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EPISODE 65:

Mastering Complexity: The OCIO Approach with Meketa Investment Group

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, investment consultants, 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 our Dakota Live content, please check out dakota.com to learn more about our services. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today. Well, I am very happy to introduce you to my partner on the desk, Andrew O'Shea from Dakota. Andrew, thanks for being back here.

Andrew O'Shea: Great to be here. Excited to hear from Brian today. Obviously, Meketa, one of the legacy investment consultants that's been around for many, many years and obviously a huge presence in multiple channels, but particularly the public plans and an organization that's been growing. So excited to hear about Brian on those topics.

Robert Morier: Yeah, absolutely, particularly the growth. So, we're excited to hear all of that. Well, without any further delay, Brian Dana, welcome to the show. Thank you for being here today.

Brian Dana: Rob, Andrew, thank you for having me. I'm happy to be here.

Robert Morier: We were just saying before we started recording, we have known each other for a very long time when you started your career at Meketa back in 2006. I think you were randomly assigned my account. So, it was nice that we've had the opportunity over all of these years to be able to stay in touch and now to be able to speak to you in this format is wonderful. So, thanks for being here.

Brian Dana: My pleasure.

Robert Morier: Well, we have a lot of questions to ask you, Brian. But before we do, I'm going to read your biography for the audience. Brian Dana is a managing principal and director of OCIO services with Meketa Investment Group. Founded in 1978, Meketa is an employee-owned full-service investment consulting and fiduciary management firm. As an independent fiduciary, the firm serves institutional investors in non-discretionary and discretionary capacities. Meketa's collective client, assets under advisement represent approximately $1.8 trillion as of September 30th, 2023. As director of OCIO services, Brian serves as the leader of the OCO department for Meketa and is responsible for coordinating the efficient and timely delivery of OCO services to Meketa's clients. In working with other senior leaders and the firm's co-CEOs, Brian collaborates across Meketa's internal staff to facilitate the development and delivery of OCIO services. As a consultant, Brian also serves in a senior leadership role working with clients and formalizing firm strategy. This includes collaboration with and leading teams in providing advice to clients across Meketa's client base. As a research consultant, Brian works directly with the public markets investment team to perform manager due diligence by sourcing and evaluating the capabilities of marketable alternative strategies. 2024 marks Brian's 18th year with Meketa out of their Boston area offices. Prior to joining Meketa, Brian was an analyst at the University of Florida's Investment Corporation. He began his career at Citigroup Global Markets on the fixed income trading desk. Brian earned an Ms. from the University of Florida and his BA in economics from Drury University in Springfield, Missouri. Finally, Brian is a CAIA charterholder and calls the greater Boston area home. Brian, congratulations on all your success. Thank you for being here.

Brian Dana: It's my pleasure, Rob.

Robert Morier: Well, I'm very happy to share that you are our second Meketa guest. Alan Spatrick was one of our earliest guests on the show. And he was very helpful in setting the stage as it relates to the firm's history. It is a very rich history. As Andrew had mentioned, it was started in the late 70s and is continuing to grow today. And what's been so interesting from our perspective as hosts of this show is how we've seen our audience also grow from asset management sales professionals to asset allocators and more increasingly to students and educators who are interested in this side of the business. And it was funny, I was recently contacted by a student at UMass Amherst. She was doing a study on the percentage of undergraduates that go into asset allocation and manager research. And unfortunately, it's very few. So, what she's concluded is that there's just not a lot of information out there on how people find this particular area of the market. So, for our students, Brian, to start off with your first questions, how did you find your way into the investment office at the University of Florida following that first role at Citigroup?

Brian Dana: Yeah. I think it was… it's important to understand that time at Citigroup and then moving into the University of Florida role. So, I was on a bond trading desk. I had come out of university onto a fixed income trading desk. So, this was when the best thing for you to do in 2000 was buy equities. And in March of 2000 occurs, and the best thing for you to do is buy fixed income. So, I had colleagues and friends who were on the equity desk that were getting asked to leave, and I was not. And I thought, man, this is a pretty good job. And what I learned from my colleagues on the Citigroup trading desk was I knew exactly how to price an asset in fixed income world. Started to make me consider and evaluate the world in a non-linear fashion. So, bonds don't always operate as stocks do in terms of here's the price today because of the yield function. So those things are obviously different in terms of how they're approached. When I went to the University of Florida, I actually had a… I was in Florida partly because my wife now… that she was my girlfriend and then eventually fiancé… got into law school. And so, I thought I could figure out something to do in Florida. And so, living in Gainesville, Florida, it was either were a student or you own your own business. And as a young person with no capital and the ability to start anything that anybody else wanted, I went and became a student. And so, as I became a student, I had the good fortune of working with some wonderful people at the Warrington College of Business at the University of Florida. I was introduced to the University of Florida Investment Corporation as an analyst to that group through my masters in finance program. And so, I got a chance to sit with our Chief Investment Officer Mike Smith, our head of marketable alternatives Travis Shore, and our head of long-only investing in Julie Baker, and really had a great opportunity to learn from great mentors, good human beings who helped me understand what it was like to be the sell side and moving all the way to the end user. So, I like to tell people that I just skipped the middle. I skipped the buy side, if you will, on my progression which is I believe a little bit unusual. One of my favorite conversations that I had at the University of Florida was as a young person I was asked by the CIO what do you think. And we simply had a conversation about what I thought. My thoughts were probably less interesting to them than anyone else around the table, but he still took time to ask those questions. As I went into Meketa or found Meketa, I guess I should say, part of the reason that we went back to Boston was we felt like that was a better place for both of us to have a long and rich career. Her in the field of law and myself in the field of investments. As I was looking for roles in organizations, I was seeking out that same idea where people were going to ask me how I was thinking about a process or a problem. And we were going to work together to find that solution. As I went through the process with Meketa, I found that was crucial to them. So, I had an opportunity to meet a lot of people. There were two offices at the time. And three people were involved in the California office, and the other 40 were in the Boston area office. I pretty sure I met 38 of them. It was a rigorous conversation that continued for quite a long time. But every step that I had in that dialogue and discussion with them led me to become their 43rd employee. And obviously, Rob as you mentioned, I got an opportunity to be a part of something that's been around for 45 years and has grown fairly exponentially since those days in 2006.

Robert Morier: So, 38 out of 42 people is a high proportion of employees. I'm curious if you can think back to those conversations, what were some of the threads that you were hearing in terms of the continuity? What made Meketa different than potentially some of the other consulting firms that were in the Boston area that you had the opportunity to potentially work with?

Brian Dana: Coming fresh off a master's degree in finance, I think my discussions were focused on much of the theory, much of the conversation around education and how that worked at their own firm. And each of the conversations were just fantastic, whether it be a colleague like Alan Spatrick, who I consider a massive mentor to me personally, or whether it be Frank Benham, who is currently our head of research or head of private markets in John Haggerty. All of these human beings had this similar thread of digging apart a problem and creating something or having a discussion that allowed you to generate a good outcome for the people you were working for, whether it be a pension fund, an endowment or foundation. And that was really important to me personally because I think that is the important message behind all pools of capital is that it's going to do something. And if you can help them do those things, you're making a small impact on the world to be a better place.

Robert Morier: As you mentioned Alan Spatrick, again, he was wonderful and taking us through the history of Meketa. And you over 18 years have seen a lot of different aspects and areas of the business. But thinking about your seat today and your role, where does the OCIO solutions business sit in the mix of Meketa now that you've seen this growth over the years?

Brian Dana: Interesting story about the OCIO. So, it was born out of simple necessity. So, in 2009, we had two consultants who were out of finals, and the trustees asked at that meeting can you guys just run this on a discretionary basis, or however the trustee framed it. And the two consultants looked at each other and said yeah, I think we can do that. Similar to our first client 45 years ago, that client from 2009 is still a client of the outsourced CIO today. I think that's an important message for Meketa generally is that client longevity. But we are certainly today different than we were in 2009. We have created an institution that is, I think, one of the most innovative and thoughtful and pragmatic organizations on the planet. And when I think about how we fit inside Meketa, we're a $25 billion discretionary asset manager that sits inside this well-resourced consulting organization. So, if I want to go find out about Chinese private equity or I want to go find out about infrastructure in Europe, I can find out those things with a single phone call or maybe two. That has been something that has been such a benefit across our organization and certainly my path. When we think about the structure of the OCIO, our CIO Rafi Zaman was brought into the organization in 2015. And that was our 2.0 version at that time. Today I would say we're on that 3.0 version. So, one of the things that I mentioned is a string that ran through the variety of interviews I had in 2006 remains true today. So, when we think about a problem or a service or a solution, we want to make sure that we're taking it apart and putting it back together again for the better, for client results to be front and center. And making sure that we're not losing sight of that idea. We can do all sorts of fun, interesting things from an investment perspective, but if clients are not accepting of it or it's too confusing or we've created this massive industry jargon problem, we are not doing our job well enough to retain clients. When I think about the organization at $25 million, we're a far cry from that first client in 2009. And we are a piece of the Meketa apparatus or organization that continues to drive growth at the top line of the firm. And we think that we're doing a good job not only for our clients and when they decide to hire us, but also for enriching our other colleagues, whether it be our new staff who are just brought into the firm or people like Alan who… well, I'd call him a mentor of mine. I still get a chance every once in a while to give him some education on our side, which is a nice way for me to give back to him as much as he's given to us.

Robert Morier: Well, getting back to the OCIO team, can you share with us a little bit about the structure of the team? So how many people are involved in that process? And I think as importantly, what is the relationship… like you had mentioned Frank. So, the manager research side. So how does that dialogue take place?

Brian Dana: The outsourced CIO has an investment committee who are responsible for all decisions across the asset management platform. The OCIO seven-member investment committee is colleagues of ours who are deeply involved in understanding where capital markets are and why we would want to invest in specific parts of capital markets. Our CIO is involved. Our CEO is involved. Our head of risk and then, we have three consultants who are also involved alongside myself on that investment committee. The approach that we try to understand or try to get folks to understand is the organization may have its own subsidiary. We have a call on all aspects of the Meketa organization. So, if we need to have a specialist on, say, commercial real estate come in and talk to us through what's gone on at Silicon Valley Bank or what's gone on at New York City bank, these are components that we are bringing into the OCIO evaluating using as part of our judgment. And when we think about our organization there are… the seven-member investment committee who are key members of the outsourced CIO, but the breadth of the whole organization is available to us. And we expect that to remain a key attribute of ours. When I think about accessing our research… our access to our research which is always going to go through just natural dialogues and discussions. So, if I have a particular need of one type of asset manager or another, I'll engage with the direct folks involved in that process. So, on the ground, manager research staff who are engaging in the evaluation of high-yield bond managers or private market managers. So that is an important aspect to make sure that we're building the right portfolio across a client base. Because of the way that we deliver the service which is bespoke in nature, we don't have funds or structures that allow us to do those things. So, we want to make sure that we're delivering the right vehicles, the right structures. So, there's a lot of little nuances into this that is important from just our own execution of the strategy.

Andrew O'Shea: Would just be curious how the idea generation process works at the OCIO level. Obviously, with more of a consultant-driven relationship, sometimes those searches might be driven by need. But obviously, being more of an active manager, if you will, on the OCIO side how top-down ideas come about?

Brian Dana: This is the best part of any given day. When we think about idea generation, it really tends to be born from most allocators, or at the very least our OCIO through need, through a problem, through a dynamic that we wish to trade one in or one out or we think there's an opportunity that's coming up through a different pipeline. And so, when we think about that process, our first step is to go to something that we have available to us through our technology, which highlights to us all of the options that our manager research team thinks are viable and understanding then what is it that we are looking for. So, if you think about a small cap asset manager, there are market value, small cap US, small cap core, small cap international. And so, our goal is to understand which of the needs we're trying to find and then engage deeply with our teams on the research side to understand which pieces of that puzzle make the most sense for us. There are times where we don't find the right puzzle piece. And so, we have to go out and search for that component on our own. And so that conversation is one that we're doing jointly with our research team to the degree of here's who we think you should have a conversation with, here's why we think it's valuable for you to have that dialogue. And they're facilitating that dialogue on their own. So independent of us because we don't want to drive the research team to make a decision just for us. We want to have them make independent judgments each and every time that they have it available. Key attributes of any analysis that we will do, Andrew, are focused on the risk that we are taking and the risk that we are being rewarded for. I think there's a dynamic that many asset managers fail to recognize is that they are one piece of a very giant puzzle. And that component is interesting, and it's most powerful when asset managers understand that piece of their job to work with us. Most of the community like to tell you the 14 statistics that make them look the best. The fact is like we know those statistics, we can screen on whatever we wish on any platform we wish, whether it be our own internal tools or external tools. But we want to know is why is this something that we should pay attention to, and how does it fit or deal with a need that I may have that might work out for their own attributes.

Andrew O'Shea: So, from the way I understand it in case there's a need on the OCIO side, but you would primarily utilize managers that are already gone through the manager research process. Can you just talk about that side of it, and how that manager research process typically works?

Brian Dana: Yeah. The manager research process is an iterative process that we have broken into really two large teams. And I'll talk to them distinctly because I think they deserve their own dialogues and discussion. First, is public markets. Second will be private markets. Within public markets that's an apparatus that's led by Amy Shang. Amy's a colleague of ours who works out in Portland. And whenever that public-markets team is working through an asset manager, they're working through it collaboratively as a group in three distinct silos, so equity, fixed income, and marketable alternatives. And so, each of those silos while… obviously, are interacting with one in each other. They are trying to figure out how to deal with the top-line funnel of thousands and thousands of phone calls and emails that happen into them each and every month and determining who makes the most sense for them to spend an inordinate amount of time figuring out if this makes sense. Each of those individual teams, Andrew, are focused on finding things that are philosophically aligned with high use across the Meketa platform. So again, I think it's important to understand risk management is a key attribute. Making sure that you're producing things, doing things that you say and do are being appropriately introduced to your teams at Meketa. Then they go into their own dynamic research. And so that's when that process starts to become… I like to tell asset managers… it becomes somewhat invasive. There's multiple phone calls. We're asking to speak with the second layer, the third layer, the fourth layer. If there's multiple layers of decision makers or dialogues, we want to understand exactly what we're bringing to your partners that we're advocating that you become one of the select asset managers across the platform. Why that's important is because the worst thing that we can do as an organization, from a manager research side, is match up… a limited partner doesn't need the general partner. And then what happens is Meketa gets fired. The general partner gets fired, and everybody loses. So, we're really focused on trying to find that right match and facilitating that in a way that makes a tremendous amount of sense. Now, let's go back to my original comment of thousands of emails or introductions each month. When we think about how hard that is to digest and bring it down into a simple ideology, it warrants a lot of time energy and effort by a lot of people. Sometimes, it's hard for us to get back to all those thousands of conversations. We try. We try to be good stewards and good limited partners, but sometimes we don't make it all the way there. So please be patient if you are interacting with us in that way. The private market side is a little bit different. It has its own cadence, its own structure. Similarly, this group is led by our colleague John Haggerty. John has different silos underneath him focused on private equity, infrastructure, real estate, natural resources. And each of those teams run separately. There's cross fertilization across those pockets because of the nuances involved in private markets. And when we think about that funnel that is one of those things that has a specific timeline associated for the most part. Now, it changes over time, different fundraising cycles for different types of asset managers, but the process remains the same. There's a phase 1 evaluation that is done internally for our own use to figure out do we wish to go forward. And then there's a full-on investment memorandum. And if you think about their funnel, they too have thousands of inbound opportunities. And usually across our discretionary platform, we usually invest in anywhere from 10 to 15 underlying assets in any given year. Again, just to reiterate that thousands of opportunities down into 15. So, the high probability of success is not there for a lot of asset managers. It's because we're trying to make sure we're marrying that right LP with right GP each and every time when we think about that process.

Robert Morier: What are some of the reliable or relevant predictors then to get you from the 1,000 down to let's say 15? What are some of the consistent attributes that you're looking for? And you could take one side or the other. If it's more appropriate to answer that with the public market side, we'd appreciate it. But just trying to think about what are some of those consistent markers that you look for in managers… as managers are tuning into the show trying to figure out what makes them a Meketa manager, if you will?

Brian Dana: Yeah. I would say that I will answer it from the public market side. My private market colleagues would be better suited. While I engage with them often, I think they'd be better suited to answer that one more explicitly. When we think about the public markets, they are dynamic. And one of the pieces of the puzzle that makes managers good over the long term is explaining exactly why they have this ability to choose securities over long periods of time that are going to be beneficial to me. And I can't otherwise get at a low cost. When we think about those ideas that make an asset manager interesting to us, it's really people that are continued to understand their own limits. People that are continually trying to learn and grow and how they do their own processes and can prove it because I think there's a lot of folks that say yeah, we're always continually learning. But the number of those are probably fewer and further between than most people think. And the last piece is simple. We want to work with good human beings and good partners. And so, engagement with the team that's working with you is crucial. And it's not just engagement of the investor relations, staff member. It's engagement to make sure that the research staff member is getting what they need to come to a conclusion. And if there is a problem, understanding how that research person is going to react to that problem. The hardest phone call for any asset manager to make is if there is an issue that occurs and being on the front foot in those discussions is important to that human being aspect. Let me give an example of this because I think it is important for the asset management community to understand what we're talking about here more contextualized. So, a few years back during the Fukushima nuclear disasters and subsequent problems that happened in Japan, there was a lot of consternation and hand-wringing around what's going on with our Japanese equities. And one of the first calls I made was to a global asset manager of ours. I sent them an email. They responded back almost immediately and gave me context as to what was going on with those securities that they held that were Japanese in nature and certainly was appreciated by me. I had an extra follow-up question, so I called them on their cell phone said, hey what's going on. They said, well, I'm trying to catch a train to Tokyo airport. Would you mind if I called you back? And you know what? Not all people are going to pick up that phone call from somebody that might have a small amount of money with them. What it showed to me was it didn't matter the size of our account with this particular asset manager, it mattered that I needed something. He was willing to do it while going through probably a pretty difficult period of trying to get out of Japan and back home to his family. And that was super powerful from my perspective to understand how they were going to treat us anytime. Even in the worst of circumstances, personally the investment stuff was just going to work out. We were very… eye opening in terms of how he felt like his relationships with his limited partners should happen.

Robert Morier: Thank you for sharing that. I mean, it definitely stresses the importance of looking at the relationship as a strategic partnership. And it sounds like that was a great example.

Andrew O'Shea: It's been a busy couple of years in the markets. But as you all as a committee on the OCIO side are sitting around the table, what's taking up those discussions? Are there relevant areas of opportunity you all are focused on or be curious how those conversations are going?

Brian Dana: The biggest driver of the majority of our conversations in the last 12 months and looking out the next 12 months are the same ones that have been happening for since really 2020 or 2021. And that's a focus on policy impacts, whether it be central banks, whether it be fiscal policy, and how those ripple effects move into the fixed income system. One of the things that is crucial to us is in 2021, nearly 100% of our fixed income assets were invested in passive index funds… the Barclays Aggregate. Today, that's probably 80% invested in active fixed income, generally, across the platform. That's a market shift based on our outlook for what's happening in interest rate markets. So, I think we're happy with where things are. And we're happy that we're working with the partners that we're working with. I think it's important to understand that today's discussions are hopefully predicting tomorrow's dynamic. And so, the discussions that were engaged deeply with today focus on the impact of narrow breadth and capital markets. Obviously, this set a little differently the Magnificent Seven, how those are working through the ecosystem… less of an understanding of how that actually looks for our global equity portfolios across the platform. The second piece and one that isn't trivial is understanding the commercial real estate landscape. This is grabbing a tremendous amount of headlines. So, this isn't going to come as a surprise that this is warranting or meriting conversation at our OCIO. What we're trying to do is understand how those ripple impacts actually go through the system and why. And I'll highlight this because I think it's important for folks to know when we think about today's commercial real estate, it is a massive, massive multi-trillion-dollar industry. And so, when we think about, oh, we should want to avoid a 2008-type scenario, the opportunity for us to get through a 2008-type scenario through commercial real estate is less probable, partly because you have so many fractions and fractured buyers and sellers of assets. Well, we can tell you is that if a building wherever it is and whatever it gives or does office, industrial, retail if it has what's called negative leverage, basically you're paying too much to finance it and your income is too less too low to actually service that debt, you have a problem. And the only thing that fixes a problem like that is either more money or more time. And so, we're trying to figure out from our perspective which one of those things can we be a provider of, more money or more time? Both are conditional on a viable or practical outcome.

Robert Morier: Going through the website, I was looking at some of the older white papers not too old. But there was an interesting paper on dynamic asset allocation. It was in the context of health and welfare plans. But I was just curious if you could expand for our audience on your approach to DAA, the dynamic asset allocation. How are you employing it, and how does that translate across different channels? I would imagine… I would imagine as an OCIO you may have relatively smaller types of plans, whether it be health and welfare endowments foundations, maybe independent schools. So, it would be great for us to hear more about that.

Brian Dana: So dynamic asset allocation is a tool that we utilize across the Meketa platform as a function towards creating an optimal outcome that does not expose that pool of capital to an increased risk profile. Back to our idea that risk matters across the industry or across the company. In many different ways and functions, this is just another way that it rears its perspective and culture as part of our organization. What we want to try to do for any of those pools of capital that have a short-term liability, so that could be a health and welfare fund, as you mentioned Rob, or it could be an operating pool for a university endowment or just a corporate operating pool. So, all of these things operate similarly. You don't really know when there is going to be a call on that capital. We have a fairly decent idea that you need to have some reserve of capital associated with your $50 or $100 million or even $10 or $20 million. So, you have a good idea of how much should be set aside for that rainy day. What happens in the vast majority of these pools is they're bigger than what's actually needed. So, the analysis of a dynamic asset allocation does two really important things. It tries to understand what those needs are in the short run. So, for a health and welfare fund, you would just simply understand what that spending expectation is from the health and welfare fund consultant, and then model that into the platform. For a school's operating budget, understanding if that pool of capital is meant to be just for rainy days, or can it be used for other things, and when is it typically used. So again, getting into the weeds with a client understanding their use case of that capital becomes imperative. And if you think of our dynamic asset allocation, it's really just simply filling three different buckets each one after the other. So, if once you fulfill that first one, then you can go into a little bit more risk. So, when we introduce other tools, think about short-term bonds is really in that first bucket. And the second bucket we're going to have short-term bonds and a little bit of high-yield bonds. Maybe even bank loans to insulate that benefit of diversification and asset allocation. Once that fills up, then we go to that third bucket. The third bucket is your riskiest asset allocation tool. And it is focused on about a third to one half is invested in an equity. And when you combine these buckets depending upon the proportion of assets in each one, you end up with a pool of capital that should be able to sustain a lot of different equity market environments, a lot of different bond market environments, and fulfill its need. Again, that pool of capital doesn't… is not perpetual. It is meant to serve a short-term need. And we think that is a good approach filling each of those buckets one after the other as we move through time.

Robert Morier: Well, Meketa is going to be hosting its annual merging and diverse manager day on April 24th. And on the desk here we talk to emerging managers. We talk about emerging managers quite often. And we're always interested to hear from each investor's perspective. First and foremost, how do you define an emerging manager, and then how do you approach those emerging managers as it relates to not just the research, but the deployment of capital? Do emerging managers, for example, make their way into an OCIO discretionary solution? And if so, what do those allocations look like?

Brian Dana: I think there's important distinction that we should make in terms of what an emerging manager is. We actually have… for our emerging and diverse manager day in April, something that we have twice a year. And so, when we think about that there is a specific asset threshold associated with each of the asset manager categories. So, if I'm a $10 billion dollar or less fixed income asset manager, I'm probably an emerging fixed income asset manager. If I'm a $10 billion small cap manager, I'm probably not. So again, we have specific thresholds associated with each asset category which isn't a surprise because different asset categories can consume more. We also layer in a time that the asset has been in business… asset manager has been in business. So usually, it's three years and in associated with those types of public market assets. When we think about the other layer of that, the diverse piece which is a key portion of our emerging and diverse manager day in April, we certainly have components of those that we want to make sure that we are understanding about each asset manager and making sure that we're getting that filter into the apparatus meeting with our research team and trying to move from point a to point B in that research process. One of the biggest drawbacks or criticisms that consultants may hear from emerging and diverse managers is we don't get an opportunity to meet with the research team. And so, our emerging and diverse manager day, two of them each year, are meant to alleviate some of those pressures. In terms of how those investment managers work their way into a portfolio, they're going to follow that same process that we followed… we discussed earlier. It's rigorous. It's required that you go through that process regardless of the OCIO or other pieces of the puzzle. And we want to make sure that we are hiring great asset managers. And we're finding great asset managers irregardless of how we find them. It doesn't matter if it's coming through that emerging diverse manager day or through a conference or through a cold call because that certainly is something that does still happen across the platform.

Robert Morier: Thank you, Brian. That's insightful. And it's also good to get a sense of your definitions, particularly as it relates to some of the other folks who have employed these emerging manager programs. I'm just curious how far these programs go in terms of your investment. Will you take equity in any of the managers that you're investing in? Will you look at revenue share types of models? So how far do you extend out the opportunity set as it relates to these younger managers?

Brian Dana: We try to be as independent and conflict free as possible. And so, for us to take a stake in an asset manager would call that philosophical point of view into question in a really, really dynamic way and a very explicit way. So historically, we have never taken stakes or done any type of rev share with an asset manager, whether they be old or new.

Robert Morier: It's just curious. We had a previous guest who was talking about that the hedge fund sleeve. So, hedge fund managers, in particular. And this person's belief was that hedge funds have expiration dates, and no hedge fund can exist in perpetuity. So more… not so much about hedge funds, but just… as you think about managers, what are some of the signs that you see when a manager is approaching the end of their shelf life? What attributes distinguish managers in those earlier, fresher… we'll call them younger days… relative to when things may look like they're turning the other direction? What are some of the attributes you look for?

Brian Dana: This is very difficult to ascertain or evaluate because when you think about the asset management business, there's quite a few attributes that one would think are ongoing and perpetual. When we think about… as someone's business begins to erode, some of that is focused upon their own particular attitude or their own particular station in life. Everyone does have a number. Don't let them lie. They all have a number in mind that they want to make in the back of their head that says this is what I'm set up for to do for the rest of my life. There are unique human beings out there that want to do this as their day job even into their 80s. Discerning between the person who has a number and the person who wants to do this into their 80s is one question. Discerning between those people and understanding where they are in that path is a knowable perspective. And understanding that other layer of how far along are they into doing this at their 80s is this OK with us to be a long-term partner with them? Because our pools of capital are perpetual. So, when we think about that dynamic everyone gets to that place where less is probably a better option. Tell you a story about my own father because he was a banker in Kansas City. My dad called me three years ago. We had a meeting as a family. He said, I'm retiring from the bank. We're like, congratulations, dad. That's amazing. So, we all hung up after much fanfare. I called him. I said, hey, so what does that mean exactly, retirement. And he said what do you mean? I said, well, I said I know that you're not going to do nothing. And I said my guess is that you're going to probably work about 40 hours a week at the bank. He goes, well, at least for the next year or two.

Robert Morier: That's funny. My dad also retired from banking very recently. And he said something very similar. He did not go back to the office. I can't get him off campus. He comes up to Philadelphia three times a week and just sits in a classroom down the hall from me. So, I love it. So very similar. I think similar parent types there, Brian. Thank you. Thanks for sharing that. I was going to ask you about your outlook in 2024. But truthfully, I'm really interested in your view on how you envision the evolution of the OCIO business and the OCIO services over the next 5 to 10 years. Because, Andrew, you've been in this for a while now. You've seen the evolution, the growth, the consolidation of these outsourced CIOs. So, I'm curious, Brian, from your seat where do you see the next five years playing out as it relates to this segment of the market taking that fiduciary responsibility on behalf of some of these clients?

Brian Dana: Fiduciary responsibility is something that is held by Meketa in contracts regardless of the discretion afforded or not. So, I think that's an important attribute of Meketa that sometimes goes wanting. I think a lot of consultants are now on that train that they do take fiduciary responsibility. But I think more importantly and more specific to your question, Rob and Andrew, is the strategic path of the OCIO is one that we believe is important to a lot of different pools of capital. So, at its outset 25 years ago, the OCIO was really largely for individual or individual endowments or foundations to act very much like the Yale model, where you could tap into successful investment offices around the country. And you could look a lot like Yale or Stanford or the University of Florida. The idea behind this is super powerful because of the compounding nature of these institutions that was viable and practical and all of them have and have… had and have a very robust investment engine driven to drive outcomes in a way that's particular to large long-term institutions. As we moved into 2008 and even into 2020, there's obviously bumps in the road that occurred. One of the things that for us in our OCIO that we find particularly attractive with the next 5 to 10 years is the fact that not all institutions should act exactly the same. And so, understanding an institution's risk and their own risk profile becomes profound and supportive to having a long-term engagement with a client. So, what do I mean by that? If we're talking about a women's college or we're talking about a college endowment that wishes to divest from fossil fuels or we are looking for an institution that has created an unbelievable foundation apparatus that's generating hand-over-fist donations, all three of those entities will look very different and should be investing differently across their own platform. So, our job as an institution is to bring to them the things that they need, not the things that I think are the most interesting or the things that our research staff believe are the best things since sliced bread. It's to bring them the things that are best for them. And that's hard. It requires a lot of time. It requires a lot of energy. My role as our director of OCIO services I often talk to folks and say what it's like the biggest complaint department in the world. So, if it's investment related, client related, or operations related, somebody's going to come ask me about it if there's a problem. So, when I think about how that gives us energy as we move forward, I want more of those problems. I want to unpack more of those dynamics for clients and go back to my original comments about Meketa… unpack a problem, create a solution, and deliver that solution for long-term success.

Robert Morier: It sounds like you could also create a course syllabus for me because that's a great way to a… approach one of my classes. Thank you for sharing that. That's very insightful. Well, I lost count. But you mentioned human beings and people quite a few times over the course of this conversation. So, we're always curious. And usually, the last question that I end these interviews on are the people who have influenced your career. You mentioned some mentors in the beginning of the conversation. But who are the folks that you think about when you are going out to that client meeting or wrestling with a difficult problem? We're always curious and would welcome any insight.

Brian Dana: I'd be remiss if I didn't highlight the people that brought me into Meketa. Frank Benham being one of those. Alan Spatrick being a powerful mentor to me and hopefully, I'm giving back to him something over the course of our relationship. When I think of the partners that I've felt are most powerful in my career, I have to think my colleagues at the University of Florida for just bringing me into that asset allocator side and introducing my eyes to a world I did not know. It was an area the capital markets that I wasn't clearly understanding what they did at first. But once I understood it, I realized that working as an allocator is a special place. You have these dynamics that are engaged in that institution. And whenever I go down with my family to the University of Florida, I can point to certain places and say, hey, dad helped a little bit with that building. Something that makes you proud as you move through your career. All of the normal things as well, whether it be my mother and father or my sisters and my wife. These are all important people to have around you as you go through your life. They probably don't like to hear about all the problems that I want to think about, but they're always good as a sounding board to make sure that I remain in good stead across the platform.

Robert Morier: Also, your insight on the University of Florida. One of the pieces of advice I usually give students who are interested in this area is touch base with the endowment, touch base with the foundation. A lot of those folks that work in those endowments and foundations are also teachers. Most of them are adjunct professors. So, they're teaching it just maybe not as a full-time profession. But that's very helpful. You brought it full circle for us and that always makes a good interview. So, thank you for your time. Thank you for being here. Congratulations on all of your success. We wish you nothing but more of it. Whatever your number is, we're excited that we have now.

Brian Dana: Thank you, Rob. Thank you, Andrew. It's been a pleasure and have enjoyed the conversation. I appreciate it.

Robert Morier: If you want to learn more about Brian and Meketa, please visit their website at www.meketa.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. Brian, thank you again for joining us. Andrew, thank you as always. And to our audience, thank you for investing your time with Dakota.