PART 1: A CONVERSATION WITH PERSHING SQUARE CAPITAL MANAGEMENT FOUNDER AND CEO BILL ACKMAN

Richard Ditizio

As we do our events around the world at the Milken Institute, I'd say this year has been interesting because in some markets there's cautious optimism, in others there's real trepidation. You've got global debt over $365 trillion, and trade rules are being rewritten all the time. So, when you look at the investment landscape today, what do you see? Tell us what you think is the top opportunity and the top risk that people maybe aren't paying enough attention to.

Bill Ackman

Well, I think the world is changing in a very dramatic way and changing very quickly, being driven by AI. I would say the story of 2026, 2027, probably 2028, and beyond is the impact that AI will have. We are in a world where we're approaching access—excuse me, I race-walked here, so I'm a little bit hot. They didn't have a shower for me. I don't understand why. We're on this sort of asymptote to superintelligence, and the cost of intelligence is coming down. Intelligence is the most valuable asset in the world. It's going to be democratized, and that, I think, is going to have a huge impact on society, on productivity, entrepreneurship, and growth for the countries that are adjacent to this or part of the AI revolution. So, I'm very bullish on the United States, and Mexico comes along with that. The infrastructure spend, the energy, all of these will be big drivers of the economy. So, I would say that's the big opportunity. And I think another opportunity is—I think we're getting closer to the end of war in the Middle East, war in Russia. If we can have—we're going to spend more on defense, but if we have peace through strength, I think there'll also be a global sort of peace dividend that comes from that. I think on the risk side, all of this demand for capital—we have political challenges, right? France spends 59 percent of GDP taking care of its people, and we still have revolution in the streets and looting and otherwise. And the socialist state is not a long-term viable sort of structure. And so, you're seeing progress in the United States and rest of world. So-called democratic socialists—I think this is a movement that is very, very threatening to long-term prosperity.

Richard Ditizio

Okay. So, you brought up AI. Let's stay on that for a moment. The largest technology companies are going to spend somewhere between six-, $750 billion on AI infrastructure this year. Almost all of that is going to be paid for with

borrowed money. So, as an investor, do you think this level of spending is sustainable? And where does the money come from if governments and companies are competing for the same pools of capital?

Bill Ackman

So, I think it is sustainable because intelligence is—again—an enormously valuable asset, and I think the demand, therefore, for the compute that enables intelligence, I think is going to be sustained. And the companies that are—these hyperscalers that are building out a lot of this infrastructure have the financial resources, the creditworthiness in order to access the capital. I worry more about the pure-play neocloud companies that are a bit like highly levered real estate developers playing a theme.

Richard Ditizio

Yeah.

Bill Ackman

I think they're much more at risk. They're much more sensitive to the cost of capital. But you have SpaceX—Elon on the earnings call gave some projections for how many gigawatts of data centers he was going to open. If he meets his objective, he might have to borrow a trillion dollars of capital. So, you have companies competing at sovereign levels for debt, and the result is this massive technical of more and more supply of debt. So, I don't see a world in which there's a dramatic—there's a lot of demand for capital and a finite supply. So, I think that it makes rates persistently high.

Richard Ditizio

But do escalating interest rates put some sort of damper on that in the medium term?

Bill Ackman

I don't think so, because the return on investment on the compute is well beyond the cost of the capital. And so, if rates are at five or at six, they're still going to spend the money. Now, there'll be a meaningful impact of higher rates on rest of the economy, right? Now, on the positive side, if we resolve Iran and we resolve Russia, energy prices can come down.

Richard Ditizio

Those inflationary factors will decrease, right?

Bill Ackman

Inflationary pressures drop, and that can be a countervailing factor.

Richard Ditizio

So, when you think of your portfolio, you're not an AI investor in maybe the typical way that the market uses that term, but you do own businesses like Uber, Amazon, et cetera. When you think of AI as a landscape going forward, is it going to strengthen those types of companies, or will there be clear winners and losers that will fall out?

Bill Ackman

So, for example, if you read the Anthropic prospectus, which is sort of this historically important company—it's worth a read. What's interesting is about half of their revenues come from Microsoft, Amazon, and the hyperscalers. Microsoft is basically serving as almost like a dashboard where companies are—typically have a product compute that they've been selling, and they just had this massive spike in demand, and now they're building the infrastructure to meet the demand. Now, we own Uber. I think the issue—Uber—every company today is effectively an AI company, but Uber's going to use AI

to more effectively route their drivers to pick up passengers. Now, that will be a positive for the business. The big question for Uber is—it's actually incredibly—if you're looking for a cheap stock, you have a company growing its earnings about 35 percent per annum for the next year and 25 percent over the next five years, and the stock is trading at 16 times earnings. And the reason for that is a fear that Tesla—the Cybercab—it's just going to take over the autonomous vehicle market, and we don't think that's an accurate—we think the likely outcome is there are a dozen or so autonomous vehicle companies. And what the consumer wants is the cheapest car in the shortest period of time to take them from one place to another. And we think they're a beneficiary of lower-cost transportation.

Richard Ditizio

Okay. And now when you say everyone's an AI company, in 1989, no one was an internet company, and in 1999, everyone was an internet company.

Bill Ackman

Yeah.

Richard Ditizio

So, why is this different than that bubble?

Bill Ackman

Well, I would say the internet bubble was everyone got excited, everyone had an internet company, but a lot of these were not viable sort of business models. Anthropic is a profitable company growing at the fastest rate—I think—of any business I've ever seen, at enormous scale. And many of these, there's Cognition, there's Databricks, there are a meaningful number of companies scaling at enormously rapid rates. And I think they can justify their valuations, which is different from a Pets.com, which didn't have a viable model.

Richard Ditizio

So, your approach is different than a lot of investors in the industry in that you hold fewer concentrated positions. We're here in Mexico. How would a company here in Mexico earn a place in a portfolio that's relatively small? And where do you see the opportunity for you as an investor to maybe put some money here in Mexico?

Bill Ackman

Actually, I heard a pitch yesterday about a very interesting special situation in Mexico that we're going to take a very close look at. The Mexican stock market, I think, is very cheap, and I think there are probably some interesting gems in the market. For the most part, though, we focus on US businesses because we're looking to invest a couple billion dollars on average, sometimes $3 billion in a company. It's hard to deploy that kind of capital in markets other than the US just because of liquidity. And many of even the larger Mexican companies are controlled by families. And so, the amount of public flow, the amount of liquidity is challenging for us. So, as a result, we don't spend a lot of time looking here.

Richard Ditizio

So, the flip side to a concentration strategy is that when you make a mistake and you're wrong, you can be wrong in a very public way.

Bill Ackman

Sure.

Richard Ditizio

So, tell us, what's been the worst investment decision you made? And more importantly, what did you learn?

Bill Ackman

Actually, they made a movie about it, which is—you can find on one of the streaming sites in a second. If you have nothing to do tonight, watch *Betting on Zero*. So, I was a star of a film. What's wrong with that? So—

[Audiovisual pause]

Bill Ackman

—the rule of law, things like this. So, I think the reason why I have a lot of followers is I speak what I believe to be the truth, and if I get it wrong, I'm also happy to hear from the other side. What do my kids think? Every once in a while, one of my daughters will call up and say, "Dad!" because I said something they don't like. But they love their father.

Richard Ditizio

So, speaking of your daughter, go to something a little more personal now. Your philanthropy. You have given over a billion dollars away. But it became very personal recently when your daughter Lucy had a brain hemorrhage, and that now you have given $400 million to the Ackman Oxman Institute. So, I want to know, one, what's been your initial perception of the medical research ecosystem and where it might be broken? And can you apply an investor's discipline to that in a way that can move cures out to patients?

Bill Ackman

So, my daughter had a brain hemorrhage. It happened in the morning. She lives alone, and she's a writer, so she works at home. So, we did not know that this happened until late at night. So, she had massive brain swelling—a sustained period of time. Very few people survive that, and if they do, they die. And they die in a few months, or they have massive brain damage. We found her. They took her to a trauma hospital. I met them there. We convinced the—I was able to reach the chairman of the surgery at the affiliated hospital. They did the surgery to save her. And the inspirational speech I gave to the doctors—I said, "Look, let's see what can be accomplished with unlimited resources. Whatever you guys need, whatever equipment, we'll buy it for the hospital. I'm sure there are things that you'd want to try, et cetera." And under the care of an amazing team—a doctor I've basically fallen in love with—who is now the CEO of our institute—a neurosurgeon named Chris Kellner, head of innovation at Mount Sinai. And I said, "Look, we'll do this for Lucy. She's patient one, and then we'll make this available to everyone else." It's going to be a much bigger ticket than $400 million. We're up to almost $800 million for the institute. Our goal is, though, to build a self-sustaining institute. There are a lot of problems with the health-care system. I'm sure—well, I can give you the US—it's all about incentives. Neurosurgery is one of the most profitable departments of a hospital, and the doctors can get paid $40,000 and the hospital gets paid $40,000 for a surgery. But rehabilitation—and by the way, it takes very little square footage, right? It's an operating room. Rehabilitation takes a lot of space, and it doesn't reimburse very well. And so, there has not been a lot of effort put into rehabilitating patients. But it doesn't make a lot of sense doing surgery to save a patient and not taking the steps necessary to restore them back to health. We've full-court pressed with Lucy. She's 100 percent, as far as we can tell, cognitively fine. Same child, same memory, same sense of humor. Her deficits are the right side weakness all the way down. She was not able to speak, and she was not able to see. On each of these modalities, we made good progress. We made good progress going outside the system, breaking the rules, leveraging relationships. And what we're trying to do—we're starting de novo. We acquired a 3.4-acre site in New York City with a brand-new biotech building. That's the beginning of the headquarters. We can build—we expect—up to two, two and a half million square feet. Our goal is to build an important institute that focuses on brain rehabilitation, recovery, and innovation, technology development, company formation, and longevity. And the universities—used to be you couldn't recruit a top neuroscientist out of Harvard. Today, they jump out of their chair to come join us. And so, we've had incredible outpouring of people. So, that's what we're trying to accomplish. But we'll make the math work on—it's Formula 1 in Mexico. The guy we hired as our chief innovation officer consults to Formula 1 on—they want the drivers to respond. How do we improve the response time of drivers? Things like this. So, we're going to have military Navy SEALs, elite athletes, on the one end of the spectrum. On the other end of the spectrum, we're going to

have people like Lucy, who've suffered a major brain injury, and we're going to create an environment where people can get better and where a lot of innovation's going to come out of it. We've funded already almost $100 million in brain-computer interface and other related device development. That's a space where there has been underinvested in until actually Neuralink with Elon, but there are a bunch of other really interesting companies. And so, I think we're going to be able to have a big impact.

Richard Ditizio

Great. I'm sure a lot of great breakthroughs are ahead. All right, final question. As you know—and many in the room do as well—last year the Milken Institute opened up the Center for Advancing the American Dream in Washington. One of the things that we're doing as part of that is filming 10,000 people to tell their stories of who's been impactful to them and their own lives. And what I take away from watching so many of them is that invariably in each video, someone recalls a person who is quite impactful to them, and they literally start crying when they tell the story, whether it was a teacher or a grandfather or a boss. So, I want to ask you, in closing, who is that person to you?

Bill Ackman

My father was a very influential person in my life, in the things that he taught me and the things I learned from mistakes he made. I'll give you one small little story that was an important inspiration for my whole life. I was 16 years old. Car was in the driveway. I'm just learning how to drive. Car has a flat tire. And Dad says, "Good opportunity. Why don't you go change the tire? You'll learn how to change a flat tire." So, I get the little manual out of the glove box, and it says, "Before you change the tire, position the car on a level field—road." And our driveway was sort of like this. So, I said, "Dad, first step is I got to drive this onto the road where it's level." He's like, "No, the driveway—that's fine. You can go ahead like that." I said, "Dad, it said, I think…" "No. Just change the tire." "Okay." So, I listened to Dad, followed the directions. I jack the car up. Car gets up. I take the little bolts off the tire. Then I sort of reach around the tire. My legs are under the car, and the car starts to gradually lean like this, and I pull my legs out, and the car falls off the jack onto the wheel. And it was this incredibly powerful kind of lesson to me because I always thought, you gotta listen to your parents. But my takeaway from the whole experience was, you know what? I'm always going to listen to everyone, but I'm going to make my own decisions. And that was probably one of the most significant moments of my life.

Richard Ditizio

That's great. Well, Bill, always a pleasure to see you. Thank you so much for joining us.

Bill Ackman

Good to see you. Thank you.

Disclaimer: This transcript was reviewed by individuals for accuracy and serves as a reference. However, it may still contain errors or omissions. Please verify any critical information independently.