How Technology is Accelerating & Democratising Private Markets – With Matt Brown, CEO & Founder of CAIS

Simon Brewer

In this series on private markets, we're exploring both sides of the equation. On one side there is the demand for alternative assets. And on the other, the supply of such investments that encompass the universe of private equity, private debt, real estate, hedge funds, and venture capital. We're also learning how operators such as NASDAQ Private Markets are facilitating the ability of investors and employees to buy and sell the shares of private companies, thereby introducing liquidity and transparency to a marketplace where those forces have been largely absent.But today we want to understand how one leading firm is creating the bridge between alternative investment firms and their products and the wealth management community who are representing a new and significant source of demand. They're joining the established community of institutional investors whose portfolios have already altered significantly to encompass a growing allocation to alternative investments over the last decade. But we also need to check ourselves as investor enthusiasm and the rush for the new has a frequent habit of coinciding with periods of underperformance and just when the 60/40, 60 equity, 40 debt, portfolio was pronounced dead, bonds have yields again. And so to misquote Mark Twain, the news of the death of the 40% may have been greatly exaggerated. So with that landscape set, it gives me great pleasure to welcome the founder and CEO of CAIS Group, C-A-I-S, Matt Brown whose mission it is to connect lead independent financial advisors with leading alternative asset managers. So Matt Brown in New York today, welcome to the Money Mazes podcast.

Matt Brown

Simon, great to be here and thank you for having me. I'm a big fan of Money Maze and it's great to finally have a chance to be on the show.

Simon Brewer

Great. Well we met in London a few months ago, it was wintry and icy, and you were visiting. I think you've opened an office here now as well and now you're back in New York and probably sweltering, but like we have been in London, which is not a normal phenomenon for us. But before we look into the future, can we jog back? I think you were brought up in California, correct me if I'm wrong, and in which case were you a beach boy? Because I know you're a sporty guy.

Matt Brown

That's correct. Born in New York, but our family moved out to California when I was very young. Went to school out there, went to college in California, actually was a liberal arts major. No intention of going into finance or anything related. I was somewhat of a accidental financial advisor as my first role in life on the way to film school and stopped by to take an interview with a firm called Shearson Lehman Brothers, which doesn't quite have that name anymore or exist, and found myself in a financial advisor training program. And as we say, the rest is history.

Simon Brewer

We like to ask our guests how did they earn, in your case, how did you earn your first dollar?

Matt Brown

My first dollar, I had the entrepreneurial bug very early on. I started my first company when I was a freshman in high school, so around 16 years old, and that was a painting company, a house painting company. So I knocked on the doors of my neighbors, somehow convinced them that I knew what I was doing with the paintbrush. But I can still remember when those first dollars hit your hand as a kid, no matter how big or small they are, that is a game changer. It's freedom and exciting. I promptly went out and convinced a bunch of my friends to join my painting crew and coming summers we would spend shirtless with paintbrushes around the neighborhood.

Simon Brewer

Oh, well, it beats the beach financially if nothing else. But Shearson Lehman, a name for those of us who are old enough, of course, remember very well and various iterations that followed it. But what did you do there? Because what I'm trying to get at is when and where were the seeds for your business today being planted?

Matt Brown

The journey of launching CAIS, which started in 2009, and I began my career in 1991. So in that window of '91 to 2009 was really CAIS was the collection of, I would say all those experiences. I spent a better part of a decade as a financial advisor, so understanding the needs of end clients, high net worth individuals, understanding how to service them as a financial advisor. Then I went to the dark side, I went to the alternative investment community, primarily on the distribution world. So really when I had the idea to launch CAIS, I had spent the better part of two decades really thinking through both the needs of a financial advisor and also the distribution needs of an alternative asset manager. What was missing was technology, because we just couldn't scale anything that we were doing without technology and really truly democratize access to alternatives. And in 2009-10, that's when really the opportunity presented itself and we said, let's go for it.

Simon Brewer

And how different is the vision today versus what you envisaged in 2009?

Matt Brown

We recently had a board meeting and I have quite an interesting collection of investors, great institutional partners, Apollo, Motive, Franklin Templeton, Reverence Capital, very serious investors, and they asked me the exact same question. So I went back to the file, I wish I brought it today, I could have held it up, but it was the business plan that I wrote in 2009, which allowed me to raise the first million dollars for my company CAIS, which was really a series of begging friends and family. And I read the entire opening of the business plan on the thesis of what we were trying to do.I would say within 98% we're doing exactly the same thing. We really stuck true to the vision of the business. It was the right vision. It took a lot longer than we thought for the adoption to come through. As of course you know as being in business, you can have a great idea, but if no one else thinks it's a good idea, it's really not a great idea. You need to have the ecosystem of participants to want to participate. And that's what's happened over the last five years especially. So it was quiet for a while, but we had to stick in there and persevere. We did, great partners and finally we waited for the wave to come and boy, is it a big wave.

Simon Brewer

So if you get into the Rockefeller Center lift and somebody says to you, "What do you do? Describe your business?" And you've got 30 seconds, how do you define it?

Matt Brown

It's that elevator pitch. The way we just say is very simply CAIS is a technology platform that connects financial advisors in the US with leading alternative asset managers globally. And that bridge that we've built enables a seamless execution, education and access moment for those two communities. It's very similar and sometimes I'll give the Airbnb analogy, there's people who want to rent their house or apartment and there's people who want to actually stay there. So we connect those two communities seamlessly with the technology experience.

Simon Brewer

Ping, 32nd floor. Well done. Okay, so tell me this, how do you quantify that market opportunity?

Matt Brown

Just to give you some numbers to hang onto, US wealth management, meaning the amount of capital that financial advisors in America alone advise on, is north of $40 trillion. By 2030, that's expected to be close to $60 trillion. To put that in perspective globally, if you were to add up the 10 largest wealth countries, excluding Japan, that would still be smaller than the US. So the US market is quite untapped. As you know, institutional allocations to alternative investments, not our market, but the institutional world typically are between 40% and 50%. And that's across of course private equity, private credit, venture, all real estate strategies and all hedge fund strategies. In US wealth management, the average allocation to alternative investments is north of just around 5%. There's a tremendous amount of room to grow. If you channelize US wealth management between the largest firms, the UBS, the Morgan Stanley, the Merrill Lynchs of the world, JPMorgans, their average is around 15%. And the independent wealth community where we participate, which controls half the market of that 40 trillion, is less than 2%. So if you look at it, there's a lot of room to grow here; $10 trillion being allocated to alternative investments over the next decade. And that's why you see these asset managers like Apollo and Ares and KKR and Blackstone and Carlisle and many, many others so laser focused on wealth management because it really is, from a growth standpoint, the biggest opportunity for them to increase their shareholder base.

Simon Brewer

And we've had a few of them on the show, which has been really interesting to uncover their whole drive. Now, I'm going to quote you. You said, "Technology is suited to solve the problem of unequal access to financial services." And I'd love you just to explain that?

Matt Brown

So technology allows CAIS and other platforms to do a variety of things in a scalable way. So financial advisors by structure are distributed across the United States in every city, they have very busy schedules taking care of their clients' needs. So what we have to be able to do effectively is deliver information about the different funds and strategies so they can learn about them, how to implement them and how to talk to their clients about alternative investments, especially those who have never invested in alternative investments before. But it has to be done in a scalable and repeatable way. You can't just get on a plane and knock on a door and have one conversation, then have another conversation. You're never going to get the job done of mass adoption. So through our technology platform, which advisors can log into, they can learn about all the different funds and strategies and how to implement. So first thing that technology does for CAIS is it allows us to scale information broadly and quickly and make it accessible. The second thing that our technology allows for is efficient execution of transactions in alternatives. Historically, alternative investments are designed for large institutions. There's a lot of paperwork, subscription documents can be hundreds of pages, but imagine if you're trying to get hundreds of your clients in small denominations into alternative investments, that means you have to actually do that paperwork manually, get manual signatures, the system breaks. So what our technology does is it's digitized that entire process and turns what can be hours of work into seconds allowing for a quick execution. And then lastly, and most importantly, it's not just good enough to give access and education to alternative investments, but you really need to manage them once you own them. There's capital calls, there's reporting requirements, there's taxation documentation. So we centralize all of what we call the post-trade experience on the platform and our ability to send data and information anywhere makes the advisor's life very easy. So our technology allows the pre-trade education, trade execution and post-trade coordination to be scalable and very efficient for the financial advisor.

Simon Brewer

And are you as an institution product neutral? By which I mean some advisors might lean into real estate or hedge funds, so is that how you think about it? Yours is merely a mission to put pipes between these two entities?

Matt Brown

Yeah, that's correct. We don't take a view. CAIS is not an advisor to advisors. We don't recommend a product. We are the marketplace where they go shopping. So our job, if you and I owned a grocery store together, we would sit back and we would think about how do we stock food on the shelves? And it wouldn't start with because you had a good idea, it would start with because we would say what did the clients want to see on our shelves? So we use a lot of market testing, a lot of surveying, a lot of ability to reach out to the audience and understand where trends are going. We also have a strategic partnership with Mercer, I'll talk about that in a second. But our platform really, or the shelves of our store are stocked with a wide variety of different strategies from, as I mentioned, all types of private markets and also hedge fund strategies.

Simon Brewer

What intrigued me when I was doing my research ahead of this is that the management consultant Bain had made the point that there is little brand recognition in the alternative space, which sort of surprised me, but I think that's maybe because if one's in it every day, one is aware of that. How is that changing and what's your view five years hence?

Matt Brown

Well this is a huge topic that you bring up, which is brand and market share. And you're absolutely correct, we talk about the names of the asset managers, and I think that's what you're referring to, as known commodities as known firms because we are in the industry. But the alternative investment community at large is not known by name. Yes, at the very top of the pyramid, a few that end up in The Wall Street Journal on a regular basis, but broadly speaking, most alternative investment managers by name are not recognized in the wealth management community. So what's happening is that there's a lot of investment by these firms to get branding in the channel, get the recognition they need in the channel and earn that market share and that brand loyalty and that's happening. Any firm that wants to compete in wealth management, or as we say a CAIS, anyone who wants to win in wealth needs to invest in their brand and it's happening, they're making strides. But the flip side of that coin is also quite interesting, which is that because most are not known, it's a bit of a level playing field for anyone who wants to establish brand. We would think, well of course the biggest names in the industry have a huge advantage on day one. And there is an advantage to size and track record and it being somewhat known, but there is still an opportunity for many, many firms, European firms, international firms and US firms that are under the radar right now from a brand standpoint to invest in their brand and earn market share. There's been multiple examples of firms that we've put on our platform, asset management firms that are not known to the wealth community, but over the last five and 10 years they've become some of the most prolific known brands in wealth just as a result of that exposure.

Simon Brewer

That is interesting because you mentioned, and I wanted to come back to Mercers, because size is not always the friend of performance and you work with Mercers who we interviewed, we interviewed head of research, Joe Holden a few weeks back, and could you explain how Mercers fit into that equation?

Matt Brown

The number one reason that financial advisors haven't allocated more to alternative investments is because they don't have the due diligence frameworks internally to do the work on the asset manager, and as fiduciaries, of course they have that obligation. So CAIS wanted to provide a due diligence framework that could be trusted and reliable, but also independent from our platform. Again, we want to run the marketplace. We don't want to be in the due diligence business. And we certainly don't want to have due diligence embedded into our platform because there's that inherent conflict of interest. So what we've done is we've formed a strategic partnership with Mercer, which is, as you know, one of the largest global consulting firms that does operational investment due diligence on behalf of the largest institutions globally and they do the due diligence. Those reports are made available on the CAIS platform. So a financial advisor, when they're logging in and looking for funds, they can not only learn about the strategies through our educational platform, but they also have the ability to read the Mercer due diligence reports and adopt that due diligence standard, which is of course the gold standard in the industry. So that separation of platform and due diligence, our ability to bring due diligence frameworks that are trusted and independent really have unlocked a tremendous amount of capital, and frankly, advisors who may not invest in alternatives to really take that first step.

Simon Brewer

I've read of putting two new firms a day on your platform and I think those are the investment advisory firms. Tell me a little bit about how that process of both onboarding the financial firms who are going to be consuming and the financial firms are going to be supplying, how that works, where the bottlenecks are, what's hard in getting this done?

Matt Brown

Everything. You really have to have a variety of things in parallel happening in order to pull off a two-sided marketplace platform in any industry. It's even more complex for this industry case because we're dealing in not consumer goods and individual investors like Amazon, we're dealing with regulated entities on both sides of the platform, things that are not used to being scaled with technology. So we really at CAIS, our starting point was somewhat retooling and rewiring the financial system within the US market to make sure that private funds were operating almost on the same level playing field as listed mutual funds. We had to create that framework and those pipes and plumbing within the US financial system working with groups like DTCC and all the major custodians. That was a huge, huge piece of what we've been able to accomplish. But in order for a financial advisor to get on the platform, it's actually quite easy. You said two per day, that's actually a different stat, just to correct you, Simon, we have dozens and dozens of financial advisors and firms logging into our platform for the first time per day. The two per day, which is actually now almost four per day, is those who are actually making their first investment on our platform. So we'll bring over a thousand new firms this year that are actively using the platform to invest and five plus thousand that are just, I call that shopping and looking for new investments. And that's doubling every year.

Simon Brewer

Now you've been backed by some significant groups, you alluded to those, Apollo, Franklin Templeton, I think you've got Todd Boehly, who's very famous over here for his ownership of Chelsea and may in fact be coming on the show as a guest. We will have to see about that. What are their expectations?

Matt Brown

They, first and foremost, have been just unbelievable partners. Putting their capital aside, which has been critical, their ability to bring their business experience, their networks to help CAIS grow has been tremendous. So we're very grateful to have those investors. Their capital has allowed us to really scale the business., We've gone from in the last two years, we called it 100 employees to almost 350, a lot of that in the technology area. Those type of resources allow us to really design the best modern technology stack, which then gives the user experience, the advisor and the asset manager a great journey. That's been enormous for our firm to be able to have strong capital resources to be able to scale and grow our technology. In addition, it's not lost on anyone that these are tough times out there, at least compared to say a year and a half ago. So it feels pretty good to have a war chest of capital. We've recently brought in $340 million in equity, sold a minority stake in the business and that largely still sits on our balance sheet. We're very well positioned, keeping our eyes on potential expansion through inorganic growth, M&A, and keeping our options open there.

Simon Brewer

Haha, I think we can have a separate podcast on something you said, whether these are tough times or whether these are in fact normal times and what preceded it were the abnormal times? But anyway, I'm not going to take us down that route.

Matt Brown

I actually am a real believer in that we're now back to normal times, which are actually a bit tougher. The era of free capital and low interest rates, I think we've seen it lasted that for a while.

Simon Brewer

And we live in a highly regulated environment in financial services and I got the impression, although it's very 500 feet, that the SEC, the US' regulator, is beginning to review it understandably conservative approach to this area.

Matt Brown

Yeah, the SEC has done some great work and the congressional finance committee also has done great work. I think there's a bit of a reset on thinking about who should be eligible to invest in alternative investments. The bar has been kept very high for very long in terms of one's net worth being the sole criteria. I think the SEC and the regulatory community were looking at the alternative investment community as an area that is more risky. So therefore we want you to be quite wealthy in case something goes wrong, you can afford to lose money. That was how the narrative went. Unfortunately, that has excluded a huge population of eligible investors to be accredited and able to access private equity and all different types of strategies. Things that are now on the table for review are creating new lanes of eligibility. I'll say for example, education. If one has proven that they have competency in investing, regardless of their net worth, that's now something that we think has a high likelihood to get pushed forward, which seems only fair. Just because you're rich doesn't mean you're smart. Often times just the opposite could be true potentially. We actually think education is a great bar to have to have in order to get access. And also there's something called accreditation through affiliation. If your financial advisor is capable to advise you on these investments, maybe you should have them in your portfolio. So really leaning on the accreditation of your financial advisor to allocate on your behalf. So that of course slightly different than an individual without a financial advisor trying to get access on chaperoned.I think it all points to one direction, which is that alternative investments have delivered over the last decade plus. I'm not going to say the 60 40 is dead, but I certainly going to say the 60/40 can be improved with alternative investments. We think a balanced portfolio of 50/30/20 makes a lot more sense, 20 being in the alts bucket.

Simon Brewer

So my next question was the one that you've largely asked is, if the 60/40 is not dead and investor appetite is understandably in large part courtesy of zero rates gone towards these asset classes that they can now access, there's a lot of excitement. But there is illiquidity, we'll talk about that in two seconds in this space, but in a 60/40 we know what the 60 was the equity that was giving you the growth and the 40 was giving you some offset and, unless you're in a structural bear market for bonds, which we might be, is giving you yield and some defensive offsets. Should it be that it's 60/40 going to 50/30/20 or is it in fact these have more equity-like characteristics, so they should be part of the 60?

Matt Brown

There's a lot of ways to think through that. The alternative investment community and the strategies within that headline are wide-ranging. So it's not one thing. So to think about alts overall and say they do this and they should go here, it's too hard to say that. So you have to really look at a strategy and make a determination if that strategy makes sense in your overall portfolio. And I don't think jamming it into your 60 or your 40 is probably the best. I think it deserves its own pie piece. But I'll give an example or two. Private equity investing only in public markets gives you exposure to companies that are public. So much of the US economy remains private and that trend is only increasing. So how do you participate in the growth of the US economy if you're not investing in private equity as an asset class? So that's an example of just not being able to participate if you're not investing in private equity where so much growth is happening. The private credit markets are huge and deep You have hedge fund strategies. So just the flexibility to participate in private markets, the flexibility to be nimble in public markets gives the return profile and characteristics just a... it's quite differentiated from the 60/40.

Simon Brewer

I accept your point and take it on board. And there is that stat which is quite remarkable is that companies in the US are staying private for twice as long as they were a decade or so ago. And so we had, as I may have mentioned, Tom Callahan, who is the CEO of NASDAQ Private Markets, on as part of this series. And he actually had a question, which is do you believe that there are market driven solutions to help improve liquidity? Or should one accept that investors ultimately really need to understand that private equity, essentially private companies are an illiquid asset?

Matt Brown

So there's a lot of work on both sides of this equation right now. On one end you have those who are trying to figure out ways to create liquidity for illiquid assets, either through primary liquidity, meaning giving some liquidity in investment funds that are largely investing illiquid assets. So you can think how that might play out. You can think about those who are trying to create liquidity by the secondary market of these assets, which that also has its challenges in terms of just enough volume on both sides of the market to create a market. And then you have the other side of the coin, which is those who say, why don't we just do a little more education around the benefits of illiquidity and education that not everyone needs 100% of their portfolio and net worth liquid at all times. Many of us own homes, those are not liquid assets. So there is room in portfolios for less liquid assets or illiquid assets and the benefit of the illiquidity premium that comes with it for the overall portfolio. I don't think however, that the adventure of creating fund structures that have some liquidity is a negative. I think it's a positive. I think you've seen that happen now quite widely over the last two years with things like, in the US, interval fund structures in particular where they have 5% liquidity per quarter. But if there's more demand to get out than 5%, there's no liquidity and I think investors need to be aware of that. I've seen private market exchanges like NASDAQ. I think what's going to probably be a game changer is not necessarily improving where we are today, it's probably something quite new coming in like blockchain, like the tokenization of private funds, there's big initiatives underway there. You've seen big firms like KKR, Apollo, Hamilton Lane and others taking the first steps to tokenize their private funds, and part of that is to get at liquidity. So there's a lot in the future in this category, but I think that as a starting point, education around what it means to have a portion of your portfolio in illiquid assets and of course get the benefit of that illiquidity, we think that's probably the best starting point.

Simon Brewer

Now when we talk about the world of alternatives, there is inevitably a laser beam focus on the US because that's where the plethora of offerings and initiatives have come. You've got an office in London as well. You travel the world. This is a global industry. Give us a sense of what is happening out outside of the US and how that is influencing the direction of your business?

Matt Brown

From the perspective of alt adoption within wealth management, you are seeing the tide turning in markets. The US was often in categories like this goes first and there is now really mass adoption. Through the life of our company, I can remember the early years were more trying to convince advisors about the why of alternative investments. That was a lot of the positioning of CAIS. Now it's more along the lines of the how, how do I do it? They've kind of jumped over the why, they've checked that they understand and now they want to know how. And that's where CAIS comes in to make that experience better, easier for them.

Simon Brewer

I think Europe, Asia, Australia are markets that are also turning. I think a lot of them are still more in the why bucket, but they're going to jump pretty quickly into the how and that's where I think technology is going to leapfrog. There's going to be some steps skipped that maybe the US went through to get to adoption that I think the European markets and Asia markets aren't going to need. I think there's definitely room for platforms like CAIS in Europe, Asia and Australia. I know a few that are beginning. It's going to be tough slogging for a little while, but I think they'll get there.

Simon Brewer

So you are building out this technology platform. You are embracing two cohorts or communities and bringing them together and bridging them. But you are also building a big firm, which in itself introduces enormous cultural and assimilation complexities. Tell me a little bit about how you manage what is or cannot be a trivial undertaking?

Matt Brown

It is by far and away the main event. Our most important asset at CAIS are people. It begins and ends there. Companies aren't successful. People who run companies are the ones who are the successful ones. So we always have to focus first and foremost on the people. I would attribute the success today of CAIS really in the thoughtful leadership of my partners and I who have really built a culture at CAIS, one that is really one of inspiration. As we say, even though we're not a startup anymore, we like to keep that startup feeling at CAIS where people come excited to innovate. We tell everyone that there's an opportunity to have their fingerprints on the future of this business. In the COVID period, we had to change how we operated because we were now all remote. In a post COVID period, we're now changing how we operate, again, to make sure that we're adjusting to the new times. But as I said, it begins with and ends with our team. And I know they know it, so it's a great feeling.

Simon Brewer

And how in 10 years time will you evaluate a great job done?

Matt Brown

I think delivering on your mission, delivering for the investors who have backed you when you have and earn the trust of your large investors, like the ones we talked about, you want to make sure you deliver on what their expectation is, which is first and foremost, they're generating returns on their capital. So driving shareholder value, driving enterprise value is job number one. So if we kind of looked out 10 years, I would want to look at our team, make sure that they had a fulfilling and rewarding career journey at CAIS. I want to make sure that our shareholders and investors got the benefit of their capital investment. And frankly, overall, I think that we've disrupted an industry and we're a first mover pioneer and we're pretty proud of that.

Simon Brewer

Okay, so Matt, as you have said, underpinning all of this is the technology, and as we know and we watch it, even those of us who are not familiar with it, the rate of change and the pace is extraordinary. How are you thinking about that technological evolution and how are you adopting and responding to it?

Matt Brown

It's been a very interesting journey running a marketplace where advisors come in onto a platform, they see menus of products, they execute and it works. But we did not invent alternative investing. We invented making it easier. So what our technology is evolving towards now is really an open architecture technology where a financial advisor can actually onboard all of their alternative investments onto the technology platform as a SaaS opportunity for CAIS and they have a centralized location and the benefit of all of our technology efficiency for all of their alternatives. Now, when they log into the platform, they'll see the marketplace funds on CAIS and all of their funds that they've loaded, but no one else will see that. So we have a high degree of customized viewing now and our ability to really respond to the complete alternative investment needs of any financial advisor. That's a pretty big change. It's our way of saying to the financial advisor, "Let us go one step further and make it even easier for you. Let's get all your alts in one place and make it easy."

Simon Brewer

And the only bit that we haven't talked about is what's going on with the competition?

Matt Brown

It's growing, but the main competition still is just the financial advisor adopting a platform solution to invest in alts. It's a huge sea of manual work that needs to be tackled. So yes, there are competitors, we welcome all of them. My view is that it takes a handful of market participants to disrupt and change an industry. So we do want other market participants in market evangelizing the need for platforms to make things like alternative investments easier. But really the hard work, Simon, is being done making sure that financial advisors understand the value proposition between how they used to do it in an old-fashioned manual world and adopting technology solutions to make it easy.

Simon Brewer

Great. Well, we are going to wind up with three closing questions here.

Matt Brown

Uh-oh, take it easy on me

Simon Brewer

What's the most important daily habit?

Matt Brown

The most important daily habit? Espresso is the most important daily habit. All jokes aside, I have two daily habits. At the end of every day, never let my inbox not be empty. I just have that discipline. And then when I start the day, it's making sure that I get up to speed on current events, world events as fast as possible and start the day with my team and just structure and make sure that the day is structured and the week is structured. If I can do all those, the week seems to move pretty well.

Simon Brewer

Hey, well that's number one. Number two is that it's been said that you are a very enthusiastic and highly accomplished tennis player. So if you could play with anybody that's ever existed in the world of tennis at their peak, who would it be?

Matt Brown

That's an easy one for me. Roger Federer. I just think he, his skill, his talent, his elegance on the court, a true sportsman, a true gentleman, that would be a great game that I'd love to have.

Simon Brewer

Last summer I was walking in the Alps and I walked past, there was a small path and I stood to one side because a guy was coming along with his children and as he passed me it was Roger Federer. And what struck me was how tall he was. But if you haven't seen him, this new guy, Alcaraz, who I think is number one or number two in the world, hits the ball so hard that I'm actually pretty sure I wouldn't want to play him.

Matt Brown

He's the future of tennis. It's going to be great to watch his career.

Simon Brewer

And finally, we asked this question after the book, if you could tell us just one thing about pieces of advice. We've got young listeners thinking about careers. We've got older listeners who are thinking about careers. What would be the one thing you'd like to say?

Matt Brown

The ability to build a business over a long period of time, you really have to have more than just passion, you have to have obsession. You have to have the ability to stay in the frame of mind that every day you must win at all costs. You have to build that business and make it successful. If you ever get off that line, you're not going to be able to cross the finish line at all. So for me, it's every day be obsessed about the business, love the business. Everyone says you work so hard. I don't think I work at all. I think I just come and enjoy building of a company with great partners. The second piece, I know you said one thing, but I'll just leave you with one thing that was told to me and it was very, very valuable. You have to ignore your critics. Everyone along your journey's going to tell you it's a bad idea or you can't do it or it's impossible. Just ignore your critics. When you prove them wrong, they'll become your biggest fans. So just don't listen to anyone who tells you you can't do something. Just focus on winning. And if you do that, maybe you have a chance at building a great company.

Simon Brewer

Well, that's interesting. Everybody brings a different nugget of advice and there are of course people who think I'll go run my own business, but I don't think anybody said you have to go from being passionate, which is easy to say, to your second point, which you have to be obsessive, which not all people are cut out to be. So that is very interesting. And nobody has ever said, ignore your critics. So I think that's nice.Now I'm going to conclude by just taking away a couple of things. This is an immense market. Whatever the speed of evolution and the cyclical bumps in the road and the skepticism from some quarters like myself about the reemergence of yield, is the individual allocations are minuscule and there's 40 trillion in the US and a whole lot more outside of it. And your firm is creating a bridge to bring these communities together. So it's not going away. And secondly, I think allocators who are a critical part of our audience have thought 60/40, they are going to discuss and debate because you correctly point out that not all alternatives are equal and there is credit which may sit in fixed income or maybe it should sit in equity. I think people are going to have to think about this more. I think there's going to have to be more academic work done on it, although that's probably with some caveats. But this is a fast moving and evolving space. And it's been really interesting to hear your story. Well done on going from the, I was going to say the beaches of California, but actually it was the painting people's houses in California, all the way through to where you are now.

Matt Brown

I got some beach time too, don't worry.

Simon Brewer

And I know we met in London and I hope we get to meet again. So thank you so much for being with us today.

Matt Brown

Simon, great. And congratulations on a great podcast show. I enjoy listening to it. I know you have a great following and amazing guests, so it's an honor to be part of that. Thank you.