COMMENTARY

A Report of TIFF EDUCATION FOUNDATION

2009 Edition 1

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Highlights

Second of Five. On July 22, 2008, the TIFF Education Foundation (TEF) hosted in Cambridge, Massachusetts, the most recent edition of its highly idiosyncratic Endowment Management Seminar series. Modeled loosely after the broadcast series *Inside the Actors Studio*, this event mimicked its predecessors in that it comprised interviews by TEF President David Salem — a suspect substitute indeed for James Lipton of *ITAS* fame — of five highly respected institutional investors. This *Commentary* comprises an edited transcript of David's interview with Stu Porter, founder and managing partner of Boston-based Denham Capital Management. We published in November 2008 an edited transcript of David's July 22 interview with Darden School Dean Robert Bruner and will be publishing in early 2009 edited transcripts of David's same-day interviews with private equity maven Jon Moulton and hedge fund managers Seth Klarman and Arshad Zakaria.

Incisive and Provocative. A veteran investor in resource-related assets — privately traded as well as marketable — Stu comments incisively and provocatively on evolving opportunities and perils for investors in such assets, underscoring in the process the importance of distinguishing between real and perceived risks when putting Other People's Money (as well as his own) to work. Stu's capsule biography appears at www.tiff.org/TEF.

About TIFF

Mission. In 1991, a network of foundations founded a cooperative-style investment organization whose structure and eligibility criteria have evolved over time but whose core mission has not. Known colloquially as TIFF, this organization seeks to improve the investment returns of endowed charities by making available to them a series of multi-manager investment vehicles plus resources aimed at enhancing fiduciaries' knowledge of investing.

Means. The organization comprises three regulated entities at present: a tax-exempt private operating foundation whose d/b/a (TIFF Education Foundation) is more descriptive of its focus on education than its formal legal name (The Investment Fund for Foundations); TIFF Investment Program (TIP), an SEC-regulated mutual fund family; and TIFF Advisory Services (TAS), a taxable non-stock corporation and SEC-registered investment advisor that administers all investment vehicles bearing the TIFF name. As noted at left, there is substantial but not complete overlap among these three entities' boards.

Inquiries. For more information, please call TIFF at 610-684-8000 or visit www.tiff.org/TEF.

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Real Assets

David. I want to thank Stu Porter of Denham Capital, located here in Boston, for joining us today. The first topic I'd like to address with Stu is a hot one indeed among institutional investors as well as among politicians and other talking heads in Washington: the parabolic rise in commodities this year. As almost always happens when a given asset class or strategy goes on the tear, commodities are being viewed increasingly as an essential part of every well-managed investment portfolio. Consultants in particular harp on commodities' assumedly powerful role in reducing the riskiness of portfolios otherwise invested primarily in financial assets. So my first question for you, Stu, is this: can commodities reliably play this role moving forward or has the tidal wave of capital flowing into them in recent years altered their fundamental characteristics in a manner that makes their past performance a specious, if not a contrary, indicator of their future performance?

Stu. I think there are a few parts to this question. First, I'll answer your question about commodities' role moving forward. I do believe they will play a role, but right now I think it has become a form of alpha versus beta. To give you a little history, my first job was on the Goldman Sachs Commodity Index desk, and I think we had two customers. We had one customer from a local mutual fund in town, which brought us about half a billion dollars. The remaining balance of $200 million came from a customer abroad who wanted commodity exposure in a passive manner via the Goldman Sachs Commodity Index.

But back to active and passive investing. In the case of passive investments, there are many indices that can provide you with exposures to various sectors. In any of these indices, oil and other forms of energy are major components, but we've also had a growth in commodity-focused assets from $700 million in 1994 or 1995 to estimates of $100 billion to $140 billion of passively invested assets in the commodity sector. Does this mean that financial institutions have driven up commodity prices? I doubt that. But what does it mean for a portfolio? What I think it means for a portfolio is that there are many details to be aware of. There are three components of a passively placed commodity index: roll yield (the yield you get from rolling in an inverted market, or, in other words, selling your spot commodity or your present commodity and buying forward); your collateral yield (the interest that you earn); and your spot price yield. I think what concerns me at the moment is the larger the investment you have in a passively managed commodity fund, the larger the impact will be on your roll yield. That's when you roll your futures contracts to get your commodity exposure, but the impact can be distorted. So you could really narrow the future expectations of the roll yield if you're not careful. If I were looking at a passive index right now, I would focus on something that has more exposure to spot yield. I would look to layer my position over time, and I'd be concerned about the impact of the overall size on roll yield. I would also focus on spot returns.

The second aspect of commodities in a financial portfolio relates to what the active strategies are. There are three active strategies that I can think of, although I'm sure there are more. First, there's hedge fund strategy. What is the sustainable edge, if you will, that people have in a hedge fund strategy? A macro predictor of commodity prices is one thing. If they're going to provide excess returns — or alpha — in the commodity area, hedge funds have to have better information about the macro-events of the world and will have to be able to better weight that information than other investors. There's a small handful of managers that I think have been successful at playing this game, but I think if you take survivorship bias, you'd find out that this is a **very** tough game to play. The second active strategy is long-only equities. In long-only equities in the commodities sector, the questions that you have to continually ask are, "Is there true value in some of the commodity sectors like there was in coal stocks over the last few years or as we saw in Canadian oil and gas stocks after revamping of the tax laws? Or is it effectively another beta strategy that is a hammer looking for a nail that's housed in what's supposed to be producing alpha?"

Now I'll talk about my own experience. I think there's a huge opportunity in private equity, the third form of active strategy that I'll talk about. I think that private equity is just starting to grow in the commodities area. There was only a handful of funds six or seven years ago, with the largest being about $2 billion. The reason I think private equity in the commodities sector provides a huge opportunity for investors — and this is my chosen profession — is because when you start to think about owning real

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assets, and if you're good at finding real assets, you don't have to be a hammer looking for a nail or be directly exposed to oil-based energy stocks. What you can look for are opportunities that could be anywhere in the development lifecycle or capital structure of a commodity-based asset or business. I think the private equity opportunity set, when you look at it with an operational focus versus a financial engineer or credit-driven focus, is quite large. In addition, the international opportunity set is gigantic, and I think there is a lot of alpha to be cultivated out there. There are also a lot of good management teams that exist that understand operating assets and how to extract the most value from a company. To sum it up, I tend to believe that there are real options inherent in owning assets. I'll use an example. If you own a natural gas reserve, you have proven developed producing reserves, proven developed non-producing reserves, PUDS, probables, and acreage. The information that shows up on a reserve report is all a function of price. So if you expect that a good manager can find assets, be able to manage the risk in those assets, and earn high single-digit to mid-teen returns on the "vanilla" part of those assets, and then can further earn excess returns by harvesting options as they take advantage of the volatility in natural gas prices, I think there's a significant opportunity set in the private equity world of commodities. I think size has limitations, but I think it also has some benefits. I would focus on good managers — and I think there are a lot of them out there — that really understand the operational side of those businesses.

The Great Oil Debate

David. Let's take a few more minutes to talk about the mother of all commodities — oil. You may remember a few years ago we had Matt Simmons appear on this stage, and he and I talked about oil in general, but more specifically about the application of Hubbard's Peak Oil Theory in both conventional and unconventional reserves in particular. I know that you, Stu, have spent a lot of time pondering supply and demand trends and energy markets, as Matt has. I'd like you to talk for a few minutes about the evolving intersection of supply and demand for oil.

Stu. OK. I'll take a shot. First of all, I think there's a debate that's going on in the oil sector which is fairly complicated. I'll try to simplify the debate. There's the **cyclical side**, which says that there has been an oil price shock. And there's the **structural side**, which says that we have a structural deficit and the structural deficit could be a demand function or a function of supply issues, among other things. I'll try to address both of these sides in order to keep it as simple as possible.

On the **cyclical side**, there is the argument that demand has increased because the developing world has increased its consumption of commodities. China, India, and Brazil, for example, have all seen an increase in oil consumption. The other demand shock — or demand issue — for higher oil prices that has been discussed is a lower dollar: we've heard testimony that financial investors have driven the price of oil up. We've heard on the demand side that there are a number of other issues that have driven demand to where there will eventually be a demand response. The cyclical argument would say that the demand response is going to be coming from energy efficiency, legislation, better fuel standards, better choices, and substitution, which will cause oil prices to come back down. The supply side — as far as I can tell — hasn't really addressed the peak oil issue. Some very smart people from CERA [Cambridge Energy Research Associates] have said that the peak oil discussion really misses what decline rates are. To give you an idea, peak oil says we're declining at about 8% a year. The people at CERA would say it's around 4% to 4.5%. To give you an idea of what that means, a 5% per year decline rate versus a 10% per year decline rate, by 2017, means about 17.5 million barrels of oil consumed a year. That's roughly 20% of current consumption of oil. So the argument on the supply side — and it's a short-term one — is that inventories are within their five-year range, which I don't think are adjusted per capita. It says that decline rates associated with peak oil are too high and that we're going to see innovation and technological advances that allow us to access untapped oil.

The **structural argument**, on the other hand, is kind of interesting. There's a component of peak oil, espoused by Jeff Currie of Goldman Sachs, which says that we don't know if we're in a deficit of oil on the supply side. The problem that we're really seeing is the ability — or lack thereof — to fundamentally supply capital around the world. It's a very important point for our investment process because as oil prices have gone up, what has actually happened is sovereign control has increased over oil — you can

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look at the BP-TNK issues that are occurring right now, as well as government control in Venezuela, Iraq, and many other places around the world. The argument that Currie makes is that the cost of owning capital has gone up dramatically so we have an inefficient use of capital. What's happening, then, is that capital is going to where oil is accessible, not where it's efficient. Prices, therefore, will actually be a function of the lowest quartile marginal cost producer. If the marginal cost producer is going to where oil is accessible, he's going to go to the higher cost basins, and as a result, you're going to have a higher floor in oil prices. The other problem that exists is that as prices have gotten higher, the control over assets has increased. I've heard opinions stating that we haven't had national or sovereign control over natural resources this great since the 17th century. I'm not sure exactly what that means, but what it says is that it's harder to deploy capital efficiently in the oil sector.

On the demand side of the structural argument, the developing world is increasing its consumption of oil. People now have the opportunity to create transitional wealth in their families — they can buy refrigerators and cars, for example. It's also interesting to look at the demand backdrop against the supply of capital being limited by protectionism and nationalism.

One comment I wanted to make on protectionism: it's a two-way street involving producers and consumers. We would certainly like to find ways to invest capital in Nigeria, for instance, and I think the sovereign oil companies around the world would certainly like to find ways to invest capital in our own midstream energy infrastructure. Venezuela does own a refinery in the United States, but there's a lot of protectionist sentiment against that.

Supply and Demand

David. Let me slip in two related questions, one that focuses on the demand side and one on the supply side. The first one is, say you had unilateral control over the strategic petroleum reserve (SPR) that the United States currently maintains, what policies and strategies would you put in place to manage that asset?

Stu. I view the strategic petroleum reserve as exactly how it's defined. It's not to alleviate demand and supply shocks, it's to prepare for and protect against any potential exogenous risk that the country has. From my point of view, I would continue to keep the SPR as full as possible and use it during times of severe crisis only.

David. Would you look to expand it by finding new places to store oil? It's pretty full already.

Stu. I would absolutely look to expand it. I think that there are opportunities to expand it along the Gulf Coast or in the East, among other places.

David. So now take off the demand hat and put on a completely different hat. This hat is one that I don't think we see too many politicians in Washington ever donning even theoretically. Imagine that you have unilateral control over OPEC and what you're trying to do is maximize — almost in an endowment-like manner — the real or inflation-adjusted value of all the goods and services that OPEC member nations will receive over time in exchange for what I personally regard as their only truly valuable birthright, which is oil and gas. What long-term policy would enable you to maximize the inflation-adjusted value of those goods and services?

Stu. I actually got to spend nine days in Abu Dhabi and Dubai earlier this spring, and it was really an eye-opener. I got a chance to spend a lot of time thinking about and looking at the effect of the emergence of the UAE [United Arab Emirates] and the GCC [Gulf Cooperation Council]. What does this emergence mean in terms of opportunities for us, investments for us, and the global nature of the investment world in general? There are a couple of interesting things. One stat that I read recently states that if oil had stayed at $20 since 2000, there would be $3 trillion less wealth going to the oil-producing countries over the last six years. That's a huge amount of money. Abu Dhabi, with its one million citizens, has focused on the question of oil eventually running out. There is the Abu Dhabi Investment Authority, which has anywhere from $800 billion to $1 trillion of wealth, which is like an endowment. You have ADIC [Abu Dhabi Investment Company], which supposedly is worth $200 billion to $300 billion. There is also the Kuwait Investment Authority, which is worth $250 billion. So what are they doing? Number one, they plan to hold that wealth over long periods of time with diversified strategies. I think they're focused on very

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large endowment models in sovereign wealth funds and are intent on protecting and growing that wealth. That's number one.

Number two is investment strategy. We had a chance to meet with Mubadala, a leading investment firm based in Abu Dhabi. They have about $500 billion under management. They're constantly asking: "What do we do with our wealth? What do we do in terms of our strategic understanding of the energy sector? What do we do in terms of our understanding of developing economies? How do we use that wealth to grow those assets?" So while they've said they'd like to be the GE of the Middle East, I think what we've seen them do is partner up in areas like retail where they'll effectively own the brand and export the brand abroad. They've partnered up in large acquisitions and taken a very sophisticated approach to deploying capital across everything from the oil sector outside their country, to construction outside their country, to construction within their country, as displayed in the massive growth in Dubai. They effectively have new information symmetry to deploy that capital. So I think that, number one, it's the endowment. Number two, it's been strategic investments where they have a solid informational understanding of what's going on. Number three, I think they will strive to take advantage of dislocations throughout the world and become the world's liquidity provider. Number four, they are making significant investments in education. We had the opportunity to have breakfast with the secretary of education, a spectacularly smart and kind guy and he said, "You have to go and check out the university!" So 15 minutes later, we arrived at this brand new university that anybody would be proud to go to and they have all of our pictures that they grabbed off the Internet welcoming us on the video screens. They aren't squandering their oil wealth from what I could see but rather deploying it and investing it strategically. They have an educational and technological focus. They also have, in the case of Dubai, a financial clearinghouse. For me there's a subtle feeling that the financial clearinghouse, to find opportunities globally, left New York a while ago and certainly feels like it's leaving London and that it is beginning to center in Dubai. There's a very simple reason for it — that's where the money is. It's become very interesting for us, as a firm, to evaluate how we're going to spend time. That's really where the deal flow happens to be.

Strategic Substitution

David. We've got a lot of other topics I want to cover with you Stu, but let's just double-click really quickly on this issue of sophistication because it seems to me that if you did, under my hypothetical, have unilateral control over not just the UAE but OPEC generally, you might say, "I have a long-term substitution problem — alternative energy and renewables — and I want to diversify my portfolio, which is still very fossil fuel-centric in the case of the OPEC member nation, at an appropriate and prudent rate to try to get a good return on all the things I've just outlined while also maximizing the inflation-adjusted value of those fossil fuel assets." How do you think about the rate at which that transition would occur in light of the possibility if not probability of substitution seriously undermining the future value of fossil fuel?

Stu. I think they [UAE] think about substitution as a real problem. They also think about running out of hydrocarbons as a real problem — some of the Middle Eastern countries actually don't have enough natural gas. The easiest way for them to deal with this is to figure out how to create the endowment effect. If you have a million people and a trillion dollars of wealth, the power of compounding is probably as important to them as anything else. So they think extremely hard about the power of creating a strategic environment, where you have effectively what I think will be one of the clearinghouses of the world for transactions. They've already moved down that path. They think about that all the time; it's where their brain power is going, where the young minds are being directed. They are creating a core competency or a strategic edge over the rest of the world because of oil.

David. Well would you go so far as to say that as they look at the price curve, or the distribution of possible future prices of energy, and they look and say anything over maybe $175 a barrel, or $200, $250, $300, and they think about the dislocations to the Western economies, to the consuming countries, are they sitting there thinking, "We cannot let that happen"?

Stu. Oh yeah, I think that they would like to think that they can control it, but I don't think they've been able to. I think they would like oil to be around $100 [per barrel], and to avoid the use of alternative supplies such as oil sands and shale, which are both expensive.

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They don't want technological innovation, either. If they can keep a cap on that, have nominal returns, invest those returns to get inflation-adjusted returns to create real wealth and effectively keep a cap on potential innovation — that would be their ideal.

Happy Medium

David. Let's talk about Kyoto for a minute. One hundred eighty-two countries have ratified the protocol on greenhouse gas emissions. Obviously the US is not among them. So the two related questions I have are, what do you think of the protocol, and if you were representing your native state of Illinois in the US Senate and had the opportunity to ratify Kyoto, would it be in the best interest of the United States to do so?

Stu. Well Kyoto ends in 2012, and I think there are some positives and negatives regarding it. Some of the negatives are that it doesn't really address the costs to the economy of signing onto hard caps or the cost of implementation for developed economies. The other tough part about Kyoto is that it took a hard path. So hard caps and a hard path are difficult things in a changing economy. Would I have signed onto Kyoto? I don't think there's a great deal of reason because any time you have these treaties that cause economic strains, people ignore them regardless of their subject — economic or environmental. My view of what will happen is that we're going to see aspirations that are driven globally and are executed locally. We're already seeing it in the United States — regional greenhouse gas initiatives at the state level — and there is strong sentiment in support of these initiatives. There's the question of whether we should have global cap and trade or local cap and trade. I would love to be able to find a happy medium; I think the EU would like to see a global cap and trade so that everybody's on the same playing field. This would cap emissions and create a pricing environment to buy or sell credits to reduce greenhouse gases. The problem with this is that it can create supply and demand imbalances. A local cap and trade policy would be useful, but we would really need the political willpower to establish the policies because there hasn't really been much guidance. There have been fits and starts, but I think we need a view on where caps and prices will be, because once that emerges, markets will find ways to reduce greenhouse gases to economically effective levels. We'll start to automatically price in the cost of greenhouse gases and their effects on healthcare costs and the environment.

Perception vs Reality

David. We can't talk much about Kyoto without thinking about emerging economies. Your firm is putting a lot of money to work in countries that most US-based fiduciaries wouldn't be comfortable visiting, let alone investing in. So I want you to talk a little bit about how you manage political risk.

Stu. We're a large investor in the oil and gas sector in Colombia. We've focused on building a strong group of locals in the foreign countries in which we invest. For instance, we have a Colombian who runs our South American investments, and a South African running our London office. Showing up with a suitcase full of money on an airplane is a bad method for making investments globally. I'll tell you a quick story about Colombia. I got on a plane to go to Colombia for the first time, and I got a call on the plane from my dad. He said, "I just talked to your brother and he said that this guy that works for him is from Colombia and he would never go there again," and I said to my dad, "The unfortunate thing is they just closed the door to the plane." Colombia is actually a fantastic country — it's had very little negative economic growth, and it has some of the most stable property laws and stable royalty laws in the world. When we discuss a geographic location, we ask, "What's the perception of investing there and what's the reality?" We dug for about 18 months in Colombia. In 2004, they changed their hydrocarbon laws in order to bring in foreign direct investment. The oil and gas sector has been flourishing, and they have a lot of on-shore reserves. [Also,] Bogota reportedly has a lower crime rate than Washington, DC. I don't know if that's true or not, but what we want is to be in areas where the perception of risk is far greater than the reality of risk.

Let me use another example of perception versus reality. Colombia, in 2002 I believe, was a borrower at LIBOR plus 1400. Now, depending on the tenure, Colombian sovereign risk has been as low as Libor plus 70. I think Wachovia is probably Libor plus 350. So you can talk about risk in a dogmatic way, but you have to actually drive down into it and get to know it because there are a lot of misconceptions. As Americans, we've gotten very comfortable — it's comfortable to live here. For us, it's been about

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getting local investment professionals, understanding cultural issues, understanding jump-offs and changes, understanding what's perception and what's reality and then pinpointing opportunities. How do we hedge political risk? We spend a lot of time thinking about that. One way is through insurance. Insurance, in our experience, yields typically long periods of litigation, resulting in receiving a lot less than you originally hoped. You can hedge by buying credit default swaps or sovereign default swaps of some sort, which are kind of dirty hedges. But the best way to hedge — there's no doubt in my mind about this — is to sharpen your understanding of the local issues, follow the changing and evolving issues, and create incentives for everybody in an emerging economy to be successful. If you have your employees incentivized, they will march with your capital if they feel like the local government is unfairly treating them.

David. My next question is going to be brief for two reasons. One, because you're making this really easy. I feel like I'm just putting quarters in the jukebox, which is a compliment.

Stu. OK.

David. And secondly I had this long —

Stu. I was sweating for a half hour before even getting here. So I don't know about that.

Not in My Backyard

David. Clearly that wasn't necessary in hindsight. But I have, as you know, this long and eloquent question about nuclear power. Let's just skip the question I have in front of me that you've already seen. Let's talk about nuclear, particularly as it relates to what's going on in the US.

Stu. McCain says that he envisions 45 new nuclear facilities by 2030. Just like cap and trade, we need to have a political agenda that will drive the opportunity set. I think we need to have a tariff system at the government level that offers power purchase agreements, expedited permitting, and offers an opportunity set, much like they've done in renewables in some of the European countries, like Spain and Italy, especially as it relates to solar power in Spain. The power purchase agreement would say, here's the price you receive for building a new nuclear plant, here's the avoided cost we have from security, and let the markets and strategics figure out how to do it. We need an agenda that takes into account the economics of energy security in providing an off-take agreement for nuclear facilities. Right now that's happening regionally, but the permitting process takes on the "not in my backyard" mentality, so there's a lot of issues in this debate, and it can't be politically driven or driven by "not in my backyard" issues. It has to be driven by economic security. There are a lot of misconceptions out there — about terror, about fuel reprocessing. So we need to elevate the public debate, and we need to understand the economics related to the true cost of not having energy security.

David. Well I want to shift into the more fun part of these interviews, at least for me, which are the personal questions, but I'm going to do one more work-related one. It's the same question I just posed, but for the word "nuclear" substitute the word "water."

Stu. Well, we're by no means experts on water, so I'll keep this short. Water is a true utility industry. We try to stay away from opportunity sets where effectively there's a locally priced commodity. If you control a water resource, and you say that your cost of capital has gone up or you have to have higher returns because your LPs demand it, you have to raise prices on people's water bills. This is such a political hot topic, and I think it will be very difficult to be in a situation where private investors, although there're some who do it, will benefit in the long term from scarcity of water supply. I think there are a lot of opportunities on the services side — we've seen GE spending a lot of time on desalination — but profit is going to be more on the fee-for-services side than the actual owning of the commodity.

Role Models

David. Thanks, Stu. It's always fun to pose some personal questions, and you've been briefed on them. I'll start with this: Who has been the most inspirational role model for you, professionally, and then if it's a separate individual, personally?

Stu. I'll try to keep my answer brief. My baseball coach offered me a job as a runner at the Board of Trade when I was 13, so I got to ride the train every day with my dad, who was in the investment business. He told me that performance is ephemeral and

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relationships are eternal in the investment business. Well, I was in eighth grade, so I didn't know what ephemeral meant. So I had to go look that up and figure out that relationships are very important. I began to understand it more importantly when working for Jack Meyer, who is one of my role models. I have a great deal of respect for Jack because he really focuses on the importance of relationships — and is able to act rationally in times of distress. As we've built the culture at our own firm, I really try to emulate a lot of the culture that Harvard Management Company had under Jack. It was a flat organization, a meritocracy, and relationships were very important. I have a lot of personal heroes, and my mom is one of them. She is one of 16 kids from Canada. She survived breast cancer and went on to build a wellness center. When she was 13, she was asked to leave her house, and along with many of her siblings, she moved to Chicago from Saskatchewan, and received an undergraduate degree, a nursing degree, and a graduate degree. She also started the first prostate cancer walk in Chicago.

Behind the Scenes

David. This is one of my favorite questions: What's the most memorably impressive display of grace under pressure that you've ever witnessed in real time, either in person or on TV? Replays don't count.

Stu. I have a few, but I'll give you one. I worked for some time with Jeff Larson, a mentor of mine, and Megan Kelleher. I split out and started Denham Capital, and we divided what was then Sowood into two firms. Many of the investors got to see a display of grace under pressure in a very, very tough situation. I don't think anybody cared more about their investors than Jeff and Megan did, and they handled the situation very professionally. What investors didn't get to see was behind the scenes. What I've seen in a lot of other tough situations is employees left to fend for themselves. Jeff and others spent a lot of time helping all of the employees at Sowood find new jobs. I thought that was very important behind the scenes work to make sure that all of their employees could pursue their career goals. I thought that was a spectacular display of grace under pressure.

David. So the next one is what I call my Mount Everest question, which is how many of the people who try to get up Mount Everest as amateurs would do it if once they achieved it and returned to level ground, they were not permitted to talk about it? So the question for you is, what's the one feat that more than any other you'd like to accomplish in your lifetime subject to the condition that you could never get any public acclaim for it? No one would ever know.

Stu. That's a tough one. Internally at our firm, we talk about having a mission that's greater than making money but that we think is still consistent with making money. So as we have the opportunity to work in emerging economies, we see the poverty that also exists in these places. I would never require or want public recognition for this, but we've brought in a consultant to help us think about how we can create a compensation system in emerging economies whereby everybody benefits if we were to sell. We'd like to have a chance to create the kind of wealth that might change someone's life or their dependents' lives for a long time. Maybe money that allows them to go to college or pursue further education in some way. So we've worked hard to pursue a mission that's greater than dollars alone. I think we're stumbling onto something, and I also think that it will help us in the long run in our business.

David. Bad news is we're out of time. We could go on all day. The good news is that's a nice note to end on. Thanks, Stu, for being with us.

Stu. Thanks for having me. ■

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