



PRIVATE WEALTH AND THE FUTURE OF FINANCIAL SECURITY

Maneet Ahuja 00:03

It's great to be here with all of you and my esteemed panelists here talking about private wealth and the future of financial security. It's no secret that we're at a moment of profound transformation in how financial security is defined, created, and sustained. People are living longer, public systems are under pressure, and the burden of financial security is increasingly falling on individuals, families, advisors and institutions, and all of the above. Oh. Is that better? No—Okay. All right. Well, let's try to fix that—Okay. Is that better? No. Okay. Testing.

Jed Laskowitz 00:46

You can hear me!

Maneet Ahuja 00:49

Here, well, do you want to monitor—Okay, I think it's working now.

Jed Laskowitz 00:51

We got it.

Maneet Ahuja 00:52

Okay. All right, awesome. At the same time, we're preparing to witness the greatest wealth transfer in a generation, over \$100 trillion set to move across generations in the not-too-distant future. How will this reshape not just who holds capital, how it's invested, and what it's expected to do? I want to thank all of my panelists for joining and kick it off. So, Ida, I'd love to start with you. As you sit at the center of capital from Hong Kong to the Gulf to New York, what does the world actually look like for your clients today?

Ida Liu 01:33

Well, volatility is absolutely the new normal. As you can see, the last period of time post-COVID has been incredibly volatile for investors. In fact, the VIX has been up in the 20s, whereas in the prior decade it was in the low teens. So, volatility is absolutely the new normal, but we're looking at three fundamental shifts in what's happening around the world. Number one, very important to have geographic diversification globally for investors. Today, the US market makes up 65 percent of the global market index, so really thinking about diversification opportunities, especially given the bifurcation of US and China. Secondly, looking at the unstoppable trends, and you're going to hear so much about AI—about technology here at Milken. And it's important not to just think about AI itself, but AI and all of its peripheral industries as well—think about the data centers behind it, the brains behind AI, the semiconductor side, as well as looking at the energy needed to sustain the growth in AI—looking at clean energy and alternative energy solutions as well—in addition to health care, which is an incredibly high-growing industry, especially given the aging population and the telemedicine. The new generations are going to live 10, 15, 20 years longer than all of us, so there's a lot of implications for that as well. And third, and very importantly, as Maneet said, where the wealth is heading. So, we're in the midst of the largest wealth transfer in history. \$100 trillion is passing hands to next gen, to millennial. \$30 trillion of that is going to women. This has massive implications on portfolio allocation and the way investors are investing, but I'm super optimistic about the future.

Maneet Ahuja 03:15

And so, I'd love to hear from the rest of the panelists. I know I started off with Ida, but I saw you nodding. Why don't you jump in?

Jay Jackson 03:21

Oh, sure. Thank you. And Ida, those are terrific comments, and we think that aligns with a lot of us here on the panel in a sense. And one of the things that Abacus really focuses on is what you touched on, which was lifespan and longevity and the impacts of that to what financial planning looks like, what private wealth looks like. And it's really interesting to me, just more generally—I'm reminded 20 years ago, I saw Michael Milken present, and he was talking about why the United States doesn't have a bullet train. And he goes, "It's not the fact that we don't have the technology or the wherehow to build a bullet train; it's the tracks." And when I think about private wealth going forward, we're focused on the tracks that have

been established for a long period of time, and we think incorporating health, incorporating longevity into that plan is going to be probably the most biggest and most important piece when we look at what happens in private wealth and financial planning going forward. I'll leave you guys with this one stat, and I want everyone to comment on separate things, but whenever I stand up in front of a group, I always tell them a couple fun things that they should be thinking about. Most of us think we are going to live forever. I think as medical science stands today, that's probably not true. No one has. But there's never been a centenarian over 6 foot tall until Dick Van Dyke. Media got it wrong, and they should've been talking about that. Right? I got a financial plan put to me that took me all the way to age 95. Do you know how many 6-foot-5-inch 95-year-olds have ever lived or existed in human history? Zero. So, I think that we need to really start adopting things that really matter—that people can really focus on. We have an incredibly low savings rate in the United States for retirement, and I think that we need to think about what really matters to people when they get there.

Jed Laskowitz 05:05

I think maybe one point that Ida made about markets and volatility—I think that there really hasn't been a major pullback since the financial crisis. And although there has been volatility, I do think there is a little bit of complacency around risk, and I think you're starting to see what that means as different challenges ripple through parts of both public and private markets. The opportunities are immense, but it's really hard to find real diversification right now.

Maneet Ahuja 05:31

So, taking that a step further, though, in terms of geographic diversification that's showing up in portfolios, not just the rhetoric—Ida, what are you seeing?

Ida Liu 05:40

So as the US and China, the first and second largest economies in the world, continue to bifurcate, there's a changing supply chain that's happened around the world, which therein creates opportunities for investors—as you see some of the capital flows moving into Southeast Asia, for example—into India, into Japan. So, having that diversification is going to be incredibly important, because as US investors sitting here in the US, you tend to have a US home bias. And as I just said, the US markets are overweight—the global market index—65 percent are US companies. So, as you think about the shifts, the acceleration of growth, the bifurcation that's happening, and the changing supply chains around the world, there are definitely opportunities for investors to think more globally, more diversified—not just about geographies, but also as you think about your currency exposures as well.

Maneet Ahuja 06:29

Anybody else want to weigh in on the—Yes.

Peter Beske Nielsen 06:32

Yeah, I think that's a super important point you make because we have to think globally these days, and that's basically what we do at EQT—as being a global investor, being European by origin, coming from a family heritage. But I think there's a few points that were made here in terms of just how do you invest—how should you invest as an individual. There's also someone who has to do it, who's making the investments, and that's—I guess—what we are here for on the GP side. So, we very much agree what you said, Ida. Be global. Think about themes—big themes like energy transition. Energy transition is going to last for the next 10 to 15 years at least, and it's going to need billions of dollars to make that happen. So, it's super important that we get behind these big trends and put them in the portfolio of our clients. But of course, somebody has to do it.

Maneet Ahuja 07:18

And David, I'd love to get your quick snapshot on the big picture as well.

David Blanchett 07:23

Oh, sorry, what was that?

Maneet Ahuja 07:24

I'd love to get your quick snapshot on the global landscape as well.

David Blanchett 07:27

Yeah, I think that they make great points about diversification. I think one thing that I've always looked at is how we measure diversification. I think that domicile isn't the best way to think about it, and things like revenue and cash flows are better ways to think about the benefit of different investments as part of a portfolio.

Maneet Ahuja 07:41

So, shifting now to retirement preparedness, I want to talk to you a little bit about the gap between what people have and what they'll actually need. This is something that you spend a lot of your time on.

David Blanchett 07:54

So, there's a lot of perspectives out there around retirement, and I think that most people aren't where they should be. We just did a survey last year and found that 90 percent of respondents thought they were kind of on track for retirement, but only 30 percent had a financial plan. And so, I think the issue is that Americans—as Jay noted—aren't saving enough for retirement. But I don't think we have a retirement crisis. Someone might disagree with me here, but if we look at the measures of retirement outcomes, people when they retire—at least in the US—are better off than they were. And so, I'm not focused so much on the gap that's there—we're improving it. I think a larger issue is just decumulation. Giving people a pot of money when they retire and saying, "Hey, go spend this,"—that's not working. And so, I think that as we advance retirement globally, we've got to think about how do we help people actually decumulate their wealth to have the retirement they want.

Maneet Ahuja 08:48

So how should we be thinking about it? Can you take it a step further?

David Blanchett 08:52

Yeah, my example is—you can't really turn ants into grasshoppers, right? If you spend 30 or 40 years of your life accumulating wealth, and, at least in the US, you get a statement every quarter that has your balance on it, you don't want to spend that balance. And so I think getting people into a spending mindset—into a lifetime income mindset—that eases that burden. I've done some research that talks about people—they don't spend their savings. They don't spend wage income, capital income, any of that. They spend lifetime income. And so how we frame and create solutions for investors—it needs to move beyond just spreadsheets and projections to say—hey, behaviorally, what actually moves the needle on spending? That's things like lifetime income.

Maneet Ahuja 09:33

You're nodding there.

Peter Beske Nielsen 09:34

Yes. I couldn't agree more. I think that's a super important point you're making, but I think there's a link between the way you make it happen, either the vehicles, the plans, and so forth, the education that you need to do, and then the investments. So, they have to go hand in hand, because if you don't have the investments to make it happen, and if you don't have the plans and the education also to make it happen, then you don't get the right outcome. So there has to be that balance. That's why I think it's such an important point we're in right now for the globe that we actually get that right. So both we get the education right for the private individual—be that the young generation or the elderly generation in decumulation—but also the investments, and take out the volatility in the market. Because no one likes looking at the volatility in the stock markets today. So, going more private, longer term, and having that long-term mindset, that's really what is needed.

Jay Jackson 10:32

Can I add something to that?

Maneet Ahuja 10:33

Please, please.

Jay Jackson 10:34

Just quick. And it's just—You're right. I guess my question is, what drives the investment? What's the fundamental decision we should be making to say how I should allocate, right? And that's when I keep coming back to—If we're not looking at health, we're not looking at longevity and lifespan, right? When someone's thinking about this and they're saying, "Hey, I want income for life," what does that actually mean? Most people take too little income because they don't know how long they're going to actually live. Number one fear in retirement is running out of money. How are we not—And this goes to ultra-high net worth. Everybody feels this way. They don't spend, David—you're right, and they should be, right? People are taking 4 percent withdrawals. That's broken. It should be 8 or 10 in some cases. We literally medically underwrite everyone, and we break it down to say, "This is actually what your probabilistic lifespan is," right? We're going to talk about this massive \$100 trillion transfer of wealth. Wouldn't it be nice to know when that's going to occur? Right? Like that's the types of things we should be dealing with. We would do a lot of work with pension funds and help them better understand unfunded liabilities. Because that's just a mortality distribution curve, is all it is. And I think that as we think about the tracks, right—as Mike pointed out—I think it should indicate things like part of the tracks are incorporating technologies and AIs and what all those things—global asset allocation. But when I look at the pillars of where we're going with private wealth, the pillar is going to be health, and the pillar applies to women, the pillar applies to transfer of wealth, it applies to millennials. These are the things that they actually care about, and if we're not providing that information, we'll never get to the investments.

Maneet Ahuja 12:08

Jed, you comment—

Jed Laskowitz 12:09

—Yeah, I was going to make a comment on the investment side, and I do think both in the accumulation phase and the decumulation phase, the broadening-out of the capabilities that you have to help people solve those long-term goals is really important, and the rules there are in the process of changing. We've been investing in direct real estate in our target date funds for 20 years. But you have to do it with an eye towards—what are the risks? What's happened when things go wrong? How do you manage an illiquid asset in something that offers daily liquidity? And I think it's a positive that that opportunity set is expanding. The DOL right now is in a comment period around expanding the usage of—kind of all sorts of alternative strategies in defined contribution plans. And I think that can support those longer-term goals in both the accumulation phase and the decumulation phase.

David Blanchett 13:02

So real quick, Jed. Huge fan of the private real estate and target date funds. But just to push back gently on what Jay said. So, the American College did a survey that was completed 27 days ago—3,000 US consumers—and longevity risk was the fourth-highest risk cited, no matter how you slice the data—age, income, and wealth. The number one risk was inflation, followed by health care expenses, and this emerging threat, which is US changes to pension policy. And so, I agree that, objectively, longevity risk is the biggest thing to worry about when it comes to solving retirement for someone. A problem we have, though, is it's not top of mind for retirees. And so I think that—yes, it's a big deal, but the problem is if we create solutions just focused on longevity risk—like the QLACs or deferred income annuities, longevity insurance—it's not going to be attractive for consumers or advisors because it's not what they're focused on when it comes to figuring out how to solve retirement.

Peter Beske Nielsen 13:55

But could the answer actually—because I like what you're saying about the volatility and why people are not spending money—Could the answer just—this might be interesting—Could the answer just be because everyone looks at the volatility in the public market, so they don't want to spend? Right? So our obligation is to take that mindset out—so, the headline, the clickbait of the volatility of the stock market is out—and put money to bed in long-term investments.

Maneet Ahuja 14:23

So David, I want to follow up with you on a second on decumulia—Help me out.

David Blanchett 14:28

Decumulation. It's a fun word to say.

Maneet Ahuja 14:29

Decumulation. Fun word to say. Because you write a lot about this. Is the US individualization of retirement a global story, or do you feel that we're exporting our problem?

David Blanchett 14:41

We export lots of problems, I guess you could say that—I don't know. I don't think so. I say that retirement is the most important purchase that most people will ever make. Right? It's going to cost millions of dollars. And so I think that when people ask themselves, "How much do I need?"—that is a personal question. Right? I think everyone wants a portfolio, a strategy, a plan that applies to them. So I think that the movement towards defined contribution, it's this global phenomenon. And as I mentioned, I think that that's probably the right place for most people. I think that defined benefit plans aren't necessarily the best way to solve retirement for most people, but I think that we do need to address some of the problems that emerge as we create this pot of money that folks just aren't spending.

Maneet Ahuja 15:25

Ida, you're nodding.

Ida Liu 15:27

No, I just think that everything that's been said has been absolutely spot on. I think just taking a step back from our vantage point—working with some of the largest families around the world—there's just really two points that matter. It's when you get in and when you get out. Many of our clients are incredibly sophisticated global investors, and we've just got to make sure that we're educating—we've said that a lot on the panel already—educating, empower, elevating their knowledge and awareness about how to achieve their life goals. And in fact, HSBC puts out a global wealth entrepreneurship survey, and the number one concern on most of our clients' minds was: What's going to be my legacy? How am I going to think about passing the wealth responsibly to the next generation—future generations? And how do I educate? How do I make sure they're well prepared? So again, it goes a little bit beyond the specifics of what we're talking about here, but taking a step back, looking at global architecture of portfolios—And no two clients are ever the same. We've just got to make sure that we understand each of the families' goals, purposes, ambition, and really help craft a portfolio that's enduring and sustainable for the long term.

Maneet Ahuja 16:30

And so that leads me to my next question about the advisor's job. Is it fundamentally different today than five years ago? Or—I think you guys have this 30,000-foot view, but then you're speaking one-to-one to this incredible global client base across all of your firms. But I'm curious to hear what the feedback is to them, and how you're advising clients differently.

Jed Laskowitz 16:57

I'm not sure the goals are different. They're definitely more complicated when you're dealing with people living to 100 and 120. I think I'da—talking about legacy and planning—and so I think the goals are similar. I think the tools that advisors have, have changed dramatically, and I think that's across both public and private markets. You can start with ETFs—\$20 trillion ETF market. It's going to be another year of record flows, record issuance, and record volumes. Now, ETFs were synonymous with passive. The passive industry is now over \$20 trillion—it's quadrupled in the last five years. But active ETFs are now 10 percent of the ETF market and growing at about 30 to 40 percent a year. So, the whole ETF market is changing, and it's probably going to be a \$50 trillion industry by 2030, which is about \$10 to \$15 trillion ahead of where people thought it would be. And then private markets—These are US numbers, and very similar to what's happening in Europe. About five years ago, there were about 200 strategies if you looked at interval funds, tender offer funds, kind of more advisor retail-oriented strategies. Now, we're launching about 100 of those every year, so 500 more in the last five years. And you could argue that more choice is good. But I will tell you, it does make it a little bit harder for the advisor and the consultant. I think you're going to see returns kind of push together in the median—in the middle—and then you'll have your high performers on the top quartile, and the bottom performers. And the spread in these asset classes is wider than any in normal periods, versus public markets. It really widens out when things are challenging. And again, we haven't had a real prolonged challenging period since the GFC. So, the goals and things I think are similar. The tools, though, that advisors have to solve them have changed a lot.

Maneet Ahuja 18:49

And so how do you deal with that on the advisor side? How are you—

Jed Laskowitz 18:54

—I do think one of your questions later—I'll foreshadow it—around what I think will change in five years. I think more will be centrally managed and professionally allocated. Portfolio construction, risk management, stress testing—all of those things that go into building something that's sustainable and diversified for the longer term, versus choosing manager A versus manager B.

Ida Liu 19:20

So, just to jump in quickly on that. What's changing—continues to change—is the evolution of AI and the efficiency that we're recognizing in the wealth management industry more broadly. It's going to be much easier for us to educate, right? Because now we have AI to assist with that. We have so many processes that are becoming much more efficient on behalf of our teams around the world. The efficiency of dealing with our clients—the service offerings that we have for our clients are going to be much more streamlined. So, the process continues to improve, and the key here is just making sure that our teams are really well trained to work with AI and to work with the adoption of AI, and how efficient that can be to unlocking even more value on behalf of our clients.

Maneet Ahuja 20:02

David.

David Blanchett 20:03

So, I was going to say—Jed's talking about investments, and I'm a portfolio manager. I love the fact that the investment suite is increasing dramatically. But when you ask about what's going to change with advisors over the next five years, it's the holistic suite of services they're offering to clients, right? I was a financial advisor 20 years ago, and it was analogous to stockbroker. Like it was all you did. And to me, what I'm excited about is that the services advisors are performing for clients has increased dramatically. Like AI can be a huge win here. People don't come to advisors for efficient portfolios. They come to advisors for accomplishing a goal. And I think that there's this radical redirection that's happening—has been happening—where more folks are going to work with advisors that help them accomplish that goal with a huge array of services and solutions, versus just, "I will build you an efficient portfolio."

Peter Beske Nielsen 20:54

What's going to happen is that—I think like what Jed said—more is going to be centralized, which is actually a good thing. Because what happens at the advisor end—The client is getting more and more informed, asking more and more difficult questions for the advisor. So there will be some advisors that probably won't make it in the next five to ten years, which basically will then drive that centralization. Which is good, because the advisor that comes along—or the advisor that just looks at the stock market as well, is not good for anyone—They change around their portfolios all the time. That's really not great if you have a 30-year horizon. So I really much agree with Jed.

Maneet Ahuja 21:29

So survival of the fittest, which is par for the course.

Peter Beske Nielsen 21:32

Like any other industry.

Maneet Ahuja 21:33

Like any other industry, yes. Jay.

Jay Jackson 21:35

I was just going to add, if you take any asset manager historically over a 20-year period, they all look like they're 10 to 10.5 percent, right? Ultimately, everyone falls pretty close to a mean, with the exception of alts, right? And whether you consider private equity in those alts. And so ultimately, I think if you go out five years, you're going to be in this world where you do see a compression of a lot of the good ideas that those advisors ultimately use, or those ETFs. But then you start to see this outlay of different opportunities that they have within that investment space. And I keep coming back to this because I think it's so important. We're missing it. We're missing it right now. David, I respectfully disagree with you. You can't judge 3,000 people out of an ACLI study and then call that fact. It's just wrong. There are millions of people who are faced with this every day. And when we give our clients their lifespan, you know what they say? "It's wrong." And do you know what they actually say? "Zero chance I'm living that long." And the reason why—Because it's maybe a different issue when we talk about health care, and we talk about women, and we talk about these things. The reason why they say it's not important is because we're not even providing them data. We're giving them nothing, right? And now all of a sudden, we're starting to provide them data, and then their response is, "I don't feel well. I hope I don't live to 87." That should shock us. Just a crazy fact that we should all pay attention to: Do you know what the age group is the leading cause of suicide in the United States? Over the age of 75. We're failing. And we're failing because we're not talking about these things. Our financial advisors have to talk about these things around health and feeling better and what matters. Healthspan is going to be—I think—the most important topic we talk about—how people not necessarily are going to live forever, but instead how they're going to deploy these assets in a way that they can live longer, more productive, and purposeful lives.

Ida Liu 23:25

And by the way, also invest with a longer time horizon.

Jay Jackson 23:27

Yes. Oh, and you've touched on a great point. It's super important.

Ida Liu 23:30

The advancements that are happening today in health care, telemedicine, personalized medicine—it's expanding the lifespans of our future generations by decades. So again, the similar vein of investing for next generation.

Jay Jackson 23:45

People are going to be working longer.

Jed Laskowitz 23:46

The importance of doing the basics right when you're young, not outliving your wealth, getting good advice—all of those things that we talked about, because I bet the driver of that not really knowing is people outliving their wealth?

Jay Jackson 23:58

They don't want to burden anyone. They don't want to move back home. It's not a multi-generational opportunity here in the United States. Ida, what you just said is maybe the most important. When you think about millennials today, which is—The older edge of that is 40 to 50—40 to 45 years old. They need to start thinking about what it's like to work to 72. Because they're going to live longer. We're providing that data back to our clients and say, "Listen, your lifespan isn't a straight line. It's an arc of probability, and you're in control." Right? What happens if you exercise? What happens if you do these things? What happens if you do a better job of managing your financial resources and having strong investments? Those things all matter. And that's when I look at the financial advice world, that's where it's going.

Jed Laskowitz 24:38

My WHOOP tells me I'm two years younger than I actually am.

Jay Jackson 24:42

I was about to say. You're better off than me.

Jed Laskowitz 24:44

I'm doing better. I'm doing okay.

Jay Jackson 24:45

My WHOOP says I'm in trouble.

Maneet Ahuja 24:47

I'm an elder millennial, and I was not planning to work till 72, so thanks a lot.

Jay Jackson 24:52

Well, it's coming. You know what, though?

Jed Laskowitz 24:54

You started early.

Jay Jackson 24:55

You're going to feel great, Maneet. You're going to want to work to 72.

Maneet Ahuja 24:58

Okay.

Jay Jackson 24:59

And think about the extra seven years, right? That's another full compounding at 10 percent, you've just two extra wealth.

David Blanchett 25:05

So real quick. So what Jay's talking about is longevity literacy, right? And there's different dimensions that are problematic when it comes to individuals estimating their lifespan. The average 65-year-old radically underestimates how long they're going to live. Okay? That's a problem. A bigger problem, though, is longevity literacy among financial advisors. I've done lots of surveys on advisors, too—not as big as the last one you just cited—but in my surveys, 80 to 95 percent of advisors use a multiple of five as their retirement end date for their financial plan. Almost none of them personalize longevity based upon client expectations. Right? The gap in life expectancy for a 65-year-old, if we look at the top and bottom decile, is over ten years today. And so to Jay's point, he is spot on. If advisors who work with the wealthy aren't talking about longevity, they're not going to understand how long they're going to live, and they're not going to build the best financial plan.

Maneet Ahuja 26:02

Peter.

Peter Beske Nielsen 26:03

And I think we still talk about these—I would say—two different levels. So one is the great advice that we need to give clients, and clients need to understand. They need to look after themselves—they live longer, and so forth. But guess what? There's also people who need to invest then in the health care companies.

David Blanchett 26:19

That's right. Oh, great point.

Peter Beske Nielsen 26:20

Just taking that back. Right?

David Blanchett 26:21

That's a great point.

Peter Beske Nielsen 26:23

So, we need people that basically—or investors, GPs—that spend the money also on growth companies, for innovation, looking after people’s health, and so forth. And not surprisingly, EQT is the largest investor in the health-care sector globally. So there you go.

Maneet Ahuja 26:41

So Jed, JP Morgan has been aggressive in building private markets for wealth channels.

Jed Laskowitz 26:47

Creative. I’m kidding!

Maneet Ahuja 26:52

Tell us what’s working and what’s actually the hype.

Jed Laskowitz 26:53

Listening to this, on how we think about solving for these things as investors, I think it reflects what’s going on in the industry right now in terms of where capital’s being allocated, and it’s a bit of a barbell. You have either investors really looking for portfolio resiliency, inflation protection, diversification, income yield—or they’re looking for high growth, and they want to invest in AI, and they want to invest in health care. And some of that’s reflected in what we’re seeing in industry flows. Last year, infra alone was up 60 percent year-on-year in terms of industry flows. So going deeper into infrastructure—because there’s a lot of different ways to invest in infrastructure—the area where we’re seeing the most demand inside JP Morgan is what we would call core, core plus infrastructure that’s focused on essential services, contracted and regulated power—very predictable. Think about powering the world’s data centers as opposed to owning and operating the data center itself. These themes of increased energy demand—issues around energy security, obviously what’s going on in the Middle East right now, and Europe’s reliance on Russian gas and what that exposed, this whole idea of needing renewables to meet both the increased energy demand and have energy security and reliability—is incredibly in focus. And these themes are resilient, and they’re not really correlated to what’s happening in public markets. The other part of infrastructure, which is a bit under-invested in, is transport. Think about that as kind of owning and leasing ships to investment-grade lessees like Rio Tinto. Also, another area that’s kind of been a bit overlooked in this cycle has been real estate. Obviously, there were challenges post-COVID, but we’re seven quarters into a recovery now, and I think probably real estate will be one of the best risk-adjusted return opportunities that we see in the next cycle. And it’s not just about a recovery in office and retail. It’s sectors like logistics, industrial outdoor storage, student housing. Real estate has been through a number

of cycles, and recovery periods tend to be long and very strong. So, the other end of the spectrum is high growth—and I know we're going to get to the AI topic here a bit more. The bottom line is companies are staying private for much longer than they ever have before. And it's not just the companies that you read about in the headlines. It's true for most companies. In 1999, the average company went public after about six years of incorporation. Today, it's about 14 years. I like using an example: Google was private for six years. Databricks has been private for 13. Palantir was private for 17. The compounding and growth and investment opportunity at that stage for these companies is immense, and it's hard to even compute as you think about it as an investor in terms of the compounding of those types of growth rates. And the opportunity to own those companies as private companies and then hold them through the public period is also becoming a theme that's emerging more and more. So, it's really a bit of a barbell—risk diversification and high growth—and we're seeing opportunities across both.

Ida Liu 30:05

And just to add onto your comments there, we have such large opportunities also. As you know, family offices are another key growth driver in wealth management around the world. They control almost \$10 trillion of global wealth today, and that's been doubling every five to ten years. And with the family offices, they behave a lot like mini-institutions. They're looking for direct investments. They're looking for co-investments. They're looking for different types of ways to express their views with more direct investment opportunities. And so therein lies this opportunity for entrepreneurs also to get patient capital. You're seeing a lot of replacement, in many cases, of family office investments into entrepreneurial-type endeavors, as well. So, we're going to see more of that going forward too.

Jed Laskowitz 30:48

If you're a founder, there's no rush to go public. The private markets are so deep and wide—And of course, there's reasons to go public, and you're likely to see some very big private market IPOs this year. But when you talk to founders about their decision-making, a lot goes into that. They're thinking about, well, do they want to justify every acquisition that they do? Do they want to be completely transparent about their strategy to the public market? So, there's an ability to do a lot more as a private company, but at some point, there's a trade-off. Back to your comment, Ida, we co-led the Databricks Series L. Series L—that's a company staying private for a long time and growing very fast. So, the opportunities on the direct side are significant.

Jay Jackson 31:21

Could I add just one quick point to that?

Maneet Ahuja 31:31

Yes, please, Jay.

Jay Jackson 31:33

Because I think I'm the only CEO that went public in the last three years here.

Jed Laskowitz 31:38

Darn.

Jay Jackson 31:41

And what you said is spot on. I have to tell you, there were pluses and minuses. I get asked frequently why we made that decision, when we made it as a small cap stock. And I could argue that—certainly, looking backwards amidst the investment we made, the cost of being public to a small cap company is incredibly—It can be punitive. Putting everything out transparently, learning that process. But I will say this—One of the biggest things for us—We had positive revenue—We positively—We had cash flows, we had all the things that you needed as an upcoming public co. But, with that said, I would make the strong argument why small cap stocks should go public and not wait. And the main reason why is—and I'm sorry, I don't want to just—I don't think I'm bragging about our numbers, but we tripled top and bottom line over the last two and a half years. I would argue, because we were public.

Peter Beske Nielsen 32:35

The challenge is—However, it's not happening really, right? That's the challenge.

Jed Laskowitz 32:40

But I do think that's why investing in a company like yours when they're private, being able to own it when it goes public—

Jay Jackson 32:46

—Should have caught us right before we did it.

Jed Laskowitz 32:48

That, I think, is what's changing the landscape.

Jay Jackson 32:50

There were some private equity companies that are still kicking themselves.

Jed Laskowitz 32:51

They're not as separate.

Jay Jackson 32:54

That didn't quite get to us. I would argue being on that side of the table, though—It's not like I had great offers from private equity, and here's why. It was always pocket aces, right? It feels unfair when you're an entrepreneur—you've built a business for 20 years, and you've got half the table filled with people and me. And you sit there and say, "What are they getting here?" And I think that this is a real issue with small business owners who either look to go public or then want to take advantage of this. Again, I'm a huge proponent of small cap stocks going public because I've seen the results. Now, you need things. You need to be able to drive your business. You've got to work. You've got to invest, and you've got to have really bottom-line earnings, because if you don't, it's going to be really hard for you. But with that said, when I walk in with my K or Q and we're out soliciting new capital to raise—not necessarily in public co but in our funds—we went from \$50 billion in AUM to 3.5 in two years. And it was because we were a public company—there was a layer of trust there that institutions had more comfort investing alongside of us.

Maneet Ahuja 33:58

And so I'm curious, when you're talking to investors, what asset classes are they the most excited about right now? Obviously, the private markets hold a lot of value. What stage in the private markets are they looking to jump in?

Jed Laskowitz 34:13

Well, one of the questions that you asked that I didn't answer is where is the money going and where's the hype? And I think where the money's going and where capital's being allocated, again, are those barbells. And then what Ida mentioned is directs, which is very concentrated right now. But it's not just the companies in the headlines; it's the AlphaSenses of the world, it's the Rogos. It's companies that are kind of playing financial services industry in AI. I think the hype that I worry a little bit about is investors having

a bad experience with private wealth alts. And a lot of investors, this is their first experience, and we have to make sure—as there's more product proliferation—that you could result in a situation where the democratization of alts becomes the commoditization of alts, and then that impacts returns. And that's kind of what we worry about inside. And we think about—Does everything that we launch meet an incredibly high standard? What's the investment thesis? Just because you've taken a liquid asset and put it in a liquid vehicle, it doesn't make the underlying asset more liquid. It just compounds the problem in a more challenging scenario. So I just think that we just have to make sure that we don't get overly excited and it just becomes product proliferation, because what made the returns that you talked about great is drawdown funds, institutional quality—and we've got to make sure we can keep that quality high, even in the democratization.

Maneet Ahuja 35:44

Peter, jump in, please.

Peter Beske Nielsen 35:45

I couldn't agree more because we are actually just on that journey—where we take our institutional mindset, 30 years of closed-ended funds, to the individual investor via evergreen funds. I would say our biggest challenge—Or when we look at the market, this evolution is—If memory serves, there's about 13,000 registered GPs in the US. I would say on a good day, probably two handfuls of those 13,000 should have an evergreen fund because they have the deal flow, the operational rigor, and so forth, also to weather the storm when it comes. And I think we've just seen a bit of it on the credit side. I think that's probably my biggest concern, so I very much share that with you, Jed. I just hope that all the good intentions where we need to bring private markets to the individual investor is not getting slowed down by some speed bumps on the road, because we'll have some headline from evergreens who are not doing that well.

Ida Liu 36:47

And by the way, it should be noted that private equity and private market opportunities perform the best in market volatility and market dislocation, which is exactly the kind of market that we're in today. And actually, in all my conversations with the CEOs of the private equity firms and private market opportunities, they're telling me this is one of the most interesting markets they've seen in recent history.

Jay Jackson 37:06

And your point too—Family offices, gosh, they have been incredibly helpful for us as a new public co. They want to hear your story. They want to deep-dive in. They want to take hold of everything that you're

putting out there. So, I think that on a private wealth side, you're right. They're like mini institutions and great partners.

Maneet Ahuja 37:23

And just double-clicking on that for a second. Even from the journalistic perspective, I've never heard and had so much engagement with family offices that do want to talk about direct investments. They're kind of operating more like a traditional venture capital firm and publicly coming out and making investments.

Ida Liu 37:42

Well, it's interesting, Maneet, because you have seen a major shift in family offices—almost, I will say, complementing and displacing, in many cases, private equity investors as well.

Peter Beske Nielsen 37:53

But I think it's the mindset of the family offices. They come often from having owned businesses. If not just one, then several businesses, right? So it runs in the family that that's the way they want to invest as well. Unlike the dentist in Texas, they do something different. Therefore, it is a different mindset if you are a family office.

Maneet Ahuja 38:12

Well, I was just going to come to you about the dentist in Texas. It's like you read my notes here, because I wanted to broaden out from advisory to pension funds. How does the advice shift from the GP seat? What changes when your LP is a financial advisor to a sovereign wealth fund?

Peter Beske Nielsen 38:32

I think there's a huge onus on us as GPs, but also as HSBC or JP Morgan or Abacus—anyone, right?—that when they speak to the end investor, it's really a very different conversation than speaking to a professional LP, a pension fund, a very large family office, and so forth. So, what we need to do—We need to make sure we educate the financial advisors. We need to make sure that everything we do is explained in the right way so that it can be conveyed to the end investor. I actually think that's one of the probably biggest challenges as well—to convey why should you not go in and out of private markets, why should you stay and have a longer-term view on private markets. We need to get that to the client, so we don't see the headlines, which we've just seen the last one or two months, where people want to get out of private markets. And then guess what? They want to get in again and out again. They just need to stay put

for a bit. That's an onus on us, but we rely on the likes of JP Morgan and HSBC to make that education via the financial advisors.

Jed Laskowitz 39:35

I think what's a little different with the asset owners, to your point, is that they are very much professional buyers, and they have teams that are doing direct investments, not just on equity, but credit, infrastructure—and also teams that are investing in our funds. I think, and not to generalize, but in certain sectors like infra, for example, the funds have actually outperformed some of the direct investments. Direct investing is really hard, and you've got to have a real program to do it. And I do think there's some large institutions that are rethinking the way they do their direct investing program—wanting to rely more heavily on the GPs in the future—and what do they want to keep and what do they want to stop doing because it's quite challenging.

Jay Jackson 40:21

I would just add one quick point to all of that.

Maneet Ahuja 40:23

Yes, please.

Jay Jackson 40:23

I'll put a bow on the family office piece from my perspective. We ultimately went public with a family office, not a traditional private equity firm. And they committed to being a long-term investor, and they spent the time to understand the business, and it was a terrific partnership for us. So I do think that that trend is really going to continue, Ida, in a significant way.

Peter Beske Nielsen 40:43

Seems like you should have come to your private equity firm with a family office heritage.

Jay Jackson 40:48

Yeah. Well, now it's going back private. Honestly. That's what we hear frequently—is that even our public shareholders will push us occasionally to say, “Hey, what's your take on going back private?” And so that market's just going to continue to evolve.

Maneet Ahuja 41:03

Well, next year we'll recreate this panel, but on family offices. Sounds great. So David, I saw you nodding. I wanted to just hear if you had some thoughts you wanted to add to that.

David Blanchett 41:15

I agree.

Maneet Ahuja 41:16

All right. So Peter, I wanted to go back to you. In the US, we talk about private wealth as the next frontier, but you're seeing pension reform conversations in Europe and Asia open up across the board. I'm curious to have you weigh in on that front as well.

Peter Beske Nielsen 41:32

I think as a global firm, we clearly look at all the discussions about DOL and 401(k) in the US. Huge topic. But let's not forget big markets like Holland, who's just going from DB to DC. Germany is having a pension reform. All of Asia—All the wealth that's being created needs to get into some kind of a pension plan, which they don't have today. So I think that's super important—to just look at the whole world, because what we have as an obligation, I think, as investors, is to provide the right performance to all individual investors, not just one segment of one country. So really, what we see is that we want to become a provider, via mostly the panelists here, to the individual investor globally, be that in Germany, Holland, or in the US, because, again, we are the ones coming with the performance, and we need the vehicle and the education to get to the end client—the retiree—via good institutions like the ones on the panel.

Jed Laskowitz 42:34

What's interesting about the pension reform in Germany is it's going to be a catalyst for the direct investor, because what's happening is millions of people are going to have individual accounts matched by the government. Companies like Scalable Capital are creating ways to capture that and allocate it. Obviously Revolut, obviously firms like HSBC, JP Morgan, that provide advice. But so much of those

companies, like Scalable, are focused on capturing the individual investor through these pension reforms, which is really interesting in a lot of ways, like a brand-new market.

Peter Beske Nielsen 43:09

Yes. And I think now in the US—But you should hear how easy a time you have in the US with 50 states and just the same regulation basically everywhere. Europe has, of course, very different regimes in every single EU country. Not only do they speak different languages, but the regime is different. But the change that's coming now in the EU is what is called the ELTIF, European Long-Term Investment Fund. It basically creates an even playing field across all of Europe, and the pension reforms are built to basically absorb that model, the ELTIF.

Jed Laskowitz 43:42

It doesn't feel easy here, Peter. I don't know.

Maneet Ahuja 43:47

So speaking of long-term, I want to touch on future-proofing with you, Peter. So what does future-proofing a portfolio actually mean right now for EQT?

Peter Beske Nielsen 43:57

Well, future-proofing is a term we use for a very long time, because as I mentioned here jokingly, our heritage is from a family office—the Wallenberg family—which now runs in the sixth generation. So what we really have tried, and the Wallenbergs have tried now for more than 150 years, is, I think, maybe akin to the Rockefellers here in the US—basically to make sure that when we leave a company, i.e., make an exit because we have to—because that's the model—we leave the company in a better state than when we bought the company. That's really what future-proofing is about. And if you go down to the detail, you'll say, "Oh, that's maybe logic." But I think to have a repeat model, as we have, what is super important is, for example, when we IPO a company, if that IPO is a bad experience for the investors, you'd get a bad reputation in the market, and it's not going to be a repeatable model. That's why when we future-proof a company, we make sure that when we IPO, the stock should also—that's what we try our best to do, future-proof—continue the growth in the stock markets. Because that's super important for us, and that's why we were the largest in the ECM markets in 2025. Because we have that. The banks believe in our model, and that's super important.

Maneet Ahuja 45:14

So Jay, I want to shift now back to longevity for a second. How does longevity as an asset class fit the income replacement problem that we were talking about earlier?

Jay Jackson 45:23

Interesting. We use longevity as an asset management tool specifically around acquiring insurance policies. So, when we think about alternative assets, insurance is two and a half times larger. Life insurance, anyways, is two and a half times larger than the US residential real estate market. 90 percent of those policies never pay a claim. What we do is get and speak to those policyholders. We create wealth for them by having them better understand how much longer they're going to be in the contract. It feels very simple and common sense-oriented, but ultimately, when you own the asset, now you've got effectively a mortality-driven zero coupon with certainty around liquidity. And we have offices in six countries. We have an office in Luxembourg. European investors love this strategy because—as well as Asian investors and Middle East investors—predominantly because it's an uncorrelated yield, right? Regardless of what happens in the market. And I think that from our perspective, it was very much around utilizing the core of longevity assets and then applying those to different underlying assets that makes sense. I think you can apply a similar strategy, whether that's in mortgage or real estate, when you have early payoff concerns. I think capitalizing on the data related to longevity, lifespan, how long these assets are going to ultimately be in place, provides you with a very unique perspective on what type of investments you can provide the institutions. Because I think—again, going out over the next five years, more importantly—Let me back up. If we just look at over the last six months, institutional investors, going back even further—three years ago—said, “You don't have enough yield. We're in this 8 to 10 percent uncorrelated yield.” They all wanted private credit. And now, all of a sudden, we're very appealing at an uncorrelated 8 to 10, with this kind of feature related to duration, where we have some certainty around that. Our point is: How do you capitalize on data across the board? And we haven't talked about AI yet, but the things we're doing in underwriting related to AI is changing things dramatically. Actuaries can now read 1,000-page medical files in seconds because AI summarizes them very quickly, and then they can do an output. So we can produce a life expectancy almost immediately. This impacts a lot of different areas, not just financial services. But we had some great talks last night around immunology and biomedical and health care. All those things really matter. So Abacus happens to be in a very fortunate position where we sit on all the data.

Maneet Ahuja 47:42

So Dave—

David Blanchett 47:43

—I was going to say real quick, I think if there's—I don't know—\$40 trillion in US retirement assets, less than 1 percent of it has any kind of longevity protection. I don't know what the right number is, but it's not

1 percent. Is it 10 percent, 25 percent? So to me, there is this huge opportunity there for solutions that allow advisors to more easily incorporate longevity into that decision process.

Jay Jackson 48:06

Yes. I couldn't agree more. I think that's where it's going.

Jed Laskowitz 48:12

And these markets will need capital, and I do think to the point Peter made, this is one of the best opportunities we've seen in decades to invest in health care. I mean, health care basically returned zero for five years up until the second half of last year, and there's a massive patent cliff coming, and basically what that means is the largest public health care companies will need to replace their revenue streams by doing deals. We're on pace to do probably over 70, over \$1 billion transactions in the health care space just this year. So, and again, these companies are going to benefit from AI, drug efficacy, faster development times—all of those things. So, all of this is really well connected from an investor all the way through.

Jay Jackson 48:56

It's what investors want. Everyone is following this. We're all wearing WHOOPs, right? I don't mean to be commercial for WHOOP, but it could be whatever you choose.

Jed Laskowitz 49:03

It's okay, yeah.

Jay Jackson 49:04

The point being is that this is what investors are asking us for, right? And I think that whether it's longevity and lifespan and health and healthspan,—and all these things really tie in so beautifully to each other—making a call on health care and being able to invest in those products, I think is going to drive women in investing. I think it's going to drive generational wealth—The wealth transfer, where they're going to go. They're already inheriting real estate, looking at their health. I think you can see it, right? Youth are not drinking as much anymore. This is a primary focus. And having investment solutions that match that just makes a ton of sense.

Ida Liu 49:37

And just one point on that, Maneet, also, because I have to say that there's a huge trend as the money is shifting to next-gen millennial women.

Maneet Ahuja 49:44

I was just going to ask you about that.

Ida Liu 49:47

Because whilst we're talking about health care, we're talking about AI, we're talking about tech, we're talking about different investment opportunities. One thing we haven't spoken about yet is how next-gen millennial women are shaping their portfolios and what they care about. And what they care about—more so than ever—is doing good with their money—investing with impact, investing with purpose, aligned with their goals and objectives. So we're going to see so much more of that coming to bear in the next decade as the wealth is moving to very customized impact investment-driven portfolios in a serious way. So, I'm very optimistic about what's going to happen as this money is changing hands.

Maneet Ahuja 50:25

And what are you hearing from them as they're making these investments? Is it also about legacy, or what are their key priorities?

Ida Liu 50:31

It's about legacy, but it's also about doing something good, not just achieving the absolute return or the absolute alpha over the index performance, but rather, what am I doing with my money? Am I making an impact? And we can be so customized in the conversations that we're having with our clients. It could be everything from green bonds, housing bonds, all the way through to private equity opportunities, customized portfolios to express clients' viewpoints. I had a client conversation—I think I mentioned this to you previously, Maneet—where a client said to me, "Look, I think plastics are the nuclear waste of this century. So help me build a portfolio that expresses that view." And you're seeing more and more of these types of customized portfolios coming to bear as well. Huge shift in the industry.

Maneet Ahuja 51:15

So, I know we only have a couple minutes left. I do want to switch to AI, and then I know we have some audience questions, so it's the shift into lightning round mode. So where is AI actually in production in wealth management today? Open for the whole panel.

Jay Jackson 51:34

I have two quick things I could tell you right away. One: We've touched on how it's happening in underwriting, right? That's happening in real time, but we see it also. AI is effectively providing—if someone gets a financial plan from a financial advisor today, one of the first things people do is they run it through AI, and then they have feedback that relates right back to the advisor. With that said, AI is not going to replace the financial advisor, right? There's just too much at stake. It's why I still don't take a Waymo—and forgive me for those of you Waymo fans out there. I don't trust that this car is going to drive me without somebody in front, right? I need some hands on the wheel, man. I got to know there's a person there. And I think that we're going to fall into that same situation when we think about financial planning and AI. Terrific tool, makes us all better and smarter, enhances where we are, but doesn't displace.

Ida Liu 52:23

And honestly, AI is fantastic at efficiencies, automation, next best actions, and so on, and all the tools and training, but it doesn't replace the EQ component—where you're sitting at the table with your families and multiple generations—how they're feeling, how they're expressing what they want to do. You can't replace that human touch with AI today.

Jed Laskowitz 52:43

So, we have about 1,000 technologists that focus on our portfolio management system, research, trading, risk management, obviously portfolio management, and we've got AI tools embedded inside of that. And a couple good examples, and one very relevant to what we were talking about—We have AI now scanning the research that we do on public companies and private companies and allowing the analysts and teams to share that data, and AI automatically redacts information that can't be shared across. That's something that would take people days to do and read through, and very manual in nature. We also have Claude Code and Claude Cowork deployed in sandbox environments, doing things incredibly fast. And we're just getting started.

Maneet Ahuja 53:32

But as a quick follow-up, though, do you feel at times, though, that AI commoditizes the advice, or you're able to tailor it for these bespoke solutions?

Jed Laskowitz 53:38

Yes. You can tailor it. It's absolutely a person in the middle making the end decision. But when I come in every day, our Spectrum system has read 23 million documents in the system, including the 40 years of buy-side research. And based on how I use it, it surfaces new things to me. So, I'm reading it, but it's making my morning and day way more efficient.

Maneet Ahuja 54:03

Dave?

David Blanchett 54:04

With AI, we can radically improve the percentage of people globally who get advice. It's not always the best advice. A lot of folks will still work with an advisor, but to me, it's just a huge win long term because more people can get help that wouldn't get otherwise.

Peter Beske Nielsen 54:17

No. But I think going back to the point I made a few times now is that—Here is the advice, and then there's the investment. And I think in terms of investments—Jed touched on it before—the dispersion of returns in private markets is massive compared to public markets. It's only going to be bigger because of AI. So, there'll be winners and losers. Right? So that's super important. So, when you make your investment decisions, make sure you make the investment with companies that have AI at the forefront. And here I'm not talking about 1,000 people—young people sitting and doing stuff, but actually the whole company should be focused on AI. That's super important.

Maneet Ahuja 54:56

So I know we only have two minutes left, but we have two great audience questions, so I want to get to that. Can you talk to the tension between central management and the need to deliver bespoke advice? What are wealth management firms and asset management firms doing to better serve the affluent and lower end of the high net worth market? Who wants to take that one?

Jay Jackson 55:19

We're in it. We made an investment in a firm called Manning & Napier, which would—Manning, a 50-year-old business, typical focus is average client net worth at the \$5 million mark versus the ultra-high net worth at \$20 to \$100 million. And what we're finding is that the similar solutions that people want, again—

There's investment portfolios, those make a ton of sense. But I think as Ida highlighted, there is this distinct demand for what we bring from a services point of view. How are you managing banking? Somebody maybe wants some help relocating. These types of services within the financial advice platform is going to, I think, continue to be what separates you, because we'll probably see some consolidation on the general asset management side, and there'll be winners and losers. But I think the winners will be the ones that look at a far more holistic approach, not just to investing, but also to providing things like understanding people's health, understanding their families. What's the dinner table topics? Am I moving? What's my banking look like? Those services that were typically reserved for ultra-high net worth. I think JP Morgan's doing it now, and HSBC is.

Ida Liu 56:25

Yes.

Jay Jackson 56:26

Right? They're offering private wealth solutions to people down the chain, and that's terrific. That means that the technology's working.

Ida Liu 56:33

And that's, by the way, a fantastic point because it's not just about the investments—although that's a key component—it's about balance sheet advisory, it's about wealth planning advisory, and it's about advising their companies along the way because we have such a global institutional approach with our clients. So, this is one sleeve of it, but the rest of it is incredibly important and critical as well. So very well said.

Jed Laskowitz 56:51

We bought a small FinTech about five years ago—a company called 55ip up in Boston—and they do tax transition and tax management. When I think about delivering scale and real value to advisors and investors, they help automate that analysis of tax transition and tax management. And that today is millions of positions, tens of millions of tax lots. Imagine if we were deploying AI in the future—how flexible that can be and how much more scalable it can be. So, I think that's an example of where we're doing it today, and an opportunity in the future.

Maneet Ahuja 57:25

So we had one last question, and we have 25 seconds, but I want to try to ask it for the person who asked it. High net worth clients are looking for concierge services from their financial advisor. How will lifespan be incorporated in that offering?

Jay Jackson 57:41

Must be my friend. It will be, right? Concierge services are going to incorporate all the things that we've already spoken about, from tax advice to estate advice. And when you start thinking about lifespan, if that becomes a piece of everyone's portfolio conversation, advisors will take this and understand it so much better. If they can look and get in front of their client and say—I'll leave you the one last little fact on this. You know the number one cause of mortality in emergency rooms? Misdiagnosis. And it's because you are willing to put together all of your assets on a single sheet of paper so quickly, but the most valuable asset you own are your medical records. The fact that we don't provide those, supply those, have those at the ready is, to me, a tragedy. And what we talk about is—When I think about concierge, somebody comes in and says, "By the way, here's your medical records. Here's your lifespan. Here's all these things in a central location that are going to matter to you and your heirs so that it can help prevent some of those things." And I think that's where we're going. It's coming in real time.

Peter Beske Nielsen 58:38

And that's where AI works. Because that's what makes sense. Because it was too expensive.

Jay Jackson 58:45

That's exactly right.

Maneet Ahuja 58:43

Well, with that, I believe we're out of time. I want to thank all of my esteemed panelists, and I do feel better prepared to think about my retirement and financial security. So thank you very much.

Panelists 58:59

Thank you.

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