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EPISODE 3:

Understanding RIAs

with Aldo Vultaggio, CIO

Robert Morier: All right. Well, welcome to the Dakota Live! podcast. I am your host, Robert Morier. And we are thrilled to bring you our third episode. If you're not familiar with Dakota and their Dakota Live content, please check out dakota.com to learn more about their services. The goal of this podcast is to help you better know the people behind the decisions. We will be introducing you to chief investment officers, manager research professionals, senior sales leaders, and other important players in the industry who will help you sell in between the lines. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota, not a solicitation, testimonial, or an endorsement by Dakota or its affiliates. Nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. This episode is sponsored by Dakota studios. Looking to take your marketing to the next level, look no further than Dakota studios, the premiere video production studio located in the heart of Philadelphia. At Dakota studios, we take the pain out of marketing in video production. You don't have to worry about traveling to a studio or not knowing what to say. Our experienced investment team knows just the right questions to ask to bring your story to life. We specialize in creating high quality, engaging video content that captures your brand's unique voice and message. And with our state of the art studio, cutting edge equipment, and experienced team of professionals, we ensure that your videos are always up to date and effective. Don't settle for less when it comes to your brand's marketing. Partner with Dakota studios and experience the power of great video content. Visit our website today at dakota.com/dakota-studios to learn more and book your session. Joining me today is Andrew O'Shea from Dakota. Hey, Andrew. How are you doing?

Andrew O'Shea: Doing well, staying busy.

Robert Morier: Yeah.

Andrew O'Shea: I'm excited about the podcast and especially our guest today.

Robert Morier: Oh, good. Well, we're glad you're here. Thanks. This is becoming a duo. So, I like this. I'm eager to see you more than once already. Well, Andrew, 90% of podcasts don't make it past the third episode. So, I think we're doing pretty well so far. We're on number three. So, if we can make it to four, I think we're in good shape. So, the last time we spoke, you shared that travel was picking up again. As we get closer to the holiday season, I know it can be a very busy time for everybody in the industry. How's your calendar coming together for the rest of the year, and what do you have on the horizon?

Andrew O'Shea: Yeah, it's a very busy time. I think we've seen it dramatically pick up in terms of activity between the back half of this year. And I think what's going on is you've seen a shift in sentiment from allocators, not that they're rushing to put capital to work right now. But they're setting up their due diligence so that they're ready to make changes and with any drawdown comes new opportunities. And so, we're seeing a lot of due diligence picking up both in terms of on sites and initial due diligence meetings, which is exciting for folks like ourselves.

Robert Morier: Oh, that's great. Well, good. Well, it sounds like it's an important time to be on the phones and making sure you're staying in front of people.

Andrew O'Shea: Exactly.

Robert Morier: Well, we're off to a fast start with this new podcast. And we're starting to build an impressive roster of current and future guests, one of whom is with us today, thanks to the platform Dakota has continued to build. So, I know you're an important part of that Andrew. So, thanks again for being here. So, for many viewers and listeners in our audience, the RIA multifamily office channel is one of the most important segments of your sales and marketing pipeline regardless of the asset class that you're distributing. Finding the right decision makers, however, particularly among growing RIAs and multifamily offices can be one of the more challenging exercises as you're building your opportunity set.
So, it's as we think about that channel and maybe before we introduce our guest today, Andrew, how have you seen the RIA multifamily office channel develop over the past decade that you've been here at Dakota, and what's your process been in terms of that approach and coverage of that channel?

Andrew O'Shea: Yeah, of course. It's… the growth in the space has been dramatic over the last 10 years for a number of reasons. But two things. One, we've seen a number of teams that were previously within larger banks or wirehouse platforms have come out and become independent RIAs. And you've also seen mergers and acquisitions within the space increase dramatically. So, for someone like myself, that can be a tough task to keep on track of everything on top of the fact that there's already 2,000 or so RIAs that are actively allocating to outside managers. And then on top of that, there's a lot of turnover in the industry. A lot of investment professionals tend to move firms every five years. We track our database, and our database turns over about a third every year in terms of turnover. And so, the question is, how do you keep track of it? But it's a very disintermediated channel. So, one of the methods we use is a very simple method called City Scheduling where we're constantly have two to three cities on our calendar. And what that does is it ensures that we're constantly covering what's otherwise a very large addressable universe. If you were to sit down at your desk and think about 2,000 RIAs, you would get overwhelmed with where to start. And so, a simple City scheduling methodology allows us to focus our time on a smaller subset and make sure we're always finding the new. Always finding the new. Always want to see those relationships we've built, but always finding the new as well.

Robert Morier: That makes a lot of sense. I mean, it's amazing. Just the amount of movement in the industry I think across the board, whether it's that channel or consultants, it seems like it's never ending.

Andrew O'Shea: Exactly. And that's a good point on the consultants because you've seen if you think about RIAs, it can be complicated in terms of not just the decision makers, but what are the platforms they need to access strategies on? Are they using an outside consultant? Are they affiliated with an aggregator like a Hightower or Focus Financial? And what does that actually mean? So, we've done an excellent job as a team I think staying on top of all that information and sharing it with our clients as well.

Robert Morier: Great. Well, thanks for that insight. Well, one of those decision makers is here with us today. Joining us from Chicago is Aldo Vultaggio. Hey, Aldo. How are you?

Aldo Vultaggio: Very good. Thanks for having me.

Robert Morier: Yeah, no. Thanks for being here. Well, Aldo is the chief investment officer of Capstone Financial Advisors. And, Aldo, I consider you a rising star among allocators. You've been doing this now for several years. And I know Capstone has grown successfully since you've joined. So, we're very happy that you're here with us today.

Aldo Vultaggio: Great to be here.

Robert Morier: Well, good. Well, before we get started, we've got a lot of questions for you. But I want to share a bit about your background for the audience and introduce them to Capstone if they're not already familiar. So, I'm just going to take a couple of minutes and let the folks who are listening and watching today know more about you and know more about your firm. So, Capstone Financial Advisors is an Illinois-based wealth manager investing more than $2 billion in assets under management on behalf of high-net-worth and institutional clients throughout the country. Capstone delivers goal-based financial planning and personalized wealth management services. For more than 20 years, their experienced financial advisors use market knowledge to create independent wealth management strategies that include sophisticated open architecture planning across asset classes. When you're visiting the Chicago area, you don't want to overlook Capstone's average allocation to an investment manager is approximately $50 million, and they are constantly on the lookout for new and innovative investment strategy and products. I know Aldo is going to talk a little bit about today what he's been focused on over the last year and what he's looking at moving ahead. But before we do, I want to just tell you a little bit about Aldo. He joined Capstone more than six years ago to help shape the investment program for advisors and their clients in order to solve problems and give direction related to their portfolios and long-term investment plans. Prior to joining Capstone, Aldo was a senior portfolio manager of manager selection at AEPG Wealth Strategies where he worked for nearly a decade. With AEPG, he conducted all aspects of investment research, analysis, and due diligence. His responsibilities included qualitative and quantitative research, valuation analysis and manager due diligence in both traditional and alternative asset classes. He was responsible for 50 strategies managed by more than 30 third party asset managers across equity fixed income and alternative asset classes. Aldo began his career in many moons ago where many of us do in the industry as a technology business analyst with BlackRock. He was calculating and reporting performance analytics and attribution. Definitely an area we see a lot of people start their careers. Aldo, how was that for you?

Aldo Vultaggio: The good old days. Yeah, that was fun.

Robert Morier: Good, yeah. Yeah. It's operations performance analytics, we see a lot of folks coming-- particularly from the consultant and the manager research side, coming over to those areas. So, it's great to see. It's also helpful for those of us who are listening, who are a little earlier in their careers to see where you can get to. So, Aldo is also a CFA and a CAIA charterholder. He's an accredited investment fiduciary. And just to keep things interesting, around tax season, you're a CPA as well?

Aldo Vultaggio: Yeah. I try to avoid the tax preparation process of the firm. But yeah. I do have the… I do have that credential just in case they need me.

Robert Morier: Well, your wife must be happy about that. At least it makes things a little bit easier in April.

Aldo Vultaggio: Right, exactly.

Robert Morier: Well, you graduated-- which is very exciting for us here in Philadelphia. You graduated from Villanova University with a BS in computer engineering. You have an MBA from Baruch College. And you are a proud alumni representing Staten Island Technical High School. Does it feel like a long time since Staten Island?

Aldo Vultaggio: Oh, my gosh. It's been a long time. My family still lives there. So, I get back there from time to time. So that's nice.

Robert Morier: Oh, good. Good. Yeah. I go through Staten Island every other weekend—

Aldo Vultaggio: Oh, really?

Robert Morier: To visit my daughter. And every other weekend, I ask myself how people do this traffic. It's unbelievable there. But it is a great place. Well, thank you again for being here. And you did mention your family, your wife and two boys now call Chicago home. So, congratulations on all your success, Aldo. Thanks for joining us today.

Aldo Vultaggio: Thank you. Thanks Rob.

Robert Morier: Well, we connected several years ago. As you probably remember, you were actually considering a career move back then. You were weighing a few opportunities on the East Coast, and, of course, Capstone out in Chicago. You ultimately chose to join Capstone and move your family to Chicago. What was that decision process like for you? As Andrew had alluded to the fact that there has been a lot of movement in the markets over the last several years, it's still a big decision.

Aldo Vultaggio: Yeah. In terms of the decision to move to Chicago, it definitely wasn't because of the weather… improved weather situation. I was coming from New York. But the decision to move to Chicago was actually an easy one because my wife's firm made it for us, and they paid for it, which is nice. But it was actually good timing because we were newly engaged, and we were actually doing a long-distance relationship between New York and Pittsburgh. I was in New York. She was in Pittsburgh. So, I originally had my sights on moving to Pittsburgh. But then her company Heinz merged with Kraft several years ago, and they decided to relocate everybody to Chicago. So, then I set my sights on Chicago, and I spoke to… I found a new workplace after speaking to several people in my network, including you, Rob. And then Capstone Financial Advisors at that time was looking for someone to lead their investment strategy. So, the timing was perfect. And so, it was a pretty easy transition.

Robert Morier: Well, you had just come out of a 10-year run with AEPG. What were you looking for with the next shop?

Aldo Vultaggio: To be honest, I was actually looking more for roles in the institutional consulting space after being in private wealth at another firm on the East Coast for nearly 10 years. I wanted to explore roles that where I could provide investment consulting to corporate plan sponsors and public institutions. I was actually doing a little bit of that work at my previous shop. We were advising 401k plans sorry, a few fairly large 401k plans. So, I liked it. I wanted to do a little bit more of it. But ultimately, the timing was aligned. I found Capstone, and they were looking for somebody to lead their investment strategy after growing leaps and bounds. And I was drawn to them after talking to various people in my network. And after multiple conversations with capstone, I realized that they had a larger average client size, and they have… and we have several family office size clients. And I felt that they were aligned with a more institutional quality, strategic long-term investment approach, which was aligned with my personal beliefs and approach to investing. That was the type of philosophy I was ultimately looking to implement and lead. So, it was a good match.

Robert Morier: Well, chief investment officer titles can carry a variety of responsibilities depending on the business. It sounds like Capstone takes a more institutional approach. But how would you constitute your day-to-day responsibilities?

Aldo Vultaggio: My day-to-day responsibilities include ongoing research and due diligence of investment products and solutions, continuing to evolve and develop Capstone's investment program. Of course, chairing our investment committee, and planning for and running our monthly meetings where the decisions are made is part of the gig. But then there's also the client side. A big part of my role and responsibilities are to support advisors and directly advise clients on in complex investment related matters, or even just simple questions that come up from time to time. Particularly during environments like this, it can be extremely challenging for financial advisors. So having that investment professional support behind them or with them in the meeting is very helpful for them. And, of course, a big part of my day-to-day is writing, especially this year. You know whether it's writing about giving our perspectives about what's happening in the markets, or thought leadership about portfolio design, portfolio management and positioning. And so, I've been doing a lot of that, particularly this year. And, of course, it requires staying on… current on capital markets, asset classes, and investment solutions.

Andrew O'Shea: Aldo, could you talk about your investment team? One of the things that's interesting about RIAs is a lot of them operate in a generalist structure, whereas a lot of consultants have segmented analysts by asset classes. But can you talk about how you break out your team from an investment perspective?

Aldo Vultaggio: We're all generalists when it comes to all the various asset classes. And like for myself more recently, I think it was two years ago now, I studied for and got the CAIA designation that was very helpful for me to enhance my knowledge about the alternative investment landscape. But we have a few members of the team that are chartered financial analysts. And so, but we all broadly share the responsibilities across different asset classes in both traditional and alternative. We have a six-person investment committee that ultimately is where a lot of the decisions ultimately happen. But me and my team, we do a lot of the research and due diligence before or in preparation for those meetings that we have.

Robert Morier: Well, all of that marketing, or I should say all of that investment collateral that you're putting together, in times of market volatility, we can get caught up in the short term. I'm sure your clients and probably even ourselves get caught up in it. How do you keep an eye on the horizon while navigating through the choppier waters of today?

Aldo Vultaggio: Sometimes it's assumed that investment professionals and financial advisors are impervious to feeling nervous or anxious about what's going on in the markets. I mean, the reality is we're all human, and we feel the same things that clients feel with our own money. And we're all in the same boat. But investment professionals and good financial advisors fortunately have access to information, a lot of information and data and perspectives beyond the scary headlines and alarmist TV news reports. So, this information helps us to keep perspective and in turn helps us to provide a more balanced perspectives to clients on what is really happening and what is likely to happen going forward rather than fixating on the world is ending noise. The other thing I wanted to mention is that, at Capstone, we are very much a firm that has a philosophy that the asset allocation should be informed or based on a long-term financial plan. In other words, the allocations to growth assets and defensive assets are determined based on a decades long financial planning analysis. So, and that analysis incorporates very conservative assumptions. Assumptions around future expected returns, assumptions around future income and expenses for clients, even conservative assumptions about inflation and one's time horizon. In addition, we run Monte Carlo simulations to factor in worst case scenarios in given years. And so, we use these conservative estimates and Monte Carlo simulations to build high success rate financial plans so that should we go through an extended period of poor market performance like this year, clients are going to be OK. So, these days, we are running these… updating these financial planning analyses, and when advisors go into meetings, they're not only going over recent portfolio performance, but they're also showing that, hey, listen, at a higher level, at a more important level, despite the declines this year, you're still on track with a high probability of achieving success with your financial goal based on everything that we've assumed.

Robert Morier: Yeah. And I would assume a lot of that work is being done through your fund model portfolio that you work with your clients. Could you talk a little bit about your fund model portfolio relative to allocations to managers outside of the model portfolio? So, you raised some great points, having that long-term horizon, incorporating financial planning in your long-term goals. That makes sense, both from a retail and an institutional perspective. But I think for our audience in particular, it's helpful to understand the types of vehicles that are used in order to achieve those types of financial goals. So, for example, the model relative to your outside investments, that would be helpful for us to better understand.

Aldo Vultaggio: Yeah. So, our fund model portfolios typically include mutual funds and ETFs. I would say the mix is about 50/50. Maybe a little bit more to ETFs more recently, which is by the way, has shifted over the last several years from nearly 100% mutual funds. But on the mutual fund side, we're using the lowest cost institutional share classes without any loads or multiple fee layers. Outside of our model portfolios, we utilize other investment vehicles and solutions to complement model portfolios for certain clients, including separate fixed income, separately managed accounts, or options overlay solutions for concentrated stock risk management. We have a large… we have a pretty large client base of corporate executives that have a lot of individual stock exposure for their companies. And also limited partnership private placements for private equity and real estate.

Andrew O'Shea: Aldo, could you talk about within those vehicles at least in the public market side, are there areas where you all prefer active management versus passive, or an index orientation?

Aldo Vultaggio: I would say not really, because if… most asset classes are at least on the public side. There is the ability to get exposure to the systematic exposure or beta exposure to many of the major asset classes out there through indexing. And that is a great way to lower the overall cost structure of the portfolio. And in addition to layering on top of that some active management. And again, active management is… in the public space is really readily available across all asset classes as well. So, unless there is an area of the market that we don't have the ability to appropriately use an index product or an active product, then we will use one or the other. But if there is both, then we generally will use… we'll combine both.

Andrew O'Shea: Naturally, does that lead to more concentrated high active share, higher tracking error managers on the public side?

Aldo Vultaggio: Yeah. I would say that's true in some areas. Sure. It's almost like a core satellite type of structure as well. But we also use active managers that are a little bit more… are more broadly diversified as well in certain asset classes.

Robert Morier: It's interesting about that. You had mentioned the proliferation of ETFs. Do you feel like that's going to be the way we're going now from here on out? If you're a mutual fund provider, is it time to think about a different direction? Are we going electric with vehicles?

Aldo Vultaggio: Well, to be honest, we… myself, I don't have anything against mutual funds. I think mutual funds are great vehicles. They've been great vehicles for a long time. But what is exciting is that I feel that what's happening now is a lot of active managers that have been maybe-- that have held out on the ETFs for products up until recently are launching active strategies that are either clones or very similar to what they've been running in a mutual fund format for many years. And the nice thing about that or the exciting thing about that for investors is that investors are increasingly getting easy access to strategies sometimes at a fraction of the cost than they previously were being offered. And so, there's more actively managed strategies readily available in this ETF format, and that's I think is going to continue to happen over the next few years.

Robert Morier: Well, I know you're wearing several hats. I'm just curious. What's the process like for you as you and your team kind of toggle in between alternatives and traditional strategies? As you know very well having covered both areas of the market historically, it can be a different approach, different discipline, different time horizon. Sometimes you actually don't get as much time when a private equity firm calls, and it's time for a cap raise, and you've got 30 days or sometimes less. So, what's that process like for you in between the two areas?

Aldo Vultaggio: The process is very challenging. But it also keeps our jobs as investment advisors very interesting, which is good. It's challenging because like all… it's like all of the private market asset managers are putting out solutions all at the same time really over the course of the last two to three years. But it's exciting because there is a lot of really good products and strategies coming out that provide access to asset classes that were previously only available to institutional investors, or ultra-high net worth, or family offices. And these are not new asset classes. They're established asset classes and well-performing asset classes that have been around for decades. So, it's a pretty… although it is overwhelming, it is a pretty exciting time for asset allocators in the private wealth space.

Robert Morier: Does it make you have to rethink your approach to risk management? Risk management, particularly in those less liquid asset classes, I know… it's a great point you made. There's been this democratization of illiquid asset classes for more retail-oriented investors over the last several years. I mean, you've seen it most recently with some of the venture capital ETFs that are starting to come out. But from a risk management perspective within your shop, how do you think about that liquidity risk?

Aldo Vultaggio: That is like an additional major consideration when talking to clients about private market investments. And depending on the liquidity structure of the vehicle, we will talk to the client about liquidity risk. This other dimension is here that where if they commit to let's say a private placement structure that's going to be drawing capital over the next few years and likely won't be distributing the capital until several years out, we have to make sure that they understand that and set the expectation that, like, listen, like even in an emergency situation, it's going to be very difficult to take money out of this investment. So, we have to make sure that we're allocating the appropriate amount of a portfolio to it. So, on one hand, we're certainly not in the camp that believes that you have to have 100% of your assets in all liquid, daily liquid vehicles all the time. But on the other hand, we have to take into consideration that probably the appropriate allocation is a relatively smaller, less than 50% of one's portfolio certainly in these more illiquid structures. And that could grow if the liquidity is a little bit shorter than these kind of more like 10-year plus horizon products as well.

Andrew O'Shea: Aldo, at Capstone, do you all access those alternatives for clients through a co-mingled vehicle you all have? So, your one LP is Capstone, or is each individual client you have allocating one off to one of these set strategies?

Aldo Vultaggio: It's the latter. And the various platforms, you know, fintech platforms out there today are enabling us to do that pretty efficiently, relatively efficiently than in the past with sub docs and performance reporting. So, my previous firm, we did that, the former, creating an LC structure and pooling assets. But these days, given the advances in technology and through these alternative investment platforms, there really isn't a need to do that in our view.

Andrew O'Shea: One question I was just interested in is, in terms of when you source alternative investments, are you captive to the access platforms? Or are you able to find your own ideas outside of those platforms?

Aldo Vultaggio: I would say that it's the latter, because we do get increasingly so… we do get approached by alternative managers that may not be on the case, or iCapital, or any of the other alternative platforms. And so, we do get increasingly information and communications from other firms. So, we haven't to date… actually, I shouldn't say that… when we do use one manager that's not on one of those alternative investment platforms. So, I would say the answer is, yes, we do use. We're not captive to, or, no, we're not captive to the alternative investment platforms.

Robert Morier: Well, that's a good thing you're CPA having to deal with all these fee structures.

Aldo Vultaggio: Right.

Robert Morier: Have you seen them? Just curious. We think about fees a lot, and we read often that fees across the industry are in structural decline. Have you seen that play out as you're speaking with asset managers and talking about these types of fee structures, particularly in alternatives relative to the more traditional?

Aldo Vultaggio: Yeah. So, we definitely focus on… I would say that we definitely focus on cost when it comes to investments and particularly tax costs. We're an RIA firm that does tax preparation for nearly all of our clients. So, we wear both hats both on the investment and the tax preparer hat. So, we're going to have those difficult conversations with clients about their tax bills come April or October. So, we definitely focus a lot on overall cost, including tax and management fees as well. And I think that we're probably in the seventh or eighth inning of fee declines in the traditional space. And like I said before, the next two innings or so are going to be this proliferation of the active strategies by mutual fund, traditional like more mutual fund managers. So, there's going to be a little bit more. On the alternative side, what I see right now is that definitely fees are a lot higher. So, it's like resetting that expectation for people that, yeah, fees on the traditional side have come down a lot and pretty low levels. But if we want to provide additional diversification portfolios, the fees are higher, a lot higher right now. What I'm seeing across the space is that everybody is really costing, pricing out strategies more or less the same within each asset classes. It could differ. But I see that most providers are coming in about the same. In other words, no one is… well, hardly anybody is really undercutting anybody right now. But I think as the competition increases, it's naturally going to happen. I don't think there'll be like an index revolution in private market alternatives like there was in the public market side. But I do think that, eventually, we'll start to see some fee declining on the alternative side. It's probably going to be very gradual and not nearly as much as what's happened on the public market side.

Robert Morier: And just curious. I know your client…you're probably… I would assume you're dealing with a lot of generational wealth planning. And as you are speaking to the next generation of your clients, are you finding more interest in sustainable investment strategies, ESG? What types of options are you putting forward for your clients?

Aldo Vultaggio: I would say that, overall, there has been some demand for that amongst our client-base. Not a lot. But where we've seen to your point Rob, most of, not all. But most of the demand is coming from the younger clientele or adult children of clients. And as always, before recommending an asset allocation or a specific investment to a client, we take the time to understand everything about them, the client. And with ESG in particular, it's we first need to understand, what does it really mean when they say that they want… they're interested in ESG investments. For example, what issues are important to them? What values do they want to express in their portfolio? Or what do they want to perhaps exclude or include in the portfolio? And then we take all that information and make recommendations that best fit their needs and, of course, we go over the considerations around doing so, including introducing active risk, maybe perhaps slightly increased cost structure, and maybe even slightly reduced diversification benefit. So, in other words, the ESG, it's very client specific. At least we think it should be. So, it's not easy to just create an ESG model and have it work for most people that are interested in it.

Robert Morier: It makes a lot of sense. So, what are you… what are you most interested in today? What asset classes are you currently focused on for your clients?

Aldo Vultaggio: Well, more recently this past year, we've done a lot of work on private equity and private real estate solutions. We've also done a lot of work on concentrated stock risk management strategies. As I mentioned, the corporate executive clientele that we have. Going forward, we're going to continue looking at private market asset classes, such as private debt, real assets, and even maybe even alternative asset classes. Truly alternative asset classes like insurance-linked securities as alternatives to traditional stocks, bonds, and even real assets. But all established asset classes that have been around for a long time are becoming increasingly available to individual investors. So, I think a lot on the private market side certainly. I would say the other thing on the public market side is given that rates have increased so much and spreads have increased and could increase some more, we're also likely to be focusing on the credit side, the public credit. So, thinking everything outside of investment grade, you know, currently looking pretty attractive these days and might look more attractive as soon as early next year.

Andrew O'Shea: Aldo, can you take us inside the underwriting process in terms of when you're looking at a new manager for the first time, from start to finish, what does that process typically look like?

Aldo Vultaggio: So first of all, I think I mentioned this earlier. But all of the investment decision making happens through the investment committee. And we have six members of our investment committee, including myself, and who review the due diligence information that we gather and put together for a manager or a strategy. And the investment committee meets once a month, and sometimes more frequently. And it usually takes two or three meetings for our investment committee to fully vet a manager or strategy before making a decision. So, it's a pretty deliberate decision-making process. But before the due diligence review meetings happen, we take a top-down approach. So, we first… we'll talk about and analyze and discuss asset classes in general and investment vehicles that we feel may be needed and might add value to portfolios over a long time. And then we seek out the managers in the vehicles. But once we officially start the process, to your question with a new manager or a new strategy, even if it's a strategy from an existing manager, we have a pretty extensive due diligence process. We really want to know everything about the manager. We want to know everything about the strategies that they manage, not only the one we're looking at. But then we want to get into very excruciating detail about the strategy itself. And so, we ask an extensive list of questions and go through a lot of data gathering and analysis. And we look at everything that's sent to us. And the end product is usually like a 20-page due diligence document that our investment committee reviews. It may not be that long if it's just like a traditional public market asset class and it's more of like an index like product. But, certainly on the private market side, it takes more time. The complexity of them, just naturally it takes more time to do the due diligence process. So, we ask managers to be patient with us. But once we get going on the due diligence process, the further along we go and the more we meet about it, the higher the likelihood that we're going to go with it.

Robert Morier: You mentioned existing managers. With our audience, we have a lot of client service relationship managers, product specialists who tune into Dakota Live. And I was just curious, what are your expectations in terms of servicing? So, what makes a good relationship with an asset manager?

Aldo Vultaggio: Yeah. So, I think if we're using a manager as a baseline, our expectation is that for reasonably quick turnaround for any questions or requests that we may have from time to time, and sometimes it happens in bunches, and sometimes you may not hear from us for a year. But I think appropriate communication and meeting cadence is important. We don't need to meet every month or every three months even. Once or twice a year, this is for like an existing manager, is good enough for us. We certainly appreciate being made aware of existing or new strategies that come to market from the manager. But we don't need to be pushed to other products only because we have an open line of communication. As long as I know or we know that what's out there, when the need comes eventually, we know who to go to or who to reach out to to find out more or dig a little deeper into the product or the strategy.

Robert Morier: Well, Aldo, thank you so much for joining us today. I'm sure a number of our audience are googling how long the drive is between Chicago and Downers Grove right now. So, a warning that you might get a couple of calls after this. But for good reason, this was very insightful. Congratulations on all your success. We wish you the best of luck in the future. And it sounds like things are really rolling along and, of course, best of luck with your two boys and your family. I hope everyone is well.

Aldo Vultaggio: Yes. Thank you, guys. I appreciate being on the show and happy to do it again whenever you'd like.

Robert Morier: Well, we'll have to have you here in Philadelphia. It's a beautiful studio. We have to have you meet Andrew in person. He's equally as handsome unfortunately. So, he makes me look terrible and old.

Aldo Vultaggio: We'll go to a Villanova game.

Robert Morier: That's right. Definitely a Nova game. Well, if you want to learn more about Aldo and Capstone Financial, please check out their website at www.capstone-advisors.com. You can find this episode and past episodes on our website at www.dakota.com or your favorite podcast platform. We are also available on YouTube if you prefer to watch while you listen. And, Andrew, thank you as always for joining me. Aldo, thank you again. And, Andrew, safe travels for your time ahead for the rest of the year. And, Aldo, we hope to see you soon in Philadelphia.

Aldo Vultaggio: Great. Thanks, guys.