. And state your case, and be calm, and you will do a lot better. But don't give someone the power in your brain because that I think is something that we do tend to do, but we need not to.

**Robert Morier:** Sage advice. Thank you so much. Cathy, thank you so much for being here. It is really an honor for me to work with you and call you a colleague. I'm always proud to be on the desk with you as well, Dan. So, thank you for being here.

**Dan DiDomenico:** Thank you, Robert.

**Robert Morier:** It's really wonderful.

**Dan DiDomenico:** Absolute pleasure being here with you. Thank you very much, Cathy.

**Catherine Ulozas:** Thank you. This was a lot of fun for me, too.

**Robert Morier:** If you want to learn more about Cathy and Drexel University, please visit their website at [www.drexel.edu](http://www.drexel.edu). You can find this episode and past episodes on [Spotify](#), [Apple](#), or your favorite podcast platform. We are also available on [YouTube](#) if you prefer to watch while you listen. If you'd like to catch up on past episodes, check out our website

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