The Economic Club of New York

119th Year
845th Meeting

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Managing Director, Head of the Americas
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Introduction

Chair Robert K. Steel

Good afternoon everyone. Hello and welcome to the 845th meeting of The Economic Club of New York. My name is Bob Steel. I'm Partner and Vice Chairman of Perella Weinberg Partners, and Chair of our Club. It's a pleasure to have all of you with us here today for what we believe will be an informative and interesting presentation and discussion.

First of all, as we convene, let me welcome the students joining us virtually from Harvard University, and also to recognize the members of the 2026 Class of Economic Club of New York Fellows. This is a select group of diverse, next-generation business leaders who are an important part of the initiative of the Club, and we're glad they're all joining us virtually.

The Economic Club of New York is proud to stand as the nation's leading place to convene a platform for discussion on economic, social, and political issues. It's been that for more than a century and hosted over 1,000 presentations, yes, 1,000 presentations contributing to a long arch and tradition of excellence. We continue that arch today by welcoming our distinguished guests, Robyn Grew, Yana Watson Kakar, and Ted Seides.

Robyn Grew is the CEO of Man Group, a global alternative investment management firm with more than $227 billion in assets under management. Since joining Man in 2010, she's held several senior leadership roles, including Group COO, Head of ESG, General Counsel, and President, and currently serves on the firm's Board and Executive Committee. Prior to Man Group, Robyn held several positions at Barclay's, Lehman Brothers, and ICE Futures Europe. She's a qualified barrister and a member of the SBAI Board of Trustees.

Yana Watson Kakar is a Managing Director and Head of Americas at La Caisse, a global investment group managing over $360 billion in assets. She oversees the firm's activities across the United States, including investment strategy, execution across private equity, credit infrastructure, and real estate, and also leads U.S. government relations and regulatory affairs. Prior to joining La Caisse, Yana served as Global Managing Partner and CEO of Dalberg, and she also holds an MBA from the Wharton School at the University of Pennsylvania, and also from McGill University.

Ted is the founder of Capital Allocators; a platform and podcast focused on the institutional investment industry which has surpassed over 20 million downloads since its 2017 launch. He also built related initiatives including Summits University, advisory and coaching programs for investors and managers. He previously worked at the Yale Investment Office under David Swensen and co-founded Protégé Partners. Ted is the author of three investment books and graduated Cum Laude from Yale and has an MBA from Harvard Business School.

There will be an opportunity for questions, but we're going to begin by Ted moderating a discussion among the panelists, and then we'll stop promptly at 1:00 to begin our lunch and conclude the program then. So this conversation, let me remind everybody, is on the record. There's press in the room and attending online. So that's so you're forewarned. So without further ado, let me welcome to the stage, Robyn, Yana, and Ted. Thanks very, very much.

Conversation with Robyn Grew, Yana Watson Kakar, and Ted Seides

TED SEIDES: Well, as impressive Robyn and Yana are, I think you're soon going to hear they are among the two most intelligent and energetic people in the industry. I have no idea where this conversation is going to go. I am sure of that. But I do want to start by having you quickly introduce your role as you would have ten years ago.

Robyn Grew: So ten years ago what was I doing? Gosh, it's hard to remember what I was doing last week. So let's think, ten years ago, I would have been somewhere around, COO, President-ish COO of the firm ten years ago. So six years after Man Group bought GLG, which I was in, so I liked your introduction about joining Man Group. I was joined via an acquisition, which is the best way to join anything.

So what would I have been doing? I would probably be running trading, running RI, and the beginnings of what our ESG responsible investing piece was looking like. I would have been running probably the compliance, the legal, tech and the ops part of the organization. In other words, overseeing all the stuff largely that was the engine room of Man Group and that was an extraordinary experience, and an incredibly important experience for the platform I now find myself sitting in.

YANA WATSON KAKAR: So ten years ago, and thank you everyone for having us. I'm really delighted to be here.

ROBYN GREW: I should have said that. See, this is why you do such a better job.

YANA WATSON KAKAR: That's why I went second. So ten years ago, I would have introduced myself as a new mom and CEO and Managing Partner of a firm called Dalberg. I was with Dalberg probably total 14 years, and it is an impact and sustainability-oriented business, and investment strategy consultancy. So I was running around the world. We were busy scaling to 30 offices. And yes, so I was really very go, go, go at the time, which is not that dissimilar to the go, go, go of today. But now I'm at La Caisse, where I am Head of the Americas, and that keeps me busy now.

TED SEIDES: I was hoping that reflecting on ten years would show how much the world has changed so we can dive into that. That clearly failed. So why don't we turn to the world today? Yana, there's a lot happening in the geopolitical...what is your perspective on how all of these changes shape your view of markets?

YANA WATSON KAKAR: Sure. That's a great place to start, and a big place to start. So, look, I think geopolitics, it's safe to say now, is no longer just like a risk to be monitored. It really is something that all of us as investors need to be actively underwriting. I think the traditional view, right, investors just a few years back might have viewed geopolitics as a shock variable – a war, an election, one sanction.

But that is very clearly, you know, no longer sufficient. Like these are no longer one-off events that temporarily move markets, and don't worry, everything will mean revert soon enough once the headline risk has passed. That's just no longer the world in which the companies in which we're investing are operating or we're operating. You know, where you source, where you manufacture, what your government considers to be strategic or not, all of this deeply shapes what your company can do, the strategic value of the asset.

So I think, look, first of all, geopolitics today, it's just, maybe a few years ago I might not have said it is like at the forefront of the material, you know, factor I need to engage on as an investor, I'd say very much is now. Now, I also know obviously that even as I say that, many of us are puzzling – we're puzzling in this room, we're puzzling outside this room – about, well, if geopolitics is such an important shaping factor, how is it that we haven't seen a massive sell-off in the equities market given the ongoing uncertainty, the conflict in Iran, Middle East, the closing of the Strait of Hormuz? And there are a lot of reasons for that, and Robyn will richly expand.

But I'll just say one, which is I think, look, (a) we do see the bond markets reacting. I mean oil is higher. We are in an inflation-sensitive environment. Rate cuts are highly uncertain. And I will say equities, I mean it's not that the equity markets are ignoring geopolitics right now. It's that we are in kind of a wickedly fantastic earnings growth moment where, I think it was end of Q1 we were looking at maybe a 13% earnings growth projection for the S&P500. Last I saw a couple of days ago, that was approaching 30%. So 13% to nearly 30%, that is very significant from an earnings perspective. So my contention is that equity markets are selectively absorbing geopolitical risks, but there's a really powerful offset right now through AI momentum and technology companies and that's offsetting some of the impacts that we would otherwise see.

TED SEIDES: Robyn, war breaks out, the market goes up. Ceasefire, the market goes up. End of ceasefire, the market goes up. How do you think about this impact of geopolitics on markets?

ROBYN GREW: I would re-frame it. I think it's geoeconomics rather than geopolitics. I think it is an interesting intersection in the world right now. So you tend to think about it, because we're sitting in New York City, as a U.S. thing. It isn't. There's a global thing going down. There is a restructuring of political alliances, trading alliances, of what resilience will apply for every country. If you sat down, Milken last week, was that last week? So if you sat down at Milken last week and you spoke to members of the UAE, they're talking about the resilience of their own countries. If you talk to European countries, similarly. So we're in a very different mindset.

I think the participation in the U.S. is really interesting. In the S&P itself, there's a 30-plus percent participation of retail in this market. And retail tend to look through data. They have this thing called FRMA. And there is certainly an amount of belief that governments can somehow step in if something goes wrong. So I was speaking with somebody this morning who will go nameless, but he said the arithmetic economics are not being reflected in market dynamics. And I thought, blimey, that's a great phrase. But it does feel like the data points are not joining up, and it does feel a little fragile. And we looked at the CPI today, and one of the conversations I had as I was walking in here was, you know, that CPI point was a little higher.

Clearly retail and the world is experiencing higher costs. It costs more to fill up your gas tank. It costs more to go and buy a pot of yogurt, or a pint of milk, or whatever it is. And I don't think that's actually reflecting the real-world payments out there. If you look at some of the pieces that came out from world pool or some of the, sort of fast-food chains, they are seeing some real depression. If you look at some of the manufacturers, you can go as far as Japan if you want, they have stopped production. This supply shock thing is real.

And, you know, I shouldn't, I'll very quickly quote Jamie Dimon this morning, but his exuberance quote about the markets I don't think is entirely wrong. And yet, to Yana's point, all of the earning predictions are on the up. So there is a lot of scratching of heads around the room. Volatility is real. I mean I love the sense of oil at the moment, it's up, it's down, it's up, it's down. And how long can that just come back down if somehow peace is negotiated in a short-term way? I'm not sure how we see the off-ramp, and so that's tricky.

TED SEIDES: So what I'm hearing is, as Yana said, current fundamentals are good. You have retail fund flows driving some things, and maybe the future projection doesn't look as good. How do you take those inputs and have it impact the hundreds of billions of dollars that you're managing?

ROBYN GREW: Who do you want to answer?

TED SEIDES: Both.

YANA WATSON KAKAR: Do you want to go first?

ROBYN GREW: Yes, but last time I did that, you were really good.

YANA WATSON KAKAR: I'll be short and sweet. I mean I think, I would say, you know, fundamentals are good. I would say yes. I would look at that picture through two different lenses, though. I would say you look, net AI, and then full economy just so you have a robust picture of where the fundamentals are strongest and less strong.

And then I think, look, it's a matter of when you translate the implications of what's happening geopolitically into your sort of overall portfolio construction, what we find, and I think what most people find is you need to get really deliberate and intentional on how you manage liquidity, on how you manage your manager and partnership selection and fostering those, how you manage your government's requirements. Because we're never going to be able to anticipate every shock. I mean there's been a lot recently. And the winners don't anticipate all the shocks.

But you build, ideally, a portfolio, you construct one that shocks come and you're able to be fairly resilient to them because you've been really purposeful about how you think about your public and your markets as both, you know, public and private as both sides to your portfolio. So I'll pause there, but that's a start.

ROBYN GREW: That, and it's about resilience. I don't think there's been a conversation I've had in the last 18 months with the largest allocators from all over the world that hasn't anchored itself in how do we think about portfolio construction. So we're back to what are the fundamentals and how do I create portfolios that navigate volatility and dispersion? How do I take advantage dynamically of opportunities? How do I think about liquidity and the liquidity premium? How do I think about total portfolio allocation versus perhaps single strategy?

And that is common...I sit in this privileged seat where I can sit with great allocators from Canada or from Japan or from Australia or from the Middle East and there are some common things. One, they want to talk about that. They want to talk about AI. They want to talk about agentic and what does it mean. They want to talk about social costs. They want to talk about fiscal intervention. They want to talk about whether there is a way of being better at risk management.

And so that is being, I mean this is, I shouldn't say it like this, but this is music, in some ways, to my ears. Because I've been sitting in this place of unpopularity, right? Active asset managers, we were scraping for attention for a good decade whilst money was free, passive was everything, and everybody thought that private equity was indeed the answer to everything. And now we find ourselves in a different point, and it's materially different. And this inflation thing, really hard to get back in the box. I mean it is. And whether the free rate is really 2% or not, and whether it is that in every country or not, these are things that we debate.

And there is also, and I'm going to say something again which is different, as the conversation has morphed, the fundamental sense of what is protectionism? What is investment in my country? I sit here on a panel with somebody whose country, Canada, has just announced a Sovereign Wealth Fund. And it's a versioning of supporting their own economies and own infrastructure. You see this in different parts of the world. You see fiscal intervention. There's a reason that Europe is now more exciting around defense, for example.

So opportunity sets, alpha opportunities, active management, deliberate resilience, proper risk management, movement out of some of your private asset holdings into creating a more dynamic portfolio, these are really great words, really hard to do. And it takes time if you're a huge allocator to move your capital. So there's a little bit of that.

TED SEIDES: You've both mentioned the word resilience. Resilience, say equates to risk management. What actions have you taken recently, and define what that means, compared to what you may have a year ago that builds resilience into portfolios?

YANA WATSON KAKAR: Great, okay, well, let me just say, first to kind of piggyback on, because resilience I think relates to what Robyn just highlighted about Canada announcing that Sovereign Wealth Fund. So what's interesting, assuming that not everybody in the room is up to speed on every detail related to Canadian pension funds, I'll just say that La Caisse, one of the things that distinguishes us among pension funds probably globally is we have a dual mandate. Both to bring in the best risk-adjusted returns for our pensioners, but to do so in a way that advances the economic development for the people of Quebec, the Quebec economy. So we have close to, just now I believe, reached $100 billion Canadian invested in Quebec. And overall our portfolio, we're just shy of 30%. And to give you a sense, because I focus on the U.S., we have 40% in the U.S.

So what is interesting is now that the, you know, every once in a while, sort of the events of the world catch up to where you happen to already be standing, and so La Caisse is one of the institutional investors that has invested very significantly in its domestic economy. And I think now thinking about resilience, there's this sort of where you invest. There's what you invest in of course. And I think most importantly, and I'm going to have to, like emphasize, some of the things Robyn said were so spot on a moment ago, it's a lot about the "how."

So it's not necessarily that you're doing anything wildly different than you did a couple of years ago. But when you've got resilience at the forefront of your mindset when you're an investment committee or when you're in any conversation around investment strategy, you're thinking, all right, how is it that I can make sure I am best, I'm doing an analysis of my portfolio company, so I understand what their exposure is to supply chains that are being displaced and/or redesigned. Or I'm going to take a really hard look at how deliberate we're being with our public book. Are we using our public book as smartly as we can to ensure that we're reducing concentration, increasing flexibility, getting the next wave of opportunity wherever it might be based on risk-adjusted opportunities arising?

So I would say that it's not like, okay, now we're doing X whereas before we did Y. But it is the intentionality around words and actions that have always existed – liquidity management, risk management, manager selection, diversification – is now all the more intentional. And I think planning with scenarios, there is no base case in this world, there is no base case that you can say I'm just going to plan around this one base case and then have an upside and a downside. No. It's about dynamics and how you're planning.

ROBYN GREW: We're doing something a bit different. So there's a couple of themes out there that are also impacting asset management, one of which is consolidation. So if you, big allocators around the world want to deal with fewer managers. It's a headache to deal with 1,000 managers. It just is. So the more that you can provide more content, that is more capable of being customized, at scale, the more you can be useful as a partner to allocators globally.

Can you take the food in the larder and make a dish out of it? The more ingredients you have, if you have beans and bread and butter, where I come from you make beans on toast. And if that's what we got in the larder, that's probably what you're making. The more that you can develop, buy, build, uncorrelated where I come from, orthogonal content. I know it's hard for me to get that out of my head, anyway, somebody's going to get annoyed with me for saying that, I'm sure. But uncorrelated content that's across asset classes, across jurisdictions, and can be customized to the particular challenge that an allocator might be facing today, which will be different two years from now and five years hence, the better you are.

So when I think about that, I think about it this way. We have purposefully built and driven more content in credit. We have purposefully driven more long-short and long-only content in systematic at the macro end and at the micro end. On top of that, we have a Solutions Team that isn't just looking at that capability of pulling strategies and revenue streams together, but it's the ability to be adaptable on top of that. It's to say, should you dynamically FX hedge? Should you think about overlays?

It's interesting, the conversation we were just having earlier, before we walked into this room, we talked about portable alpha. I can tell you, for many years, up until about 18 months ago, nobody wanted to talk to me about portable alpha, not anybody. And now it's everywhere again. It's the themes of this. It's the sense of how do I manage a beta draw-down? How do I manage a fiscal draw-down? What do I do about those things? And how can I pivot myself into spaces where if there are real alpha opportunities in other places and other spaces, I can take advantage of that?

So for us it's been about how do we build content? How do we build it at scale? How do we build it in a way that the alpha gets back to clients? So that's investing through the less exciting parts of your business sometimes, the bits that people don't see, the engine room. And how do you actually be relevant in a proper partnered way? We all talk about partners. We all talk about solutions. It's a very different thing to really be it. So that's the difference.

TED SEIDES: What does a great partnership look like from both of your perspectives? Yana, why don't you start?

YANA WATSON KAKAR: Rats! I was definitely going to go second on that one. I was going to piggyback. I mean, so at the high level what everyone always focuses on is aligned interests. There's something about that phrase that I find fundamentally transactional. It's like sure, but see a partnership, I think, aligned interests are table stakes, the lowest common denominator.

A great partnership can hopefully assume that our interests are going to be largely aligned, but it also means that sometimes when it's not perfectly in my interest or perfectly in your interest, we can still find common ground. We can still compromise because the very nature of this is not a one-off transaction. It is a repeat game. And as a long-term institutional investor, you know, our time horizons at La Caisse, it's five, ten, fifteen-plus years.

We have very deep relationships with our partners, and we want to deepen, not necessarily expand wildly, because when you have a repeat game, when you build trust, when you don't think aligned interests are the end-all, be-all, that's not where the partnership stops, that's actually just where it starts, then I think partnerships can get really creative and compelling. And we also at La Caisse, a lot of the time invest alongside our GPs and our partners. And that also really shifts the dynamic, right? Because then it's not just a contractual partnership, it is really, it is a collaboration of committing capital together and shared upside and shared downside.

ROBYN GREW: Okay, so it's that. So what else is it? It's an underutilized word, it's humility. It's coming to the table to listen and to try and work on things together. We learn from our clients. If our clients think we turn up with all the answers, I don't fancy that much. It's like wanting to be the smartest person in the room. Terrible. Nobody wants to be the smartest person in the room. You want to be surrounded by really smart people who are trying to solve really difficult problems. What we do is not easy, so humility, listen, listen and learn.

I think it's about delivering our entire organization. We happen to be, you know, our heritage is at the cutting edge of technology. That's what we've done. It's out of the Anthropic partnership that we have, it's part of how we deliver AI and agentic, and we can talk about that later, Ted. But there's, a lot of our clients don't have 35 years of heritage in this space. They don't have the million lines of ticks or the extraordinary data that we have sitting within a nice ____ space that we have curated. Curated either in rural or in much more effectively as we have delivered it in signals. In this world, this rate and pace of change of technology, it's about delivering that too. Not even the investment piece, the bit that goes underneath that. It's about delivering your whole organization.

And I think Yana is right, I think it's about trying to match the maturity of the organizations. Man Group has been around for 240-odd years. Actually I should have said this at the beginning. One of my jobs is not to break that. It's a really important thing that if this organization had not developed and changed, we would still be making barrels on the side of the River Thames and supplying the rum ration to the Royal Navy, which they stopped in the 1970s I'm told.

So that need to develop, to be relevant, to drive forward, to change, to be that journey, which means that in 15 years or 30 years or 50 years you're matching the maturity profile of your clients, it gives you a much different approach than the day trade or the fact that I have one product and that's all I'm trying to supply you.

TED SEIDES: You mentioned not wanting to break this long history at Man.

ROBYN GREW: Well, sort of...carry on.

TED SEIDES: Ideally. There's a lot of questions about whether the public markets, particularly in the U.S. but also globally, are broken in some way. Private companies don't want to be public. The trading activity seems quite different from how it's been in the past. How do you think about investing in the public equity markets, let's say, credit markets as well, as part of this ecosystem that's dynamically changing?

ROBYN GREW: It's incredibly important that we still allocate capital. Fundamentally, it's important. It's the sense that we do need to allocate capital. It does need to be effective. It is part of growth and the cycle of support. It is an incredible part of who we are as countries and what we do. It is absolutely right also that there is a much larger private market space than there used to be. Things did not come to the public markets.

Equally, private credit has started and has become non-bank and become much more on the buy side of the ecosystem. Does private credit mean bad things? We can talk about that as well.

Actually let me slightly veer off course for a second. So what is interesting about the private credit space for me is I think it's a tremendously exciting opportunity still. I think there, ever were it thought that there would be credits that you have underwritten where you've lent, and guess what, they don't all work out. That's not news to anybody, certainly not in this room. But the difference here is that within the buy side space, what you have is a much more ring-fenced version of lending. The latest headlines that you've seen, which is a bit of the how does retail participate in private credit, is a very different thing from an institutional business.

And if you speak to the colleagues that you and I, and we have all spoken to, they would say that this is about clients understanding what they're investing in and the liquidity terms of it. But it does not make the underwriting or the credit provision or the lending provision bad in and of itself. So public markets have a place to be. I think they're incredibly important. I think that what you're still seeing is tremendous opportunity. I mean we started with the S&P. Let's do something slightly bonkers. If you had invested in the FTSE-100 or the Emerging Markets MSCI Index last year, you'd have done better than the S&P.

TED SEIDES: For the first time in a long time.

ROBYN GREW: It's still there. And what you're seeing is, but that's an interesting inflection point. It's the ability to see opportunity sets. And so as you think about discretionary investing, fundamental investing, the people investing stuff that I have on one side of my business and then I look at my systematic teams who are investing in the equity spaces with 1,000 names over the years, diversifying, diversifiers, it's really exciting. And you can see tremendous returns in that space. So instead of thinking about these things as plotting heads, I think they sit in portfolios in the same ways I think that you see the son of a passive player. But there is some version of passive in there and at the other end of the extreme, there's some private equity piece in there.

And there's an awful lot of active management in both private and public markets that sits in between.

TED SEIDES: Yana, when you're overseeing such a large pool of money without a mandate other than to generate returns and provide for the city...

YANA WATSON KAKAR: That's not enough...

TED SEIDES: How do you think about the challenges of winning in public markets?

YANA WATSON KAKAR: Yes, that's a great question. And I think a lot of what Robyn said really resonated with me. I think the reality is right now we're in a time where people love a good confrontational conversation, right? Public versus private, versus is kind of where the fun lies. The reality is both have such a, probably never more than now, instrumental role to play sort of symbiotically and together, and how do you manage both your exposures.

Like I think of, look, you know, private markets for long-term compounding, control, partnership, access to markets that aren't yet public, it's essential, right? And public markets, which I think some large asset owners – happily not us, but I think some are rediscovering it's not just a beta play. It's not just a beta allocation. That public markets are really essential. This is where you go to discover your price. This is where you can rebalance, rebalancing capacity, collateral, liquidity and risk, you know, or times of stress. Public markets are pretty essential.

And so I think we're living in a time right now where the truly good, if not great, are figuring out how do I operate in both of these realms in a way that best serves my portfolio for resilience and for long-term return.

So, you know, to your point on private credit, I'll say it's wild, eh, I mean I feel like we have watched...

ROBYN GREW: ...very Canadian...

YANA WATSON KAKAR: You heard the "eh." You heard it here. You know, it's gone from like a niche allocation to a powerhouse mainstream asset class. And I do think that it reflects a shift in the way in which institutional investors are approaching fixed income. You know, if you think about it, like private credit, you know, private credit, you basically have structured reliable income and you have enhanced yield. You have a way of generating diversification beyond public markets. This is meaningful, right? And so a lot how I think about private credit, and like any private asset class, you know right now all of the conversation is around is there too much, is there too little? It's all how you deploy it. And in the meantime, private equity, of course, is having its moment where holding periods are getting longer, you know, they're six-ish years.

ROBYN GREW: Well, so this is our discussion a few days ago when we were turning around and saying if you're worried about private credit, why aren't you worried about private equity? This is the waterfall issue. We don't understand, this is one of those really interesting moments where the press is very focused on private credit and pretty quiet on private equity. Little bits but nowhere near what you'd expect if there was a real private credit stress point, right?

TED SEIDES: So are you concerned?

ROBYN GREW: Great question. Who are you asking?

TED SEIDES: Go ahead, Robyn.

ROBYN GREW: Am I concerned? I think that there has been, let's do the data, have equitizations, have people been returned money from their private equity investments at the cadence they thought they were going to have received that money? No. Is new money going into private equity in anywhere near the same shape or form that it was before? No. Does that make someone pause for thought about, therefore, the marks of those positions? Some of them, sure. But I am less worried about some of the private credit pieces. I think if there is a misalignment of selling, i.e. what did you disclose and what did clients understand, that's a different thing from private credit being all bad.

And there is a massive difference in private credit from large, mega, all the way down to small cap, and none of those things are all the same. It's a bit like hedge fund; that's a broad definition too. So ultimately, I think you are prudent. Gosh, it's horrible to keep saying this because I'm sounding a little old, but good underwriting, high quality underwriting, thoughtful deployment, at the right price, in a diversified book of loans is good investment. If you raise fast money, deploy it too quickly with little view on price and value...

YANA WATSON KAKAR: This is it. I mean, I'll just add the personal experience as a slight overlay to what Robyn already said beautifully, which is at La Caisse we take a total portfolio view, right, with relative value. So if we're looking at an opportunity that's private credit, we take a look at the public spread and we say do we believe that the illiquidity premium here is sufficient? And if so, tally ho, and if not, then let's figure out, you know, if this is still structured in a way, or we can structure it in a way to make that work. That kind of, you know, sort of sober, not chasing a theme approach to investing, I think serves you well, whether you're talking about AI, private credit or otherwise, and that's really how La Caisse aims to do it.

ROBYN GREW: I think private credit as well. Look at the PIK numbers. Go into the detail. You actually look at what these portfolios are showing you. How they're being constructed, what industries they're focusing on? Are they inflation-proof? Are they looking at particularly only tech? What is it that you're investing in? Think about it in the same way. PIK numbers are really interesting. And the one piece around private credit more generally is some of these numbers are, you have to dig a little harder, you have to test a little more. And as I said, this isn't news, but it is about really good credit teams aren't traders. They're risk managers.

TED SEIDES: A lot of the noise in both, private credit and to some extent private equity, is around software companies and disruption from AI, the SaaS-pocalypse. I would love your perspective on how you're seeing AI influence both inside your organizations and the investment landscape.

KANA WATSON KAKAR: Inside our own organizations?

TED SEIDES: Yes.

KANA WATSON KAKAR: Well, I'll say, first of all, as I look kind of across the asset management landscape or the allocator landscape, I would say that AI integration into the investment processes is more at the experimentation than the full transformation stage with a very wide spread. So some managers and allocators are really at the forefront. You know, some are not, and I'll leave it at that.

But I think if you are kind of more, and this is, we have basically two significant thematics right now at La Caisse that cross across all of our asset classes. One is AI and one is national resilience. But if you are kind of at the leading edge, at the forefront, then ideally, you're starting to see AI be able to not just be a productivity enhancer, because that's like step one, right? I can do my analysis quicker. I can stress-test my assumptions. I can do all this stuff.

A productivity enhancer, that's all well and good, but 2.0, does it enable me to spot an opportunity that I otherwise wouldn't have seen, that the relative risk return is actually shifting, it's on an inflection point that I with the naked eye may not have seen? That's when I think things get really interesting, and we're at that stage.

TED SEIDES: But not yet.

YANA WATSON KAKAR: Starting. Well, in my house. I don't know about others, but yes.

ROBYN GREW: It's really exciting. Okay, so this is where I have to try and sit still on my chair because it really is exciting. We have the benefit, as I said earlier at Man, of sitting on 35 years of heritage. It means we can take models; we can point them inside the house. We have a ton of data and from that we can teach.

So we have within our own boundaries something we call AlphaGPT, which in effect allows us with agents, and we have live signals on this, where signals have been identified so it does the research, right? It then does effectively the testing, the back testing, it does that bit that you get in between, and it does the portfolio management bit of understanding how it sits in your strategy. So we have live signals, agentic identified, back-tested, assessed, and live. That's phenomenal.

On the macro side, think about that on the micro side – particularly on the equity side that you and I were talking about – think on the macro side, other piece of this, and what it's able to do is run over long periods of time theses which are just prompted. Prompted with common language that I can break. That's how common a language it is. And that you can set off and it effectively iterates over time without going to sleep ever a thesis and that is something you just couldn't do.

And so we have teams of agents sitting underneath researchers in our quant space. Now we also have the discretionary stuff where, it's a publicly listed company, as most people know, we have to do results, and we run sentiment analysis across all sorts of public issuers, including ourselves. So we use language models, and by that I mean foreign language models where I can see research reports and pull out particular phrases or words that we're interested in, in finding for portfolio managers. We are able to scrape the universe much quicker and much more easily.

And, in fact, I was talking to an allocator the other day who said to me, they're going out to all of their PMs, they were going out to all of their managers, and they're saying to their discretionary managers, listen, are you using AI? And if they say no, they're reconsidering, reconsidering that allocation. Because they can see the speed and the capability across data sets is so important.

But it's not just there, it's in your risk assessment. It's in your portfolio construction. It's in your volatility scaling and your risk scaling. It's in your execution. It's in your algos. We have machine-learned algos directly linked to our strategies for maximum execution. Because I don't want to rely on a big bank's algo because that means I sometimes give away alpha. We look at every part of slippage. We look at the best times to be trading. We do that more and more with the agentic and the agent capability we have. So we're phenomenally excited about what this does in combining technology and people.

Now, let me also say this. There's a reason I sleep slightly better at night. It's because I have 400 or 500 or 600 people at Man Group who are self-identified as data and quants and mathematicians and the like, of which I am not. And we know how to break it too. So we know when it does weird stuff. We know when it doesn't work. And that means that what we haven't done is we haven't surrendered our cognitive capabilities. We recognize that it's important that you have people who are looking at the content and the outputs and assessing whether they're right.

And I can give you a perfect example. I did it. I broke it, brilliantly. So you can think about all sorts of things. A couple of easy prompts, right? Number one, I queried us on a U.S. currency signal. I said what was P & L like yesterday on this particular signal. And this very eager little agent, think of them as a 22-year-old analyst that never gets sick, never sleeps. He's more like a Labrador than anything else in some ways. Went away and been away no more than a millisecond gave me what it thought P & L was. Now, I just happen to know what my Brazilian Real position was, and that wasn't the right outcome.

And I went back and said, hmm, I think you're right. And I've stopped saying please and thank you. That's the other thing you learn quite quickly with these things as well. You start saying please, and thank you very much, and they go...I don't need that. So off he went and he came back and said, "You know, you're right. I assumed X about the way this particular signal is normally implemented, and we haven't implemented it that way".

The second thing, another prompt. Look at our research reports over the last ten years. Tell me which reports you think, or how many have been created using large language models. Really straightforward prompt, right? And as you'd probably expect, it looked like this. It went ding, ding, pfff...you know, that sort of thing. And then we looked at the underlying, because it tells you what it's done, right, I went and had a look at this. And it said I've just sampled the first three pages, which was not ___ to sample the first three pages, sample everything. It came back much, much, much less of a distinction.

So then we had the argument which was, well, why is that? Largely because research reports are pretty well parameterized, right? The taxonomy is pretty well parameterized. So I said, well, presumably it's something to do with this. And somebody in my organization said, funny you should say that, I wrote a report, I submitted it, personally wrote a report on a particular issuer. I submitted it into our analysis and said, "Did a large language model write this?" And it came back and said yes. And I said proof point.

So as much as anything with these things, it's incredibly important not to surrender cognitively. Really important. But I have 400 or 500 people who do that, and I just spend time in my office trying to break things.

TED SEIDES: So alongside finding flaws in the models, what is one example of something you've discovered about your investing from using the models that you wouldn't have known before?

ROBYN GREW: It's a great question. I think it's less about what you don't know. I think there isn't a ta-dah moment of, oh, my goodness. What there is, is a richness to your understanding and the capability to test more things and create...listen, you and I both, we all know this, finding alpha is hard, it is, and integrate super quickly.

So if you take, I'll do it a different way if that's okay. I'll do it a different way. If you took what we did 35 years ago in a momentum strategy, right? And what we charged for it and how many markets it looked at, you know, 30 markets and tried it reasonably slowly and with a pretty small bucket of money really attached to it, and if I asked you to replicate that today, you could do it by prompting into ChatGPT and off you'd go. We trade 800 markets. We have millions of lines of signals. We drive change at every point. And those signals change on asset classes, and country and jurisdiction. They change on macro level, whatever it might be. And so you factor in there, you might have factor signals in there, but not full factors, so on and so forth.

What it allows us to do is create more optimum capabilities. It's able to say, if you've got five agents – choose a number, it doesn't really matter – working for you, and they can provide you with the direction of your incredibly capable tech teams, systematic quant teams that I have, they can run off, in effect, and do the work that you might have done in two months for one of those signals, and they can do that in days, which is what we've seen. That is differentiating. That is what makes the difference.

So what we're able to do is assess what we do now. There's a value chain in everything. So how do change models? How do you change allocations? And if you catch it, what does it look like? We map this. We map it at every stage. If you're a data company like us, you map everything. It's terrifying how much is out there. And that's what makes the difference. It's that dialing up capability to do more with an incredibly talented team that makes you just better and smarter.

TED SEIDES: We have about ten minutes left. I want to make sure we leave some time for some questions.

QUESTION: Thank you for the fascinating discussion on institutional investing and all of the topics that are top of mind for investors. With regards to AI, I'd love to ask, do you think that AI one day will replace the role of the PM? In other words, actually carry out the decision making as opposed to just now supporting the human decision making and analysis.

KANA WATSON KAKAR: I'll say it's a great question; one I feel like is being posed by all of us every day right now. So it's very salient to the moment. And I would say, you know, there's two schools of thought, right? There's school of thought number one where everyone will tell you that when ATMs were first introduced, in fact they hired more tellers. Don't worry, we're not all going to lose our jobs. It'll be just like the early ATM days.

And there's a second school of thought which says, wow, this is really generative. AI is not, as I just said, a productivity enhancer, it really is, it's a thought partner and potentially a thought leader. And if we cross that line, what does that mean for the future of any of our jobs, let alone our children's? Because the rate of change, you know, I'm from Quebec so you'll have to permit me a hockey stick analogy – the rate of change is so intense. And I think, look, predicting the future, I have no idea.

I think five years ago, for example, you know, everybody was saying to their children you should definitely go and study computer programming in college and know coding. And then it's whiz bang, you're definitely going to get a job. All we know now for sure is that we actually cannot anticipate what necessarily the next wave of technology is going to bring and/or be able to do and/or be able to replace.

So what does that mean? I think that means that resilience is not just about your portfolio. It's about thinking about how do our investments create or not a resilient society? How do we not lose track of the fact that these are people, people make companies, and these are people who we want technology to be empowering them, enabling them. You know, pick your positive "E" word, right? Not eradicating them.

And if it needs to come to that point, what is the path between now and then look like? How can we harness technology to make that something that can still be healthy and productive for society? I think that's the major challenge of our time. I think that's our work for the next however many years.

ROBYN GREW: I think there's some incredibly strong points in there. Let me, I'll come back to a little bit more of the micro on that. We have more data today than we've ever had, across more market segments than we've ever had, across more asset classes than we've ever had, and across more jurisdictions than we've ever had. And we're able to extrapolate that data from public to private and private to public. We probably have more price transparency than we've ever had and markets are as potentially inefficient as they've ever been.

So the question is, it is the question of the moment. Right now, and I'm only prepared really to talk about it right now, I still think that tech and the talent piece comes together. It feels a little bit further away for me at the moment. But the rate, the cadence of change is so fast it feels a little bit beyond my reach right now to say that we just hand it over to a set of machines.

TED SEIDES: Let me just add one thing to that. Why do smart people do dumb things? Because we're all humans. I think it's going to be a long time before, even generative AI, can replicate human behavior.

ROBYN GREW: Certainly my behavior...(Laughter)...for example.

QUESTION: Hi. Thank you. My question is, as we are speaking President Trump is in the midair going to China. I'm not sure whether he is taking the Atlantic route or a secret route. That's not my question. What do you expect from a policy point of view? He's going along with the 20-odd, the CEOs and the ___ is not part of the group. So what do we expect from your point of view? Thank you.

ROBYN GREW: It's an interesting question, and I was asked a similar question about what was going to happen when the King met with the President. It's very difficult to predict what is about the diplomacy, and I use that word carefully, of these types of meetings versus actually the underlying delivery of what can come from this.

There is clear tension that exists between how we are approaching technology between what is happening in the U.S. and what is happening in China right now – the different reliances on minerals and oil and so on and so forth. So there is an awful lot to discuss. Whether that becomes something that results in outcome from this particular meeting, I don't know, but this is, just a personal point of view, anything that can bring us closer to having an orderly world, I would support. And it's the same at any point.

To go to Yana's earlier, I suppose answer the question, we have big issues facing the globe right now. We sit in positions normally which are global. I don't sit down and think, we'll I've got an English accent, therefore I think about the U.K. first, although the last couple of days have been challenging.

But it's much more about a society where we are responsible, I am responsible for partnering with the biggest allocators in the world, who in turn have a duty of service, a lot of them, to the people of their nation or their state. And we care about those people; we turn up every day to try and do the very best by those pensioners and savers. That's it. It's hard, but that's it. So anytime that can create something that is more consistent where maybe we can attack some of the issues that are global and societal in nature.

Anything that can bring that together, count me in. Whether this particular trip yields outcomes, I'm afraid I'm well down the food chain of being able to predict that.

QUESTION: Hi. Thank you so much for joining us. I wanted to double-click on private equity for a second, and then full disclosure, I am in the private equity world.

ROBYN GREW: I think it's excellent...

QUESTION: Look, there is no doubt there's a lot of hangover that still needs to be worked through with the '19, '20, '21 vintages. There's no doubt that there's DPI that's lacking. And there's also no doubt that efficiencies with AI and technology are going to make the notion of, you know, giving capital to investors easier, or more efficient. In that world, do you see the blindfold model shrinking over the next decade?

TED SEIDES: No.

ROBYN GREW: No, I don't either.

QUESTION: Can you expand why?

KANA WATSON KAKAR: Well, what I think, I think fundamentally, right, assuming, your question implicitly I think weaves in what our answer would be, which is private equity is neither good nor bad. Companies need private capital. They need it over a longer period of time. They need an alternative to private markets and to taking out loans. And the question is not, look, are there a couple of vintages where there might have been exuberance and perhaps undue concentration? I think we can probably agree that we see that in our world today.

But looking forward, I think private equity may end up being deployed differently with a different discipline, right? The through-line needs to be disciplined. It may have a different discipline than it had a few years ago, but it very much has a place at the table.

ROBYN GREW: I think it does. Again, I'm with you. I think the danger is that we think about the world with everything we've known rather than everything that's in front of us. We all like looking backwards. We all like looking at where the data points are going. Well, this happened, when this happened and this happened, and this happened, the outcome was this. What we're learning is that that perhaps isn't the entirety of the story anymore.

So I do think there is a role for private capital, absolutely. I think the interesting piece about the re-up that goes on is an interest in compounding. And I wonder whether that happens in the same way and to the same extent. But let's be super clear, we're sitting on a Cap-X budget in the public markets, right, of $725, what is it, katrillion...no, but I mean you're talking about huge amounts of capital deployment and Cap-X deployment.

And we don't know how much of that is equity, we don't know how much of that will be debt. We don't know how quick the returns will be on it. We do know it's banking on the future. So I think there's a bunch of different places where capital is going to be deployed. It's going to be interesting. We're on a journey.

QUESTION: Are we in a bubble?

ROBYN GREW: Say again...

QUESTION: Are we in a bubble?

ROBYN GREW: Are we in a bubble, okay...

ROBERT K. STEEL: I think we need to stop here. We're at the 1:00 mark, but we'll let you catch up afterwards and see and maybe fine-tune which markets and which bubble.

ROBYN GREW: That was exactly going to be my response, which ones?

ROBERT K. STEEL: You know, I think that this has been a great conversation. I think what Yana said when she used an image of a hockey stick, I take a different perspective. I think the way I think about it is a second derivative. What we've heard here is the rate of change, the rate of change is continually accelerating. And I think we need to kind of put that into our lens. Not as sophisticated as a hockey stick but I think that would be the way I would think about it. You've given us a great conversation, Yana, Robyn, and Ted, and so thank you.

Let me just say, as we conclude, that we have lots of exciting events coming up. You can see in the program today at your place, we're going to be celebrating America's 250th Anniversary. The Club will mark this milestone with a special series of events throughout the year, and we'll also have a special event on June 23. We also encourage you to think about bringing guests to this special occasion.

Let me also take a second as we close to say thank you to the Centennial Members of our Club who provide extra support so that we can continue all our different programs. We have over 450 members of the Club that have decided to make this additional commitment and to them we say thank you. We also say now thank you to all of you who have joined us today. Those who have joined us virtually, thank you, and have a wonderful afternoon. Those of you in the room, thank you and please enjoy your lunch. Thank you.