

# A Conversation with Todd Boehly, Co-Founder, Chairman and CEO, Eldridge Industries

**Richard Ditzio 0:00**

Well, good afternoon, everyone. Todd, thank you for joining us. As was just mentioned, you are the co-founder, chairman, CEO of Eldridge Industries. You employ thousands of people, have made investments in over 100 operating companies, including Chelsea, the LA Dodgers, LA Lakers, and others. So let's start there with sports. Because I know you were just in Japan watching your Dodgers. I want to talk about the notion of baseball going international. I don't think people realize that even last year, there were 13 million viewers from Japan that watched the World Series where the Dodgers were win had a win over the Yankees. Some games actually had more viewers coming from Japan than the United States. So when you think about the future of baseball going global, given some of the constraints the current MLB rules have. How do you think about that relative to the sharing of revenue that the MLB requires?

**Todd Boehly 1:07**

Well, first off, nice to be with you. It's great to see you over here, and it's great to be back to Hong Kong. As it relates to the global opportunity in baseball, I think if you look at two World Series ago, the obvious is, Japan is ravenous for the sport. You've got really good players coming out of Japan, you've got probably the best player of all time named Shohei Ohtani. And so the ability to market the game as the game gets faster and quicker, we're starting to think about one of the great things that Rob Manfred as commissioner is doing is he's speeding up the game. The game was dragging, so in order to be entertaining, I think you have to be speedy. The pitch clock really changed all that, so the pitcher now has to pitch within 20 seconds, if people are on base, or 15 seconds if no one's on base. And that made the game much more exciting. Kids are enjoying it even more, so I think when you think about where is baseball an opportunity, South Korea's got a big demand for the sport. I was hearing last night that there's little league teams in Hong Kong that are developing so I think, you know, it's coming along here, and I think you'll see it all throughout Latin America. So I think getting coordinated on how to go after it, right? Because the reason it works so well in Japan is because we have the biggest stars, right? So you have to be developing stars, you know, but there's really good players coming out all around the world, you know, the Latin American players are, you know, among the top. So I think figuring out how to break down the legacy barriers that are the governance right around how incentives allow for the development of the sport internationally. Because, of course, you know, either the league's got to go do it and the league's got to figure out how to be organized around it, or teams have to be free to be able to do it, and if the teams are doing it right, they can't put all that effort in and expect to just get 3 percent of the revenue, because everything outside of the best domestic US market is shared equally amongst all the teams. So I think they just have to figure that out, but I think, you know, the first thing will be to figure out the media

model, right? And one of the great things about the sport getting so international is, you know, you start to think about, you know, what the media model looks like in the future, and it might be a global media model.

**Richard Ditzio 3:44**

So do you think, when you think about your entry into these varied sports, are there innovations that you take with you from your finance career that are applicable in the space?

**Todd Boehly 3:56**

Well, I think the value how to value things right is obviously, you know, key, whether you're thinking about what you're going to invest in a player, what you're going to invest in an infrastructure, what you're going to invest in, you know, global expansion, you know, the league. So all these things about, you know, how to put capital in different places, they all come back to, you know, what am I getting for my capital? And so I think if you look at someone like A24, the film and TV production company that we started, right, their model is, how do I build a portfolio that, let's call it, 15 core films a year? And those core films are going to make me 1.35 times my money. I'm going to do two discovery projects, where what I'm really trying to solve for is find a director or find an actor or an actress, someone who I can do multiple things with. So my barrier for that is I only need 1.2 times my money. And then you have the like swing for the fences, let's go have a couple two of those. Try to figure out, can we build sequels? Can we build spinoffs? Can we build, you know, the ability for it to the IP, to continue to give birth to new IP, right? Then the standard for those is 1.2 so all these things are, you know, kind of lessons learned from kind of both finance and capital markets and understanding how to price risk and value businesses and companies and investments.

**Richard Ditzio 5:26**

So speaking of investments, Eldridge has some similarities with a Warren Buffett-style holding company. You recently had a structural change where you're launching into the asset management business. Tell us why you made that decision, and what makes now the right time to do that?

**Todd Boehly 5:44**

Well, what we really did was just reorganize ourselves, right, to scale around a brand, right? Because I think we had our private credit business which was called Maranon, we had our real estate credit business, which was called Cane, we had our structured credit business called Panagram, and we had our equipment financing business called Stonebriar. These are all credit businesses, but in order to get them focused and focus on their own track records without a lot of noise, right, we built them as kind of, let's call it single purpose activity businesses, but now they all have their track records, and now what they're focused on is, how do we scale and so we're 70 billion of assets across those various activities, and now is the time to reorganize ourselves to be able to get the benefit of all the track record every one of these funds that we invest in that we start, we're going to be the largest investor among the largest investors in them. So we're 100 percent aligned with our investors who are going to come alongside us. And what we care about is where are the places that we can be building activity that's lowly correlated to what's available out there, or what else can we play into where our edges are. So what I really want to be able to do is to continue to build a business that is in the insurance industry that continues to compound right? Because if you look at Berkshire Hathaway in 1992, Berkshire Hathaway was worth 11 billion, right? In 2024, Berkshire Hathaway passed a trillion. So they went from 11 billion to 1 trillion, which is roughly 15 percent compounding over that time period. I want to continue to be in that business, but then I also want to be in the business that is the alternative asset management business, because you've got Blackstone, which is worth almost 200 thereabouts, you've got Apollo, you've got KKR, you've got Brookfield, you've got Ares, combined those businesses are worth, you know, 700 billion or so. So if you can be in both lanes, compounding as an insurance company, you know, with your balance sheet, and then also in the asset management business, and the asset management business that you're in and credit lines up so nicely with the insurance business. And the insurance business is one with very long-term liabilities, so you really want to build long-term assets that line up with those long-term liabilities, and to be continuously in the credit business is good for the insurance company and how they want to invest.

**Richard Ditizio 8:23**

And given that you have such varied interests and holdings across your portfolio, are you always looking with a synergistic lens about how it can be additive, like you just described, or what makes a good acquisition target to add to the Eldridge fold?

**Todd Boehly 8:41**

That's kind of the gravy, right? And you know what, if we can get the businesses to align, like right now, Aman and Flexjet, right? Think about their customer base, their customer base has massive kind of overlap. So if I can get Flexjet and Aman to think about ways to work together, that's kind of gravy for the core investment, which was, is Flexjet, you know, going to grow? You know, Flexjet has grown massively from when we got into it, because, you know, again, the denominator for everything is time, right? And people are willing to spend to save time, so as we look at these opportunities, I like to know that I've got more than one way to win, right? But I also need to know that the base case where we're just buying Flexjet or we're just buying Aman, or investing in Aman investing in Flexjet, that those have to work on a standalone because I don't want to be in the business of convincing people to do stuff, right. So right, because if I'm convincing people to do stuff, no one ever wants to do it, right, but if I'm giving them the opportunity to kind of play in a network that makes your job easier and gets you to the finish line faster, then they'll see it differently than if it's me trying to, you know, kind of convince someone that this is what you should be doing. You know, the, as I've gotten older, I've learned that it's a lot easier to get people there without me being the one—

**Richard Ditizio 10:11**

Already there.

**Todd Boehly 10:11**

Yeah, right, exactly.

**Richard Ditizio 10:14**

So you mentioned Aman. We as, obviously, you know, we host our largest event at the Beverly Hills Hilton, which is now part of that redevelopment property. Tell us about what makes it an attractive real estate acquisition now, particularly given all the fires and other issues that California is going through, are you still bullish on that type of redevelopment in the state?

**Todd Boehly 10:36**

I think the world is trending towards easier, kind of simpler, privacy, serenity, amenities and security. And I think if we're looking at what the Aman project in Beverly Hills offers, right, it's 1.2 million square feet of residential. It's a couple 100,000 of commercial, we're going to have 17 acres that, you know, Merv Griffin Way is not going to be separating the two properties anymore, so we go underground and we'll platform over it. We're going to have four and a half acres of private gardens. We're going to have 10 acres of total gardens, so I think what we're building there is unbelievably unique and aligned with how people want to be living. And so we'll have 170 residences, we've already sold quite a few. And, you know, these are, you know, the biggest names in their businesses, right? So we're going to have a massive F&B environment. We're going to have a private club, so we're really taking all the elements that make Aman really special and putting it in one place, and then our retail partners are going to be nestled in the middle. So you've got all the big brands that look at Rodeo and say little touristy right now we can't offer our best VVIP service. They're really gravitating towards this. So I think when you think about the environment that we're going to be building, there's going to be nothing like it. And Beverly Hills has its own, you know, the its own city. So it has its own fire department, it has its police department, it has—because of course, we want it to be safe. We want people to feel safe and I think by being in Beverly Hills, we can, you know, deliver on that option, especially when we build inside this Aman environment. So we're extremely bullish on it. I don't think, you know, cities like it, like markets go up and they go down, and they go up and they go down. But

infrastructure like LA has is super unique, right? And the Dodgers and the Lakers and, you know, people want this. Hollywood's not going anywhere, and Hollywood exports more content than anyone around the world.

**Richard Ditzio 12:49**

So, let's stay on Hollywood for a second, because you bought the Golden Globes, which was a brand that was struggling, as a lot of award shows do, and yet now it's been regenerated into something that is quite successful. So what made that brand something you thought had some revival potential? And tell us what lessons you've learned from that.

**Todd Boehly 13:12**

So again, the reason they got in trouble at the Golden Globes was because it had governance that didn't evolve, right? So if you can't evolve governance as time moves forward, you're going to be in a position where you can't respond to what's going on in the marketplace. And if you look at the journalists that were part of the Golden Globes, they were under attack because their industry was under attack. And right, like so the internet really changed the economics of journalism in that way. And then Instagram and all the social media made it so seeing celebrity isn't that rare. So then they ended up being in a position where they were trying to limit the size of their organization, because the ability to earn money was being diluted. So if they added more people in, right, they were only taking kind of opportunity away from themselves. So they got very kind of inward looking, they ended up not having any Black members, and that caused the crisis, you know. So it was on the back of COVID, then they had that. And it wasn't that they were, you know, in any way, shape, or form, not looking to be diverse, right? They have 55 countries represented. They had, you know, Turkey sitting next to Greece, and they had the UK next to France. So it wasn't that they were, they were just worried about their economic model, but they didn't respond to it properly. They didn't change their governance, and so ultimately, it ended up being very hard, you know, they weren't allowed to be back on NBC. NBC, all you know, fought us to broadcast it, you know, but we were able now to kind of get control of the intellectual property, so I don't have to worry about getting approval from 88 kind of HFPA members, so that allowed us to then control the intellectual property, you know, we're making sure that we're always going to be the first award show of the year, and we've got the biggest brand, and we've got both film and TV, so they were way ahead of their time. So to be able to celebrate film—film and TV excellence, because really, all it is is a celebration of excellence. Like an all-star game is really not a game. It's a celebration of excellence, it's when the best of the best come together and you want to reward really good performances of any type. So to me, this is the all-star game of film and TV, and it's also fun, right? So, you know, the the environment is fun, you know, it's the only award show where, you know, you can see how loose it is. You can see the interaction. So you can see the celebrities in a different light, which people really enjoy. And then, of course, when the host, with Nikki Glaser, she just turned it right so, and she practiced and she worked and she killed it. So if you get the right elements, you know, it's hard to not be successful. You just have to get through kind of the challenges and that one was one that, you know, we had a lot to work through.

**Richard Ditzio 16:14**

So I want to zoom out a little bit, you're a global investor, right? So you have interests all over the world, given new administration in Washington, with the backdrop of the United States has \$36 trillion in debt right now, spending more money on interest than defense. How do you think that—what does that spell out for interest rates going forward? Is there anything that you see on the horizon that the average investor isn't seeing when you think about what risk we might not be paying attention to.

**Todd Boehly 16:46**

So, so much of our portfolio has always been floating rate, and by having floating rate assets right, I really don't want to take a lot of interest rate risk. And so when the markets moved so dramatically, you know, we were not buying long, dated, fixed rate bonds, you know, in a 2 percent tenure environment, right? That just looked to me as they only had one way to go, right? And if Silicon Valley Bank or Republic Bank, if those banks own AAA CLOs, they'd still be with us today, right? So what they did, obviously, that was the fatal blow, right? They went out and took deposits, and they took those deposits that are short-term liabilities, and they went out and they bought long-term fixed rate assets. And when rates moved up hundreds of basis points, there was a big mark to market hole, right? And one of the things, again, as I think through

businesses, right? If you look at from twelve thirty-one 2014 to twelve thirty-one 2024 and you go into Bloomberg and you type in, you have US index, US Treasury index, the cumulative rate of return in the US Treasury index from the end of '14 to the end of '24 was 28—sorry, 8.7 percent right? So 8.7 cumulative return, right? It's something that's supposed to be riskless, right? But there's no return, so if there's no return in something that makes me feel like it's pretty risky. So when I think about risk, I'm looking at, okay, what are my likely cumulative rates of return? Of course, owning treasuries, you know, everyone would tell you, there's no risk. Well, you didn't make anything, 10 years, 8.7 percent cumulative investment-grade bonds, same index, same Bloomberg, roughly 28 percent over the same holding period, right? High-yield bonds, roughly 62 percent over the same period, leveraged loans, single B credit suites, now, UBS index, 65 percent, right? So you had better rates of return being senior in the secured lending business than you did in subordinated fixed rate, high yield, right? With loaded with interest rate risk, right? So, and then, of course, the number one thing that you do that you could have owned was, in that, in this context, was BBB CLOs. So you would have made 88 percent owning the JPMorgan BBB CLO index. So, you know, we're always looking at, where are these tradeoffs, and where we want to be invested, you know? But obviously, our goal is to make good rates of return wherever we go, right? That's what we're in business for.

**Richard Ditzio 18:19**

Okay, so we're just about out of time. One last question, this is more personal to you. As you know, we are building the Center for Advancing the American Dream in Washington, DC, and it's not meant to be just about America, it's about this global dream of aspiration and opportunity. We are filming 10,000 people around the world to ask them about their story, about what that dream has meant. And as I watch them, what I take away is how often they reflect back to one person who was catalytic to their ability to see themselves differently, to realize what they wanted to in their lives. Who was that person for you?

**Todd Boehly 20:07**

Yeah, I've really had three people that have changed my life, actually, four, my high school wrestling coach, right? Who was just, you know, whips and drove me into, like, being super competitive, and was also my math teacher, so it was good to have one guy be the same thing. And then I had, you know, the Mark Walter at Guggenheim Partners, who really changed my life in so many ways. He gave me so many options at a really young age, and trusted me to grow a credit business as a 28-year-old kid. And then, of course, I had Mike Milken, who really taught me a lot about credit and was relentless as well. All three of them have been relentless and really good. And then my fourth is my partner who helped me set up Eldridge, [inaudible] so the four of them, you know, Doug Lagarde, Mark Walter, Mike Milken, [inaudible], you know, really helped. And then, of course, my wife, who's been with me for, you know, a long time, married in '98 and had kids when we were really young. So now they're all out of the house and in college, so that allows me to kind of travel around with a lot more flexibility. So I guess those five people would be the five that I would say gave me, you know, so much strength to be able to do what I do.

**Richard Ditzio 21:32**

That's great, it's great that you have five. All right, well, thank you so much for your time, and we'll continue with the program today.

**Audience 21:36**

[Applause]

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