Allison Nathan: Investors are facing one of the most challenging backdrops in recent years amidst slowing economic growth, rising inflation, and geopolitical conflicts. I'm Allison Nathan and this is Exchanges at Goldman Sachs: Great Investors.

In this special series, Allison Mass, Chairman of our Investment Banking Division, and Katie Koch, Chief Investment Officer of Public Equities in our Asset Management Division speak with the world's most respected investors about their investing strategies, career trajectories, and their outlook for markets and economies.

Allison recently spoke with Joe Bae, Co-CEO of KKR, as part of the Great Investor series. And fun fact, he started his private equity career over 20 years ago at Goldman Sachs.
Sachs. I asked Allison to share some highlights from her conversation with Joe.

Allison, after speaking with Joe, you said it was just like speaking with Henry Kravis and George Roberts who are, of course, KKR's co-founders and former co-CEOs. What did you mean by that?

**Allison Mass:** Well, you know, I've known Henry and George for, literally, 40 years. When I started in the industry, KKR was less than ten years old. And I was like a 23-year-old and met them in the early '80s. Started working with them. So, I basically know Joe Bae since he started at KKR.

And, you know, I've watched Henry and George build this firm person by person, year over year with a very strong culture, very strong focus on diversity and globalization, on mentorship. So, I don't know. It was almost eerie in a strange way having that discussion with him. In a great way. And I actually called George Roberts and said, "Whoa. I had just spent an hour or two with Joe. And I have to just say, you know, you absolutely picked the right person to
It was an amazing thing for me to see this next generation sitting in these seats, carrying forward what George and Henry, who are true pioneers of the business, had built their firm on.

**Allison Nathan:** I'm sure George was very happy to receive that call. Allison, I'll let you take it from here. Here's Allison Mass in conversation with Joe Bae.

**Allison Mass** I'm Allison Mass, Chairman of the Investment Banking Division at Goldman Sachs and your host today. So, welcome back to another special edition of Exchanges at Goldman Sachs, Great Investors.

Today, I'm so thrilled to have Joe Bae with us. He has a really interesting background. And Joe, I'd love to just get right into it.

Joe's the Co-CEO of KKR, one of the world's leading private equity firms. He's been with the firm for 26 years. And was the architect of KKR's expansion into Asia. He also presided
over building the firm's private markets business. And has been an active member in the firm's diversity initiatives. And we're going to cover all this today and more.

So, Joe, we're so glad to have you with us and welcome to the program.

**Joe Bae:** Great to be here, Allison. Thank you.

**Allison Mass:** So, I have to start with the fact that you're a Goldman Sachs alum. You started your career here in private equity as an analyst back in the 1990s. And shortly after that, you left to go to business school. In fact, I heard that you were settling into your dorm room at HBS when you got a call from a recruiter pitching KKR. So, tell us about that moment and what made you take the leap to leave Harvard and join KKR instead?

**Joe Bae:** Right. Well, it's great to be here, Allison, thank you very much. I do miss my two-year analyst experience at Goldman Sachs in PIA. It was really a very formative part of my career and one of the reasons I'm in private equity today. So, I give Goldman Sachs a ton of
credit in helping me get on this path.

The actual story is when I was graduating from college, I had applied to the J.D. MBA program at Harvard and was accepted with a two-year deferral, which was the analyst program at Goldman Sachs.

**Allison Mass:** Ah, okay, that makes sense.

**Joe Bae:** So, I very quickly realized I did not need the law degree and gave that up and was just going to do the MBA. So, when I finished up at Goldman, I was very excited to go to HBS. I was married at the time. Very young. And was literally moving into the dorm room when I got a call from the headhunter saying KKR was going to hire two analysts in the New York office. This was in 1996.

Having a little bit of experience in private equity, I knew I had to go meet Henry Kravis. So, I didn't know how the interview was going to turn out, but I jumped in my car. Drove down to New York. And I spent a day in New York City interviewing with all the partners in New York. They put me on a plane that evening. Went out to Menlo Park,
met George Roberts and all the partners out there. This was when KKR was 25 people in size.

So, literally, was 24 hours, 36 hours of intense interviews. Met everyone at the firm. And I just walked away from that saying, you know, this is exactly where I need to be. These are the pioneers in the industry. An incredible culture. But really a mentorship culture where I'd learn a ton. And I always figured I could reapply to HBS if things didn't work out.

My parents are typical parents from Korea. I'm first generation Korean American. The decision not to get a J.D. MBA at Harvard really broke their heart. But I think 26 years later, I think they probably think I made the right decision.

**Allison Mass:** Yeah. I think you made the right decision as well. And the rest is history, as they say. Was Scott Nuttall the other analyst that was hired that year?

**Joe Bae:** He was. We were the two in New York.
**Allison Mass:** Got it. So, speaking of Scott Nuttall, you two were named co-CEOs last year. And KKR has a very, very long history of co-CEOs. And Henry and George, who you've mentioned, who are going to remain co-executive chairman, are first cousins. And they founded the firm and have literally built KKR side by side for decades. So, what I'd love to know is, what have you learned from observing the partnership that they have that's going to help you lead KKR together with Scott moving forward?

**Joe Bae:** Sure. I'd be the first to acknowledge in most companies the co-CEO model probably doesn't make a lot of sense. I think what's really unique about KKR and what Henry and George have built is what they have role modeled for the organization for the last 45 years is the power of having two people at the top. You can cover a lot more ground and get a lot more done. And honestly, it doesn't work in most formats, but I think at KKR it's a core part of our DNA.

I think what they really role modeled for the entire organization is the power of trust and friendship at the top. And certainly, for me and Scott, we've been working
together for 26 years now at KKR. We started together when we were 24 years old as analysts. We've spent most of our adult lives together. Our families go on vacation together every year. So, it's that same amount of trust, the chemistry, and the partnership which I think is really critical to making a co-structure work.

**Allison Mass:** Yeah, I know your families are close because I think I ran into all of you in an airport a couple of years ago before the pandemic.

**Joe Bae:** Well, Scott has five kids. I have four kids. And they're all great friends. So, it's a really special relationship.

**Allison Mass:** So, let's go back to when you and Scott joined KKR in 1996. What was the private equity industry like at the time?

**Joe Bae:** Well, obviously, very, very different. To contextualize, when we joined, we were investing the tail end of the 1993 fund at KKR. And that was a $3 billion pool of capital. One of the largest funds ever raised back
then for private equity. And the industry itself has obviously grown dramatically, over a trillion dollars in the alternatives space today. And it's not just the size, but it's the breadth of the industry. It's global in nature. It's Europe. It's all over Asia. It's multi asset class. It's real estate. It's infrastructure. It's credit. So, the industry, I think, has got tremendous tailwinds, just given what's happening in the macro markets right now. But it's gotten a lot more competitive.

So, I think a big part of KKR's evolution, and its growth is we constantly try to evolve our business model to create competitive advantage. So, we built out starting in the year 2000 an in-house consulting group to help our portfolio companies, a group called Capstone. It's nearly 100 dedicated professionals now that just work with our portfolio companies. We have our own in-house capital markets team. We have our macro team. We have KKR Global Institute to advise on geopolitical issues now. So, the ability to stay ahead of the competition and really maintain those returns is really about building these incremental skill sets.
**Allison Mass:** And KKR has led a lot of those changes for the entire industry. You know, you talk about a $3 billion fund when you got there. Today, that's like a small middle market fund, interestingly

So, can you talk a little bit about your private equity business and how you and your teams go about building relationships and deciding on what deals are right for KKR?

**Joe Bae:** Sure. I think a big part of how our industry has evolved, and certainly how KKR has evolved, is it's much more than the capital. We need to be a solutions provider for our companies that we invest in, the management teams we partner with. So, this relationship building piece of it is critical.

We sometimes start building relationships a decade ahead of time as we get to know companies, as we get to know entrepreneurs. And there will be a moment in time where it makes sense for us to partner, whether it's on the private equity side, the real estate side, or the credit side. And it's that long-term orientation, trying to be a value-added partner to the companies that we invest in, which is
critical.

And today, that's again, not just the capital, not just the operational capabilities, but it's the ability to help them on really complicated things like ESG, like diversity, like global supply chains around geopolitical complexity around the world today. Those are all resources that we bring to our global investment companies.

**Allison Mass:** All of which are topics I want to get into a minute. But I first want to go back to your expansion into Asia. And as I mentioned earlier, you were the architect of that expansion. And today, KKR is considered the most successful global investment firm doing business in Asia. So, what would you say were the keys to your success in building that platform?

**Joe Bae:** I think like everything in our industry, the human capital piece of it is the most important differentiator. Finding the right people. So, when I think about our launch in Asia back in 2005, the first two to three years was really about localizing our teams. We had nothing in Asia when we started. No people. No offices. We
had never invested in an Asian company back in '05. So, this was really a startup from the ground up. But we had the ability to really build it the way we wanted to build it.

And the key part of that for us is really around this localization and human talent, getting the best local investors in each of the markets that we wanted to invest in. What we didn't want to be is this big US firm coming to Asia, trying to do business in a very western style. So, today we have eight offices. We have over 350 executives on the ground. I think we have maybe three expats on the team. Everybody else is localized.

**Allison Mass:** That's amazing.

**Joe Bae:** And that's been a huge part of really the ability to build trust, to develop relationships, to access local networks, and be accepted in those communities. So, I would say that's the fundamental building block.

But that's not enough. Being able to connect that local team with our global franchise is critical. We need to be able to operate seamlessly so we can help our Asian
companies access the US and European markets, and vice versa, help our US companies access Asia in a really smart way. And if you can bring that connectivity together, it's a really special opportunity for us.

**Allison Mass:** So, I want to turn to the macro economic environment. You know, the markets are so volatile. Supply chains are a complete mess. And there have been a lot of predictions about the war and its repercussions ending globalization. So, combining all of those challenges with the economic isolation of Russia, we're entering a new era. And do you think it's an era of deglobalization?

**Joe Bae:** Yeah, I think these are decade long trends. So, when China entered the WTO, there was a massive arbitrage around wages between the US, the West, and China, which is really what we've seen around globalization. Low-cost manufacturing, efficient manufacturing in Asia. And that arbitrage was something like 22 to one when China officially entered the WTO.

That wage gap today in China is around 4X. So, it still has a wage advantage. But it's not anywhere near what it was,
you know, a couple of decades ago. And when you layer on top of that the cost of shipping, the complexity around trade and geopolitics, I think what you're seeing right now is a lot of companies, a lot of CEOs talking about supply chain resiliency. So, there are many companies that are too dependent on China for their sourcing. So, they're not looking to exit and decouple from China. But they're looking to make sure they have insurance, dual supply, an ability to get their sourcing from multiple countries over time. And as geopolitics ebb and flow, I think that resiliency is going to be critical for stability.

**Allison Mass:** And when you sit in your investment committees today, what new things are you thinking about and what factors are shaping the investment strategy?

**Joe Bae:** Yeah, it's interesting because we have the benefit of having a little over 200 companies in our private equity portfolio around the world. And we're lenders to, probably, another 1,400 companies as creditors. So, we get a lot of data real time from all of our investments around the world. And we have structures and systems in place that we try to harness that input so we can see the signals
as investors looking forward.

I will tell you, today it's so much more complex investing because of the macro situation. The inflationary environment, the speed at which central banks start raising interest rates, the supply chain complexity we just talked about, and then all the geopolitics on top of that make it really, really hard to have visibility.

So, the one thing that we know for sure is there's going to be more volatility out there as we think about investing. The themes that we really like coming out of COVID, probably we spent a lot of time thinking about what's the shape of that revenue rebound, right, as the world normalizes? So, it's very much top line oriented in terms of the analysis.

Today, it's very much around margins and cost and inflation. We're looking for businesses that are very resilient that have pricing power, that are not price takers in the marketplace. We're looking for businesses that have real CPI protection. So, infrastructure as an asset class has been a major area of investment for us. We're looking at
really durable long-term themes. So, digitization, digital infrastructure, software investments have been huge. We're looking for areas like food safety and ESG and even climate where we know there are long tailwinds into the growth and penetration of those sectors. But it's definitely gotten more complicated today.

**Allison Mass:** Yeah. And I saw you announced a cyber security acquisition as well. So, I know that's an area you're very focused on.

**Joe Bae:** Yeah, we have over a dozen cyber investments historically. And it really ranges everywhere from our tech growth fund to our major flagship private equity funds. This most recent one, Barracuda, is in our long-term core fund, a franchise that we expect to hold for ten to 15 years.

**Allison Mass:** Yeah, it's a great company.

You spoke about infrastructure. And we also spoke with Tara Davies who globally heads the core infrastructure and co-heads your European infrastructure business for
another episode of Great Investors. And she shared her views on the infrastructure landscape, particularly in Europe. And I know its one of your majors at KKR, along with real estate and real assets, can you talk a little bit about the opportunities you see across those asset classes today?

**Joe Bae:** Sure. I think from the LP side, the investor side, there's a significant amount of capital flowing into the global infrastructure market for a lot of really good reasons. The fundamentals are there. When you think about yield in this kind of low interest rate environment, when you think about assets that really have inflation protection, that's infrastructure. And in terms of fundamental growth, the two most exciting areas are probably digital infrastructure. You think about fiber. You think about data centers. You think about towers. We have been very significant investors across those themes globally. US, Europe, Asia, South America.

The other big emerging area is obviously around climate and energy transition. We have invested at KKR over $27 billion around sustainability themes, the largest bucket of
which is renewables. So, globally again, around solar and wind. But that's an industry, as we think about decarbonizing the world, that's going to require trillions of dollars per year of capex to be spent. And private equity is certainly going to have a role to play in that.

**Allison Mass:** And KKR was early on responsible investing. You were a pioneer when it came to embracing and raising the bar there. So, can you talk a little bit about how the firm's sustainable investment strategy has evolved?

**Joe Bae:** Sure. I mean, fundamentally, at the highest level, our job as investors when we make these long-term investments is to make sure we leave these companies better than when we found them, to drive improvements in practices and governance. And a big part of that is around ESG.

So, our ESG journey really kicked off in earnest around 15 years ago. We've had a partnership with the Environmental Defense Fund for over a decade now. They have been great partners across over 60 of our portfolio companies around
the world. And since 2008, we have published as a firm a sustainability report for all of our investors to read and the public to read.

**Allison Mass:** And you were very early on that. I think you were the first alternative asset management firm to do that.

**Joe Bae:** And it's absolutely critical to have that culture now as we think about how do we underwrite investments. When we think about improvement in companies, it's not just margins and financial metrics, it's around ESG metrics. And it's not just environmental. It's also around the S and the G. So, it's around the diversity of our boards, our portfolio companies. It's around the ownership model we've now put in place with broad based ownership. But there is a whole ecosystem of initiatives that we're trying to push forward across our portfolio companies where we can make a big impact. And again, it's an evolving process for us and an evolving capability for us.

**Allison Mass:** Joe, you mentioned earlier your parents. And you are part of a group of Korean American financiers
who are taking center stage now in global private equity, which unfortunately, isn't exactly known for its diversity at the top. So, what advice would you have for other Asian Americans or, candidly, for any other underrepresented groups on handling cultural biases and barriers as they advance in their careers?

**Joe Bae:** I think one of the things I've learned, certainly in this industry, but also at my time in Asia, is the power of networks, whether it's the Goldman Sachs alumni network, which is incredibly powerful. Whether it's college networks. And certainly, inside of these firms like KKR, we have almost 30 percent of our employees in the US are Asian American. We have our own Asian American ERG, employ resource group, that's very, very active.

But I would say, you know, what's really encouraging to me on this dimension is the connectivity. I know all these Korean American folks in private equity. It's a pretty small club, actually. But those networks at different points in your career are going to be super, super important. And you need to be intentional about building those relationships.
**Allison Mass:** So, how does it come into play, both in your hiring practices and your investments?

**Joe Bae:** I think what we all realize is our industry has a long way to go around diversity. There's no other way to say it. We are all committed to doing it. But we've got a long, long way to go. And to get to where we want to be, we need to make structural change in how we hire and find the talent.

And over the last five years, we've really evolved our recruiting practices pretty dramatically. When I joined KKR, we'd only be hiring two or three people a year. So, we really didn't even have this infrastructure around hiring. But as we put this DEI overlay, and now we're hiring many, many more people every year, especially young people, we are now hiring directly out of college, which we've never done before. We offer summer internships in your junior year in college for a select group of people. We have a much more active recruiting program out of MBA schools.

And when I was coming up at KKR, the first ten years I
would say there was a small group of schools that we went to recruit from and business schools. Today, we get resumes from over 100 colleges in the US. Technology has been a game changer in our ability to go find that talent all across the United States, not just in the northeast or at the Ivy Leagues. And again, that's allowed us to meaningfully expand the pipeline of talent we have.

This year, in terms of the junior hires we have at KKR, more than 50 percent are women, which is a terrific milestone for us.

**Allison Mass:** That's impressive too.

**Joe Bae:** And we have partnerships with great organizations like SEO, which is probably the leading organization here in New York that brings talent, minority talent to the street. Henry Kravis is the chairman of SEO and very committed to that organization. We partnered with Girls Who Invest to really find great talent in terms of women.

But I think structurally, you really need to build all the
different tools and avenues to find that great, diverse talent. You can't just rely on five campuses anymore.

On the investing side, I think, again, it's critical for us to think about diversity at our companies, and really backing diverse managers and CEOs at our companies as well. One great example is Wella. It's one of the businesses we bought during COVID. One of the leading hair care, professional hair care companies. We have a terrific young Korean American, actually, CEO that we put in place there. And she's doing an amazing job.

**Allison Mass:** As you look across the 200 portfolio companies, how do you feel about where you are in the evolution of the diversity of the C suite?

**Joe Bae:** Yeah, I think there are really three phases of what we're trying to do with our portfolio companies. The easiest one for us to drive at scale is really diversity on the board because it has to start at the top from the high-level governance of these companies. It has to be a commitment that these boards make.
So, we're trying to get 30 percent of our boards to be diverse women and minorities. We've added since the beginning of COVID probably over 100 diverse directors to our US portfolio companies alone. And really trying to get to that 30 percent target at every one of our controlled companies.

I think when you start there and diversity is talked about in the boardroom at every board meeting, that starts to trickle down in terms of hiring, in terms of promotion decisions. And it's just part of the regular conversation we have in the boardroom today.

And our portfolio also hires a lot of people. Our companies employ globally almost 900,000 people today. So, when you think about our ability to move the needle around diversity initiatives, the real scale is leveraging our portfolio companies to have these types of programs in place. A great example of that is we had a concerted effort across the portfolio around veterans and hiring returning vets coming back. And in the past decade, we have hired around 100,000 vets and their spouses into our portfolio companies.
**Allison Mass:** That's spectacular.

**Joe Bae:** It's a huge number.

**Allison Mass:** Yeah. And that's something that I think Goldman and KKR are working very collaboratively on, on the diversity issues at the board level.

So, let's talk about something that's very close to your heart. I want to talk about TAAF, your work to support the Asian American community. And I know that you founded this, or co-founded it, in response to a rising wave of anti-Asian violence last year. And I know you did this along with several other Asian American business leaders. The formal name, The Asian American Foundation, which I call TAAF, which is the largest ever philanthropic effort to support the Asian American Pacific community. So, can you talk a little bit about the origin of that story behind the foundation and what the mission is today?

**Joe Bae:** Sure. When we got together to launch TAAF, we really didn't have a clear sense of what we were going to
try to build. But my partners in this effort, Jerry Yang, former Founder of Yahoo, Joe Tsai of Alibaba, Li Lu, who runs a large hedge fund, Peng Zhao, who is the CEO Citadel Securities, so, really leading businesspeople in the Asian American community. We got together in the summer of 2020, the middle of COVID, really when we got a call from Jonathan Greenblatt at the ADL, the Anti-Defamation League. They are today probably the leading anti-hate organization in the United States. They've got a very sophisticated infrastructure that tracks hate speech online. And really the Asian community did not have the equivalent of the ADL, which initially supported the Jewish community or the NAACP. There was no national infrastructure or coordinated infrastructure that could deal with hate against the Asian community.

So, the initial origin story was we got this call from Jonathan Greenblatt saying, "What we are tracking in terms of hate speech, hate incidents, is spiking. We've never seen anything like this around the Asian American community. And in our experience, when you start seeing those types of spikes, that ultimately leads to physical violence and attacks," which is what we started to see
happening that summer. People getting attacked on the streets. People being harassed.

And we got together to really say, what are we going to do about this? And that was the most immediate need. It was for a group of private sector leaders, I think, to take it on. To try to create more scaffolding for the community. Not only resources in terms of funding, but advocacy for the community.

I think it's much broader than that today. We're still very much focused on anti-hate. We've got a great partnership with the ADL. But the root causes, I think, of this type of racism or discrimination in the US goes well beyond just the COVID sensitivities and the "China flu" and all the rhetoric from Trump.

Discrimination against the community has been going on for 200 years. And that's what's not really understood in America today, the history of Asian Americans, what they faced around immigration. What they have faced around jobs. That history is rich and it's very aligned, actually, with all the struggles in this country around equality.
So, a big part of what we're trying to do with TAAF is also focus on public education, to make sure Asian American history is taught to Americans, just like you would hear about the struggles of the Black community or women's suffrage or the gay community. Right? Those are all part of the American story and the melting pot.

Asian Americans are kind of excluded. Right? They don't teach the Japanese internment during World War II. They don't teach the China Exclusion Act, which for 40 years Chinese were not allowed to be US citizens. The only race ever in the US where we specifically said, you know, this group of people cannot become US citizens. But there are important moments in Americas development where Asian Americans were at the crossroads of these issues. And that's a big part of what we're trying to do.

We're also trying to change the narrative around Asian Americans. We are largely an immigrant community. I'm certainly a first generation Korean American. Over 60 percent of all the Asian Americans in this country were not born in America. So, a large first-generation immigrant
community. And that has a lot of challenges in terms of language, in terms of culture, in terms of political penetration in Washington or state level representation. So, there are a whole host of issues that we're trying to empower the community through TAAF.

**Allison Mass:** Well, that's exciting. And I'm looking forward to continuing to see what TAAF does over the next three, five, ten, 20 years.

So, another personal interest of yours is music. And I heard that, in fact, you once had ambitions of being a classical pianist. And I know you're still active in music as a board member at Lincoln Center in New York. So, how do you think the skills as a musician have helped you in finance?

**Joe Bae:** Well, I think growing up I tried to be a very serious music student and pianist. And it takes real discipline. It takes real grit to do that, to sit at a piano for three or four hours a day. It's certainly not something my kids are doing right now. Let me put it that way. But it teaches, really, the power of discipline. And you have to
have a passion for it, right? You can't really advance as a serious musician unless you fundamentally enjoy it, right? You appreciate the beauty of it.

But it also teaches you that not everyone has the skills to be a great musician. Certainly, you know, I tapped out. When I graduated from high school, I knew I was not going to do this in college. And it's humbling. It's both a physical limitation and just an artistic limitation to make it.

But for me in business, it's given me that drive. It's given me that ability to find things that I'm passionate about. It's certainly given me the ability to be humble when I know there are smarter people in the room, you know, who are better at certain things than I am. So, it's been a great discipline for me.

**Allison Mass:** Well, I'm not going to ask you to play a piece on our podcast. Maybe next time.

So, finally, can we close with a little bit of a lightning round so people get to know you a bit? So, what was your very first investment that you made?
**Joe Bae:** My first investment was actually here at Goldman Sachs when I was in PIA. There is a very, very well-known business today called NetJets, which was called Executive Jet back then, backed by Richard Santulli, another Goldman alum. That was a really exciting investment that Goldman Sachs made into that company and ultimately sold it to Warren Buffett at Berkshire Hathaway. And today it's now known as NetJets. So, a really great deal to work on.

**Allison Mass:** So, what's the biggest lesson you've learned from an investment, either one that went particularly well, or sometimes we learn our best lessons from deals that didn't go as well?

**Joe Bae:** Well, I think for me, the biggest disappointments are sometimes the deals you don't do, where you don't have the conviction. Where you don't have the ability to really lean in when you should have leaned in. And you know you've missed a big opportunity.

**Allison Mass:** So, what's that deal?
Joe Bae: So, I'll give you a very practical one. I was out in Asia building out our Asia business. And we had an opportunity to invest in Alibaba on a pre-IPO basis. It would have been a very substantial investment. We knew it was great company. We knew the market potential was massive in China.

Allison Mass: What year was this?

Joe Bae: This was, I don't know, probably close to 2010. And it was a time where, quite frankly, we hadn't built out our tech capabilities in the region yet. We were localizing all the teams. But we hadn't built the industry depth yet. And I look back and say that's a huge miss. Right? It's one of the most painful misses that we probably made in Asia in our early days.

It also led to some self reflection about what we need to build at KKR. So, we now have a very successful growth equity fund, our next generation technology fund, that's investing in earlier stage companies, different types of business models. And I think you have to learn from the
mistakes you make. Ultimately, in this case, we knew we needed more capability, more talent at that early end of innovation in technology.

**Allison Mass:** So, which investor, living or dead, do you admire most?

**Joe Bae:** That's easy. I would say Henry and George. I mean, we've been learning from them for 26 years. And they still have a lot to teach us.

**Allison Mass:** Yeah, you're very fortunate to have grown up under their umbrella, so to speak.

So, what's the most important lesson that your co-CEO Scott Nuttall has taught you?

**Joe Bae:** Well, I think the most surprising thing in terms of my partnership with Scott is how important the friendship has been, right? It's not a business relationship with me and Scott. It's a really close, personal friendship. And that's really what's allowed the two of us, I think, to really succeed at the firm together. It's that partnership.
**Allison Mass:** And you have great role models there as well in George and Henry. So, which sector do you feel is not getting enough attention right now today, April 2022?

**Joe Bae:** I think from a KKR standpoint, we'd love to be more forward leading into life sciences globally. We've got a great healthcare practice. We've got great healthcare growth fund, actually, that's been super successful. But we think we're scratching the surface in terms of the future opportunity set in life sciences. So, we're looking to bulk up there.

I would say more on a global basis, you know, this conflict between Russia and Ukraine has put front and center for the world energy security, not just energy transition and decarbonization, but energy security. So, there needs to be a real conversation about what are the implications? How do we supply Europe with natural gas? How does Europe actually ween itself away from Russian oil? And I think that's an area where it's going to require significant investment in North America and in other parts of the world to establish that energy security.
**Allison Mass:** So, what's the best piece of investment advice you can give to listeners that you wish someone had told you earlier in your career?

**Joe Bae:** I think when you join finance as a young person, I think the instinct is to think the job is about numbers; it's about balance sheets and P & Ls. The analytics are obviously important in our world. But it's the human side of this business, it's the relationship building that we talked about earlier. It's the friendships. It's the trust you develop. I think over indexing to that really makes you a great investor long term.

**Allison Mass:** All right, last question. What are you reading or listening to currently?

**Joe Bae:** So, my wife is a novelist. So, I'm tempted to say her last novel, but I won't.

**Allison Mass:** That was a good answer.

**Joe Bae:** But I won't say that. You know, I was just on
spring break with my family. I would say probably two books. On the serious side, there is a historian named Erika Lee, who is probably one of the preeminent historians around Asian American history in the United States. She's written two great books: *America for Americans* and *The Making of Asian Americans* that I would recommend to anyone who's interested in the 200 plus year history of Asian Americans.

Maybe the more frivolous one, the beach read for me at spring break, was the biography of Anthony Bourdain that was written by his assistant, actually. She collected thousands of comments and notes from all of Anthony's friends throughout his life. He had a very challenging struggle with drugs during a certain part of his life and career. But he's obviously an icon in that industry. Someone who's redefined travel, redefined restaurants. And really made it cool for many, many people. So, that was a really fun biography to read.

**Allison Mass:** Those are great recommendations. Well, I could sit here another hour and talk to you. So many fascinating topics. It was such a pleasure to speak with
you. So, thank you so much for joining us, Joe.

**Joe Bae:** My pleasure. Great to be back.

**Allison Mass:** And thank you all so much for listening to this special episode of Exchanges at Goldman Sachs, Great Investors. If you enjoyed the show, we hope you'll follow up with us on Apple Podcast, Spotify, Google Podcast, and leave us a rating and comment. This podcast was recorded on Thursday, April 14th, 2022.
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