

**Goldman Sachs Exchanges: Great Investors**  
**BlackRock's Rick Rieder on his career, the markets,**  
**and investing in the current environment**  
**Rick Rieder, Chief Investment Officer,**  
**Global Fixed Income, BlackRock**  
**Tony Pasquariello, Host**  
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**Tony Pasquariello:** Welcome back to another special edition of Goldman Sachs Exchanges - Great Investors. I'm Tony Pasquariello, Global Head of Hedge Fund Coverage within our Global Banking & Markets business. And today I'm delighted to speak with my friend Rick Rieder, Chief Investment Officer of Global Fixed Income for BlackRock, the world's largest asset manager. Rick also heads the Fundamental Fixed Income business as well as the Global Allocation Investment team. Rick and his team are responsible for about \$2.4 trillion of assets.

So, today we'll be discussing Rick's career, his views on the markets, and his perspective on asset allocation in the current environment. Rick, welcome to the show.

**Rick Rieder:** Thanks for having me, Tony.

**Tony Pasquariello:** You and I have known each other for a while, but really only in the context of your time at BlackRock. Can you start by telling us how you got your start in the markets and, perhaps, one of the lessons that you learned in your early years, in your formative years that you still carry with you today?

**Rick Rieder:** Sure. And by the way, thanks for having me on this. I came into the industry, I worked for Sun Trust Banks as a financial analyst. And I was actually accepted, which I tell my kids if you accept something, you have to do it, and I accepted a job as a financial analyst at a business [UNINTEL]. At the time it was Chemical Bank, now J.P. Morgan. And so, I was going to be a financial analyst. And somebody in a trading firm, E.F. Hutton - I don't know if anybody remembers that, they said, "Why don't you try trading? You know, you like dynamic things. You like sports. Try it."

And, anyway, so I said I'll give it a shot. And I remember calling my dad and saying, "I'm going to try this." And he said, "That's not a career. Trading's not a career." So, anyway, I'm still doing it 35 years, 36 years later.

Anyway, so that, you know, you talk about notes in your life, like that person changed my whole life. And I don't know if I'd have been successful as a financial analyst. But there are a couple things that I think were incredibly important to me early in my career. One, and maybe this is actually in business school where I heard a presentation by a guy who ran Golden Nugget Casino. And I'll never forget this, he said to me-- so, I asked the question, and he said, "How do you think casinos make money?" And I said, "The odds are in their favor." And he said, "The odds aren't that much in our favor. You know, we have 2 percent, 3 percent if you're playing craps or blackjack." He said, "People come to Atlantic City with \$200 and when they lose it, they leave." And I've always thought about what happens, you oscillate around trends. And if you get the general regime right, try and oscillate and try and buy and sell relative to how the markets oscillate. But you can't lose \$200.

And I've always thought and that's been with me for my whole career. Is I can't hit the down button. What are your hedges? And so, that's funny with an after-school thing at Wharton.

And then the second one was when I first started trading, you know, you study in school, and I bought this bond. I knew I was right. Anyway, I just kept getting hit. And then all of the sudden I realized I owned all of them. And I lost a lot of money and I almost cost myself a year. And anyway, it gave me this, like, you have to figure out-- you may be right-- and I always say this in managing money, we're not in the business of being right. We're in the business of generating return for our clients. And that can be really different.

And if markets don't think you're right, it doesn't really matter because you've got to operate in them. And so, anyway, those two things taught me a lot about risk management and your perception of where the world is and how people think the world is. I argue more for them being right.

**Tony Pasquariello:** You flash forward today. So, you're managing funds that are largely unconstrained, meaning you can go most anywhere across stocks and bonds, across geographic divides. You can use derivatives where you see fit. So, just in this context, I guess I have two questions. One, so many markets, so many moving parts. How do you

keep track of it all? And then two, how are you thinking about your asset allocation mix right now?

**Rick Rieder:** The cool thing, and I'm hugely blessed to be able to run unconstrained because you can venture to where you think the alpha is and where you think the opportunity is. And it changes. Like this year, talk about using derivatives, like when volatility drops, all of the sudden you can use a lot of optionality in your portfolio. Last year, you couldn't do that at all. And what you do last year, I mean, one of the good calls was like you just get the cash quickly. You know, get your duration down. Get your risk down.

But the beauty about being unconstrained is you try and figure out where the big pockets of alpha are. And then how do you manage your portfolio to try and optimize return, but manage the downside? So, anyway, I read a ton. I've got great teams.

One of the things I've learned about having great counterparties is once you get into the mix with them and they understand these are the things you look at or that you like or they fit how you think about convexity, etcetera,

but all those things-- and I read a crazy amount. I mean, I just try and-- particularly on the weekends, which my wife finds socially engaging. But anyway, I do a ton of reading.

Today, listen, I think there are a couple of things that are really powerful. I think the economy is in pretty good shape. You know, I was thinking about it the other day. The economy was operating, if you'd taken an eight-cylinder car, we were operating at ten cylinders before because of the amount of gearing that was in the system through all the stimulus. I think today we're operating at a six cylinder. We're a bit below. But it's pretty good.

So, you know, what do you do and how do you think about it? Today, carry is super, I mean, incredibly attractive. You don't have to take a lot of risk to get carry. And now one of the things I think about is your upside convexity in equities today is pretty powerful. So, one of the things when you think about positioning today, the economy is pretty good. You've got a high-rate regime that will probably be with us for a while. And then you can talk about vol is really cheap. Big part of our expression today is carry really well. Keep some ballast in the portfolio. Get some upside convexity. You can buy it cheaply. I think quite frankly you can

manage your downside because you can use vol so effectively today.

**Tony Pasquariello:** It feels like a very good setup for what you do.

**Rick Rieder:** I hope so. I hope so. I mean, it's pretty rare in my career. I always talk about when you asked me what people ask about fixed income, what's your favorite investment today? Commercial paper. Like, I bought a big chunk of commercial paper. It's 6-60 yield from a single A issuer. That's unbelievable. Like, now I can think about, okay, my beta pocket, I don't have to spend my beta on buying, you know, deep down the cap stack or deep credit stress entities. I can sit in no duration risk, no beta risk. And then I can use my beta bucket, my duration buckets for other things. So, it's a pretty good opportunity to do that.

**Tony Pasquariello:** You've got a huge work rate. And I think we'll come back to this. I think you also have huge intellectual curiosity. And presumably, you're always learning and you're always fine tuning. Over the years, how has your investment philosophy and your approach to risk

evolved?

**Rick Rieder:** First of all, I think investing is the coolest industry you could ever be in because it's so dynamic. And what I read last weekend is relevant but not as relevant as what I read this weekend. But one of the things that's evolved is your ability to use data, technology, and systems to really-- I mean, you know, I would say over the years we do so much around data simulation. So much around portfolio, sophisticated portfolio construction. My closest friends at BlackRock run our, we call it, risk and quantitative analytics. I'm on with them, they probably hate this, but 6 am on someday mornings pinging them about, "Can you send this one? Can you send that one?"

But now we have so much data at our disposal that helps us manage the portfolios. So, you know, I'd say a couple of things. One, being really thoughtful about your risk and optimizing risk. You're optimizing where you can get return relative to your risk, I think, has been big. Using systems signals has been really big. And then like I say, one thing I've learned as we manage more portfolios in different things is your teams. I've learned over my career probably through tons of mistakes, make sure you have the right

people so that you can delegate, and you can say, what I say to people, "Get our FX across portfolios. We want to be in more EM. Less DM." Anyway, your teams can be amazingly effective. But anyway, if we get in the right mindset and talk about regimes we're operating in, then, you know, it's make sure you're allocating and delegating effectively.

**Tony Pasquariello:** Every cycle is different, of course, but the COVID era has been extraordinary in so many regards. And even though we're a way up from 2020, I think it's still with us in a lot of respects. So, how have the recent years shaped the way you invest or think about risk taking?

**Rick Rieder:** Tony, I think one thing I've learned through going through too many crises in my career is the first thing you realize is liquidity. So, I'll never forget, we saw this in '08, but certainly in COVID, March and April, like all of the sudden there's no bid. Like, I remember getting hammered. And owning AAA securities because the only thing people could sell. So, like, AAAs were getting pulverized. But you still want to own those assets. But you realize a huge part of what we do is break our portfolios

into liquidity buckets.

I've got to make sure what I call tier I liquidity, I've got plenty of it. And if I have enough of it, I can go into things that are less liquid. So, COVID was an incredible reminder of make sure your portfolio is durable and your liquidity is foundational in terms of what you're doing.

And by the way, Zoom and WebX have been an outgrowth of something. So, now all our meetings are pretty incredible now. There's a fine line between you want people in a room together to really get some energy and talk about things. But then having people from Europe and Asia and doing global meetings has been incredible. Like we have in some meetings hundreds of people of different backgrounds, different perspectives. Anyway, that's been, I think, an outgrowth that's been really powerful around how we run everything.

And then the last thing I will say, I think technology and healthcare, you know, you watched this play out with Eli Lilly recently. The world is changing. And healthcare, longevity faster than I think people think. The ability to deconstruct DNA. You think about how quickly these

vaccines came up. Anyway, I think healthcare and technology, the two core foundations for what I believe in investing today, and I think COVID reinforced. I mean, look at the performance this year of those different entities.

Companies that are investing in R&D and can throw enough free cash flow to reinvest in R&D, I'm convinced, particularly from an equity perspective, if you're in-- you know, the companies I think are the fast rivers of cash flow in the next two years, three years, five years are the ones that are reinvesting in R&D. And COVID proved that out like in incredibly rapid fashion.

**Tony Pasquariello:** So, let's pivot back to the current macro environment. On the Fed, we think they're done. The market basically thinks they're done. But if we look ahead to next year, now the discussion is around forward cuts and this idea of preemptive easing. So, where are you on that? And if you had to hazard a guess today, when does the cutting cycle begin and why?

**Rick Rieder:** So, I think first thing you have to assume or that you have to factor into your model is I still think there's a 15 percent chance they're hiking more. And I

don't think you can write off in a world of deglobalization and a world of higher wage costs, I don't think you write off that they've got more to do. I'm pretty 50/50 on whether you get another 25 or not.

But by the way, it's not that relevant. We talk about we were doing 75s at a time. So, I think there's a 15 percent chance they've got more to do. And by the way, I think there's a 10 percent chance that there's some exogenous shock in the world. We live in a relatively differently, unstable geopolitical dynamic than we have relative to the last two decades. So, I think there's a 10 percent chance something on the unexpected happens.

Okay, so now, you take that, you got 15. You've got 10. So, you've got 75. So, I think your base case is they start cutting in the second half of next year. And quite frankly, in a deliberate manner. So, let's say that 50. And that leaves another 25 that they've got to move. And they start moving in and around the first quarter.

You know, one man's opinion. I think this Fed would like to be deliberate in the cutting. And listen, I think they're ultimately going to have to bring the funds rate down to a

more normalized 2 - 2.5 percent level. But I think they want to be deliberate. Don't let these things work themselves through.

One man's opinion. I wouldn't have gone as high as they are today. But I think they want to be patient and let it marinate through the system for a while.

**Tony Pasquariello:** So, this, I think, segues to my next question which is if we were to spend a minute on the deficit and the debt load, on one hand the US has 30 trillion of debt on the books at, we just discussed, pretty high interest rates. And as our friend Stan Druckenmiller has pointed out, in the context of entitlements in an aging population, it's not hard to get concerned about the debt burden that will be on the shoulders of our children or our children's children.

At the same time, as you've pointed out, the asset side of the equation has also grown hugely in recent years. which I think doesn't get as much attention. So, where do you come out on all of this?

**Rick Rieder:** So, it's hard to disagree with Stan. But I

agree with him on the size of the debt's too big. And the size of the debt is almost untenable. However, we're at a very different point in time. Like you said, the system is delevered. And I always think about it, when you go through, like, the financial crisis or the European Debt Crisis, there are four parts of an economy in terms of debt: consumer, financial, corporate, and government. And you think about it, you can blow up if one of the four is too high.

But today, the individual is actually in pretty good shape. The consumer is largely delevered. The financial system is delevered. And corporate has turned their debt out. So, the debt sits at the government level. That's a pretty fortunate point in time in terms of to run a bigger debt because you can fund it, you can fund government debt because you're not necessarily having to fund the others. So, point one.

Point two. I've always found when I've invested in credit or equities or anything, I think there are only three things that matter for investing: leverage, liquidity, cash flow. If your leverage is high but you've got plenty of liquidity and your cash flow is high, you can actually deal with it. You can't if your liquidity goes. It's over. But you think about it.

If you take a step back and you use that as your set of parameters, today if nominal GDP stays high-- I mean, we ran at 12 percent in '21. 7 percent last year. If your nominal GDP is high and your cost of debt is reasonable-- this is part of why I think the Fed has to bring rates down, we can keep it for a year. Let's say you bring the rate down, because today the government's relying way too much on bills. Bills for years were zero. They're 5.5 you're funding with a 300 billion a week gross. At 5.5. It's too high.

**Tony Pasquariello:** That's your CP trade.

**Rick Rieder:** Totally. Totally. So, you think about, okay, so what has to happen? Now you think about my debt burden. It's all about debt service. Can I service my debt? If the rate comes down, and your nominal GDP stays up higher than your debt-- I mean, this is part of why Italy has had a problem for years. How do you get nominal GDP up to offset the cost of an overburdened debt system?

US can do it. Like you can keep as a reserve currency in the world, you can fund yourself. You've got to keep the debt at a reasonable level. Hope inflation cooperates. But nominal GDP, as long as nominal GDP is up and inflation

is part of that, you can outrun the debt.

So, if I said one thing, because I get really passionate on this subject, we had no productivity enhanced. So, companies are spending on R&D. For the first time the government is using their fiscal in an effective way. Look at the CHIPS Act, the IRA. If you can stimulate nominal GDP, and you're seeing it maybe in an excessive way this year, if the money that you've borrowed as opposed to it being in sunk cost initiatives that don't have velocity to them, it doesn't work. But if you act get R&D from the government spend and the corporate spend, you can create enough nominal GDP and you can outrun the debt.

What Stan says is right because of entitlement and otherwise. But boy, I think if it's done effectively, and part of why electing officials for two-year terms is not the exact right way to do it, but I still think within the phenomena, the US is the most adaptive, reflexive economy in the world. Like I say. But the Fed has to get the cost of the debt down at some point over the next year or so.

**Tony Pasquariello:** So, I want to jump on a point you just made within that which is so this year not a lot has

necessarily gone as expected. The biggest story along that path for me has been just the incredible durability of the US economy alongside, of course, the inflection lowered inflation.

So, let's discuss some of the work you've done, the structural work on the economy and some of the major changes that are now playing out, which I think your word choice has been from carburetors to compilers. So, what's there?

**Rick Rieder:** Part of why I did this presentation carburetors to compilers, so if you think about two, three decades ago, the entire economy was built around-- I mean, if you look at the big cap stocks, it was oil stocks. It was General Motors. It was the big autos. But it was a cyclical, commodity-oriented economy that moved in a very volatile fashion. By the way, China exhibits a lot of this. It's a goods oriented, trade-oriented economy.

The US economy is 70 percent services. 70 percent consumption. That ends up being incredibly stable. So, when you think about-- by the way, when you talk about consumption, when you have an unemployment rate at 3.5

percent with over 4 percent wage growth, your ability to continue to consume is extraordinary. By the way, Jan Hatzius got this unbelievably right. When you break down growth and you say, okay, how do I create recession or something significant as opposed to negative 1 percent for a couple quarters after twelves and sevens of nominal GDP, now you try and break it down, you look it, say, if you have a service economy in a consumption oriented economy, your goods economy has got to fall off the cliff. Your capex has got to get destroyed to offset the other.

And I did this presentation called The Polyurethane Economy, like those Tempur-Pedic beds, because it's incredibly flexible. And by the way, like one part of the economy can get hurt and the rest, like those Tempur-Pedic commercials of the wine and people jumping on the other side of the bed, if the commercial real estate market is impaired, or small banks are impaired as they were, the flexibility and adaptive nature of the US economy-- talk about technology, independent energy production, it's pretty incredible. It's pretty incredible.

And by the way, I think a recession, when I grew up, a recession was ugly. I mean, you had food lines. And gas. It

was bad. I just think the US economy is much more durable than people give credit to.

**Tony Pasquariello:** Let's spend a minute on AI. I think we'd both agree it's quantum leap with immense structural implications. But how do you prosecute your view on it in the portfolio today?

**Rick Rieder:** It's hard. I think there are some exciting things happening in places like India. And a lot of these areas where you think they are going to be the investment of the next three to five, ten years, oftentimes they don't provide themselves in the public markets in the way you want to. How much semiconductor or GPU investment can you make today is pretty hard without creating a skewed portfolio.

What are we doing with it? We're trying to find business that are tangentially related. We're doing more on things where you can make early to second stage investments in the funds we can do with to get deeper into that space. I've also spent a bunch of time thinking through I think large language models, they would be so systematized that it's actually who has the data will win. And so, we're spending

much more time thinking about if you have a proprietary dataset that you can exploit through large language models, that is those companies and a bunch of companies in those spaces that have unique proprietary datasets that I think will be the winners because they'll be able to exploit the ability to tap into that data.

So, a few different directions. We spend a lot of time thinking through portfolio construction, data assimilation that is incredibly exciting. We're at the early stages of doing that. And then we're also thinking about people resourcing. I saw a study that said, I think it was 45 percent of the jobs will be augmented or replaced in some way. And we're just trying to think about, are we the most efficient about how we think about that within our infrastructure? So, there are just so many different angles.

I don't know how many. I think I've set up three subcommittees within our business to try and figure it out. Hopefully we're throwing enough spaghetti against the wall that we get more right than not.

**Tony Pasquariello:** So, here's a question I've been dying to ask. On one hand, if one were to read your monthly

deck, you and your team do an enormous amount of work on the long-term outlook for the economy and for the markets. And at the same time, you're a true active manager. And I think you're trading most every single day in one form or another. And so, how do you balance trying to generate alpha on a short-term trading-oriented basis alongside generating the alpha on this kind of longer term, more investing-oriented basis?

**Rick Rieder:** So, first of all I'm convinced I haven't figured it out. It's hard. And by the way, every cycle is different. Every regime is different. So, what we're trying to do, the reason why I do these monthlies, they're my own therapy around, you know, maybe I'm too slow to do it on the fly. But I feel like if I stare at thousands of charts and tables, like, you get these ah-ha moments. Like, dollar-yen is here. And BOJ to this. And yield curve control is here. And all of the sudden. And why is this cross trading here?

But I feel like I've got to take all of it and try and assimilate it in my own head. And then if you do it okay and you come up with enough ah-ha moments, you can take the big portion of the portfolio and get it moving in a certain direction. And then I spend the rest of the month tweaking

it. And we talked about things oscillate around the mean or around the trend. And then you try and tweak it relative to that.

And the markets, I think more so than I've ever seen, markets move to extremes. I think there's been a democratization of information that gets everybody moving. Like they get the information. And everybody moves. And I think the ability to fade a lot of those moves and just do it effectively in the market, I think, can be really attractive. So, we try and keep the boat pointed in a certain direction. And then work your way around it.

By the way, I love trading the vol markets. And with volatility, you know, there is rate vol has crazy highs you can sell it. Equity vol is super cheap on a historic basis, you can buy it. You can create carry and manage your convexity. So, anyway, I like when the markets are moving and they're fun.

The worst part about markets is when they get illiquid and you can't transact. Because I believe in this thesis called make a little bit of money a lot of times. You know, you can create little 01s, constantly protect your downside. And

then if you get your regime so you can asset allocation effectively, then you can create durable alpha over long periods of time. Again, you know, you could have a bad quarter, but at least we've got to make sure the boat is going in the right way and then try and trade around it.

**Tony Pasquariello:** All right, so this is another question I can't wait to hear the answer to, which is you famously get up around 3:30 am every workday. And so, how do you do that? I don't think you're going to bed really early. Do you drink buckets of coffee? How do you do it?

**Rick Rieder:** So, first of all, maybe I've gotten older because now it's 3:45 in the morning. But I do it on the weekends too, Tony. Whatever. I don't think it's a skill. I'm pretty energized. But I think there's a lot to do in life. And I have these signs all over my house that say, "Work hard, play hard, give back, reboot." And I believe there. So, I say to my kids when they get up roughly seven hours later, like, "What are you doing? There's so much to accomplish."

Anyway, I feel like everybody's different. But I feel like there are so many cool things to do that I do it on the weekends as well. I like to work and, you know, play golf or hang with

my kids. So, anyway, I've gotten into this rhythm. And I think over time you get in this rhythm of doing it such that you don't have to set an alarm and you just get going.

Like I say, I'm hugely blessed. I mean, even like thinking about doing a call with you like this, this is a fun business. And if you keep working at it, it's fun to try the challenges, it's a lot of fun. So, anyway, I feel like I'm wasting time if I'm lying in bed.

**Tony Pasquariello:** All right, so in the context of work hard, play hard, give back, reboot, you're very involved in a few philanthropic efforts. You serve as President and Chairman of the Board of North Star Academy. 14 charter schools in New York/New Jersey. Why is that important to you?

**Rick Rieder:** It's an interesting thing and I haven't told a lot of people. So, when I grew up, my family, we didn't have a lot. And then my dad created a business and did really well. And then it went down. And he didn't whatever. Didn't innovate. And anyway, then it went down.

What's interesting is going through different eras of

financial not so good, not so good again. I've always thought about the education of things that kids get is just incredibly important. Like your ability to get on the right path. And so, anyway, it's always been my passion around doing things in urban education and the amount of kids we lose through the system is just extraordinary in the United States.

And, you know, it's pretty cool. These schools I'm the chairman of the board of, North Star in Newark, one of our big programs is called Graduation Generation, a couple of others in Atlanta, you know, it's really cool when you're watching these kids succeed. And when you go to graduation or we recently had our signing day for our kids who went to college, and it blows you away. You sit in that room and go, look at them going to Duke University, full ride and just it's incredibly powerful. And you just watch how these kids succeed at whatever. It doesn't have to be business. Whatever they succeed in. But it's a very cool thing. And so, it keeps you going.

**Tony Pasquariello:** When I first realized I wanted to get involved, I actually asked Paul Tudor Jones where should I start. And he said, "Start in education because that is the

most multiplicative. That's the superpower."

**Rick Rieder:** I mean, you think about it, what you're involved with with Robin Hood, and it's amazing, and the ability-- by the way, it doesn't take much in the way of resource. If you have people organized in the right way and you have the right administrators, directors, teachers, and people that are mobilized, I often find it's so different than a lot of the financial industries, people are motivated by desire to create change. And if you've got people in the right places and people that are energized to do it like you've done with the team around Robin Hood, it's pretty extraordinary socially what it creates is very cool.

**Tony Pasquariello:** All right, so we'll close with a lightning round. This is a good one. I'm so curious. What's the single greatest trade you've ever made? You've made a lot of them.

**Rick Rieder:** Oh, I don't know. I never scaled it big enough. I mean, the professional, I think Tesla was a-- you know, we had that one pretty-- I remember sitting in rooms forever and listening to some of the smartest people I know, [UNINTEL] and I thought Tesla was a good try. We didn't

scale it big enough.

I think last year we did pretty well at getting our risk and duration. I think that worked out. Personally, Peloton I got in very early. And I rode it up. And, you know, I was [UNINTEL] sold, I sold all the way up and all the way down. But I would say those.

It tends to be around tech. Like I'm crazy energized about tech investments and always trying to find the new tech trade.

**Tony Pasquariello:** What is the biggest lesson you've learned from a given investment? And this could be one that either went really well as you just referenced, or perhaps one that didn't go so well?

**Rick Rieder:** Yeah. So, early in my career the one that didn't go so well, that taught me a ton about markets. And what I said before about we're not in the business of being right, we're in the business of generating return. Like, the markets, I've spent so much time thinking through perception that we may be right, we've said to people we're hiring, like we may be right six months hence, but we may

be out of bullets in the interim because people don't think you're right. And it's so much of like when I got long this one position, it's like we're so much in the business of anticipating what people will think is happening and what the trajectory of data and the environmental condition will look like, that was really important for me.

And, you know, the difference of like when you're in school, you study to get a 95. Like, we're not doing that. Like diversify, do it a lot at 70 percent, and don't let the big one kill you. I've watched more investors, traders that are good that get three right, and then blow up on the fourth trade. And so, anyway, that was big to me because I think it was early in my career and I almost blew up my whole year.

**Tony Pasquariello:** And that was the corporate bond trade.

**Rick Rieder:** Yeah.

**Tony Pasquariello:** Which investor do you admire the most? I know that's a hard question to answer. I'm sure there are a handful to choose from.

**Rick Rieder:** You're right. I'll give you an answer you probably don't think. But going back to the Tesla thing, I find that people in tech, whether they're investors or not, the Elon Musks, the Steve Jobs, Jeff Bezos, like what they're creating, Bill Gates, like they're unbelievable like how they've thought through where the world is going. And then, so anyway, those people that I really admire in business and as investors in this space, those people are heroes to me.

And then you had mentioned one of them, Stan Druckenmiller, I think David Tepper, I mean, I've learned more from watching them, following them, getting the honor of talking with them that, you know, how you think about this one big thing that I think they do better than anybody I've ever seen. You separate the news from the noise. Like this industry spends so much time on noise. Like this piece of data. This piece of data. And the people that are like them that I incredibly respect, they say, "Okay. Interesting. Interesting. That's a big piece of news." And I think they're incredible at it.

**Tony Pasquariello:** What's the best piece of advice you can give to someone that you wish you knew when you

were young?

**Rick Rieder:** I still find this interesting. Whenever I speak to our incoming classes, people don't prepare enough. And I'm pretty amazed whether I go into a marketing meeting or with a client or go into the day, Monday morning, I find that a lot of people wing it. You know? I always say to the people coming in, like when you're doing a media event or you're doing a client pitch, you have one shot. Like, you have to go in there thinking through what can throw you off, what is a question you didn't anticipate?

And by the way, in the trading diamond, I remember I told this story when I first started trading, I [UNINTEL] bonds, every night, everybody would go home and I'd write down there were 375 bonds actually, I'd write the price, every single day of every one of those bonds from 5 to 7 at night. I don't know why. Because I thought maybe I'm just not smart enough like others and that I felt like if I had thought about it in advance, if the market moved, I had thought about this is where this should be priced relative to that one. So, I just think preparation is just huge in this industry.

There are not many people I've seen that can do it on the fly. A couple. Not many.

**Tony Pasquariello:** Right. Last question. I know you're a big reader. So, what are you currently reading? Or what's the best book you've read in recent years that you'd recommend?

**Rick Rieder:** So, you'll laugh. So, I still find my learning curve is, I say this to our incoming analyst class, I think it's as steep as theirs. So, I'm actually reading a David Rubenstein book. It's called *Masters of Investment*; I think that's the name of it. [UNINTEL] It's cool. And I'm about halfway through. And I think it's just hearing other people and how they think about-- everybody's got a different style and innovation around how they think about how they invest. So, anyway, I find that interesting.

But I tend not to read investment books. It came up through a weird reason. But anyway, and I have great respect for David. So, I'm reading that now.

But the ones that I really like reading as you can imagine are around tech. The Elon Musk book. There's a book

called *Capitalism Without Capital*, *Second Machine Age*, like all those things are just to think at a higher level around where the world's going, those are the ones I like reading. Reading tons of research papers on AI. We were talking about healthcare, etcetera. But that's where I'm most focused.

**Tony Pasquariello:** Rick, it's always a pleasure to speak with you. This has been a treat for me.

**Rick Rieder:** Oh, it's awesome.

**Tony Pasquariello:** And thank you all for listening to this special episode of Exchanges at Goldman Sachs - Great Investors. This podcast was recorded August 9th, 2023. If you enjoy the show, we hope you'll follow us on Apple Podcasts, Spotify, or Google Podcasts, or wherever you listen to your podcasts. Thanks again, Rick.

**Rick Rieder:** Thanks. Thanks for having me.

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