

**Francine Lacqua:** Ken, a fantastic conference. We talked about geopolitics, regulation, the Trump administration, Europe. So there's nothing at all going on. And we have 45 minutes to try and put the world to rights. So let's start about the markets. What do you think the markets are seeing and not seeing right now?

**Ken Griffin:** So the markets are seeing the enthusiasm that the Trump administration has created in the American investing public and in corporate America. I mean, we'll get into some policy details in a few minutes, but it's important to understand that this administration is clearly trying to encourage economic growth in the United States. They are pursuing a set of policies to re-industrialize America, and they are unquestionably interested in America's prosperity in a way that we have rarely seen from an administration in years past. Secondly, the Trump administration is very much aligned with seeing the success of the American worker. So a number of the policies that are being effectuated really are about the average American family feeling that life is better and working better for them. This backdrop is fueling much of the enthusiasm that we see in markets in the United States. And then, of course, we're on a program of both fiscal and monetary stimulus that you would expect to see in the middle of a recession. We're seeing right here, right now in a period of of near full employment several years into the business cycle. So we're definitely on a bit of a sugar high in the U.S. economy right now.

**Lacqua:** So broadly, have markets moved away from the tariff issues?

**Griffin:** The tariff issue is pretty much in the rearview mirror right now from the perspective of the market day in, day out. Now, the issues that relate to tariffs, in particular, high inflation, are yet to be resolved. There's a sense of almost inevitability that the inflation genie is going to go back in the bottle. But I think that's a very premature conclusion. If you look at both the immigration policies, the fiscal policies and monetary policies, it's a very pro-inflationary environment. And I think the markets are just way too calm about the prospects of a substantial move higher in inflation.

**Lacqua:** Is the Fed right to focus on the jobs labor market instead of inflation?

**Griffin:** So I think that is a really interesting debate. And you know, I remember when Janet Yellen became the Chair of the Fed, she had a very simple framework that she thought about. She thought about the fact that the U.S. had gone through one significant recession and the risk of another recession and the ensuing job loss and human-capital atrophy that would go with a second adjacent or nearby recession would be incredibly damaging for millions of Americans. You lose your job twice in just a few years. You really do become separated from the broader employment market. And that was the lens to which she made a number of decisions to be in, both at the time and in retrospect, reasonably dovish in terms of managing interest-rate policy.

Right here, right now, I think that argument is a bit hard to reach. And the Fed's trying to make a decision between buying some downside protection on the labor market and managing inflation. And I think they're making a decision that that puts them at risk if we do see inflation re-accelerate early into 2026.

**Lacqua:** Is that what you're expecting? A re-acceleration in inflation? And why has it not played out like many people thought ... ?

**Griffin:** Well, I mean we're still well above target. Right? I mean, like, let's just cut to the chase. Inflation is substantially above target and substantially above target in all forecasts for next year. I mean, it's part of the reason the dollar's depreciated by about 10% in the first half of this year. It's the single biggest decline in the U.S. dollar in six months in 50 years. Gold is at record highs. And the appreciation in other 'dollar substitutes,' to use that word loosely, in items like crypto, for example, is unbelievable. So we're seeing substantial asset inflation away from the dollar, as people are looking for ways to effectively de-dollarize or de-risk their portfolios, vis-à-vis, U.S. sovereign risk.

**Lacqua:** Are you really seeing that? Just check the price of gold. Well, I mean, I don't have to look very hard. It's a life of its own, gold.

**Griffin:** No, but it's a life of its own, as as you see sovereigns around the world, you see central banks around the world, as you see individual investors around the world go, 'You know what? I now view gold as a safe-harbor asset in a way that the dollar used to be viewed.' That's what's really concerning to me. And there's been plenty of published research in recent weeks, months, about foreign investors. Now, when they buy U.S. equities, hedging the returns back to their local currency. So that, again, is a bifurcation of 'I'm going to bet on American business, but I want to immunize some of my sovereign exposure to the United States.'

**Lacqua:** Ken, the previous panel was talking about the shutdown. Given where we are in the shutdown, can the Fed properly do its job at the end of the month in these circumstances, where we we may not have enough data?

**Griffin:** I don't think the data over a few weeks should really be that determinative to the Fed. I mean, that's sort of over-grandizes what the impact or importance of the data is, particularly with the sampling errors. That's intrinsic in how that data is produced and compiled for the Fed. I just think that's that's a bit of a misplaced warrior concern.

**Lacqua:** Do you worry about the shutdown? Full stop?

**Griffin:** Look, the shutdown is symbolic of a different problem, which is the dysfunction between the Republican and Democratic party on resolving issues with respect to the budget of the United States of America. And to be clear, both parties today are guilty of just profligate spending. You know, as I said at the start, the U.S. fiscal situation is that of a nation that's trying to work its way out of a recession. Except, the reality is we're multiple years into a very high period of growth. This is where we should be running a deficit of ... You know, in the Clinton days, we ran a surplus. At this point in the business cycle, we're now running a deficit of close to 6 to 7%, depending upon on where a number of things land. That is just completely irresponsible. And so what's amazing is we're having a shutdown debate over, in the scheme of things, a relatively small amount of money, and neither party is stepping up to play to, to deal with or grapple with the reality that the United States needs to endure a fair amount of fiscal reform to be on a path for long-term sustainability.

**Lacqua:** Why is it not being talked about?

**Griffin:** It's politically unpopular. And unfortunately, politics have gotten shorter and shorter and shorter in horizon. You know, can you imagine that, like I said, in the Clinton days, they signed a budget with a surplus. And yet that was in our lifetime. It's been a long time since we've seen that level of discipline in Washington around managing the affairs of the U.S. economy. You worry a lot about debt, or you worry about debt. What's the way out? I mean, you must also, like, we all have to worry about the level of debt that we have in the United States. The market is pretty cool about it. The market is, is ... will look past it for a few years. But if you go out with anybody to talk about what they worry about with respect to the U.S. economy, the fiscal situation is almost always top of list. So, you know, I think there's one thing to keep in mind, which is asset prices reflect a level of exuberance that we see today. But I got to tell you, if you're out with with anybody who's in the asset management business, top-of-list concerns? The level of spending in Washington is is always top three, if not number one, on the list.

**Lacqua:** What's the way out?

**Griffin:** Well, the way out is we need, I mean, first and foremost, growth is an important part of the way out. And this is where the Trump's administration focus on deregulation is so important. It's so important in terms of creating an environment in which growth can exist. Like really important. Unleash, unleash the animal spirits in America. And the one thing about this country, different than most countries, is the entrepreneurial class in this country is incredibly ambitious and is really able to make profound changes happen. I mean, if you look at, if you look across our investment portfolios, a substantial portion of all the money we invest is in businesses started in the last 50 years. I mean, it's remarkable, the wealth created in this country by newly formed

businesses. It's just stunning. It's the envy of the world. And the Trump administration is certainly taking steps to help encourage that continued American success story. But we also need to give real consideration to tax policy and to spending policies. And I think that the ... How are they rebranding the Big Beautiful Bill at this point? Do you know what the rebranding is going to be yet? How would you rebrand it? Well, I mean, I don't think there's a nice way to put lipstick on that pig. I mean, it's a pro- cyclical tax cut late in the economic cycle. And, you know, everybody in this room, like, let's be clear. No one wants to pay more in taxes. But if you're not on a sustainable set of tax policies in the best of times, what policies will that unleash in the worst of times? You know, for example, will the United States head towards a wealth tax when the inevitable bills come due? Will we head towards tax rates that we last saw in Europe? 60, 70, 80% as the inevitable bills come due? Like, what is the long-term consequence of these policies right here, right now? And I think people are very concerned about what that might be in 10 or 15 or 20 years. How do inheritance taxes have to change in light of the tremendous amount of wealth held by the Baby Boomers and the tremendous amount of debt that their generation was a part of? So I think these are going to be really interesting policy debates that we merge seven years, 10 years, 15 years down the road, which could have some pretty adverse consequences. I mean, particularly for American entrepreneurialism. You know, today as an entrepreneur, You're like, if I build a great business, I will get to keep a substantial amount of the wealth I create. If you go back to a world of, you know, 70% tax rates that we had in this country this last century, maybe throw in a wealth tax for good measure, you may really impact that zeitgeist that is so powerful in terms of our economic prosperity.

**Lacqua:** Ken, where do you see the animal spirits in the U.S.? Because a lot of chief executives say, look, they like some of the policies, but there are also a lot of policies. It could be visas or others. And because they're uncertain where the next one comes from, they're a little bit reluctant to spend right now.

**Griffin:** Well, I mean, let's be clear that the Trump administration's been able to give us a lot that we love and a lot that we hate. Like, they're an equal opportunity giver. And, you know, on the the pro side is clearly the push for deregulation is clearly a message to American, whether it's small-business owners or entrepreneurs, that this country wants to see our commercial class succeed. I mean, that's like a foreign language to the Biden administration. I mean, they they had no connectivity with American business. The Trump administration is very connected in a very different and profound way. But having said that, the tariff policy has had incredibly uneven impacts across the commercial landscape. I mean, I really do feel sorry for the small and medium-sized businesses that are single-source in terms of their goods from Asia, who are now seeing tariffs that are at levels that are unimaginable in the context of their business

model. They're really going to be in a world of hurt over the months ahead. And they're not going to have the flexibility that a, you know, a large conglomerate will have in being able to re-architect supply chains and navigate around these issues. So that that's an area that's quite painful to watch, the impact on farmers. I mean, the Chinese have voted very clearly to buy their food products from other countries, and it's really hitting the American farming community quite hard. That's painful to watch play out. The immigration policies, I must say, I scratch my head over. We, as a nation, are facing a birth rate that's that's below that required to maintain our population. So unless the United States actually wants to shrink in size over the next 50 years, we're going to have to permit immigration. And I would think that our policies would be around trying to encourage the best and brightest from around the world coming to the United States and building careers and building families and building roots in our country. You know, I've long said, 'Every single student in the United States with a STEM degree should get a Green Card stapled to that diploma and a path to citizenship.' You know, roughly 50% of all the Silicon Valley startups are started by immigrants. I mean, it's just remarkable how this country has won in the global war for talent, and we should continue to pursue that aggressively. And then, on the millions of people who came across the borders in the last several years, you know, I applaud the president for for controlling our borders. It was really important to stop that flow of of illegal immigration. And unfortunately, as you and I both know, a number of countries in South and Central America didn't send us their best and brightest. They did empty their prisons and send people to United States that we really should not have welcomed warmly. So I applaud the president for shutting the borders. But those who have come to this country, who have placed roots here, who are working and contributing to our economy, we should find a path for them to be able to stay here and continue to contribute. They're important in agriculture. They're important in construction. They're important in the in the leisure industries. They do a lot of jobs that'll be damn near impossible for us to fill with American-born laborers. That's just gonna be really tough. And what gets lost in some of the debate is they're not taking jobs from Americans. By and large, they're actually playing critical roles that help American businesses thrive and succeed, that allow us to employ more people at higher wages across the broader economy. So I think when it comes to immigration writ large, I think we've we've come off the rails, and we really do need to rethink our policies. First and foremost, the president was right to close the borders. But if you're at Home Depot in the morning looking for a job, that's not where I should be trying to find the person to deport.

**Lacqua:** On attracting the best and brightest, Citadel has been doing that. Do you worry about your hiring in the future because of the visa policies?

**Griffin:** I mean, you know, fortunately we're in a in a sector of the economy. Where the 100,000-dollar, one-time cost to hire a person is not going to be make it or break it. I worry far more about the brilliant student in India who doesn't come to America or the gifted student in mathematics and physics who chooses to stay in China. I mean, I was in China shortly after DeepSeek was announced. Let me tell you what the Chinese were profoundly proud of. Not one author on Deep- Seek was educated in America. It was a point of national pride. In every meeting I went to was the profound pride that not one person who authored DeepSeek was educated in America.

**Lacqua:** That has a lot of consequences.

**Griffin:** Has dire consequences.

**Lacqua:** Longer term. What are you expecting from the Trump-Xi meeting that that we may get before the end of the year?

**Griffin:** I mean, what I would love to see is detente. I would like to see the relationship reach a point of stability. Right now, it's two great superpowers that are trying to find a new equilibrium. And so long as we are both competing from a position of self-interest in a world of 7 billion people in a rapidly changing environment, you're going to have points of friction. And it would be wonderful to see that come later this year, that President Xi and President Trump are able to find, in some sense, a more constructive set of rules of engagement, that both countries are in position to both prosper and to meet the needs of their citizens and have less tension between our two superpowers, day in and day out.

**Lacqua:** Do you worry about the world fragmenting?

**Griffin:** I know the world has fragmented. Like we're ...

**Lacqua:** To a point of no return?

**Griffin:** So the question is what is the long-term ability for the United States to play a pivotal and influential role in the development of Africa, South America and most of Asia? Asia ex the most developed countries. And I go to Africa several times a year. The Chinese, generally speaking, in that continent, provide the power plants. They build the airports. They provide the cellular networks. So when you turn on your phone, turn on the lights and go anywhere by plane, and it's all provided for by the Chinese, you tell me whose orbit that country's in. And the United States used to control those orbits pretty carefully. You know, General Electric was an incredible source, not just of industrial might but of policy might, because it used to be companies like General Electric that really projected American power around the world. And I would really like to see the United States be in a position to reassert that form of a interconnectedness,

not just through foreign policy, but through industrial connectivity. And unfortunately, as you know, the history of tariffs is that companies tend to retreat back to their domestic market, where, to be perfectly blunt, they can provide an inferior product at a higher price point to a disillusioned consumer, and they ultimately become uncompetitive on the world stage. So, ironically, the administration's push towards higher tariffs, if we just look at the history of where this has been done around the world, it's usually a story of retrenchment or retracement from your global position to a more local position. That's the wrong direction of travel for the United States of America.

**Lacqua:** Do you tell this to the current administration? How do you navigate that relationship?

**Griffin:** I have a team of people who are in constant dialog with members of the administration, the House and the Senate. And we are, we've been pretty vocal on this over the course of the last several months. I mean, you know, from my perspective, the right economic policies, the right policies on immigration, the right policies on education, the right policies and culture can have a profoundly positive impact on the United States for decades to come, and with one-party control, which is relatively rare in American history, you do have a two-year window here to effectuate those changes and to really to help the president realize his dream of making America great again. I mean, I do believe that his actions and choices come from a good place. But I do wish that that he had better advisors that were better grounded in economic theory, in particular, to lead this country to a more prosperous future.

**Lacqua:** There's been a lot of talk about Fed independence. Does that ... I mean, how should we view that? Is it noise, or is there a real danger of that?

**Griffin:** Look, I think it's a it's a very different ... Let me just give you the succinct answer. Why does Fed independence matter? Because from time to time, the Fed has to make choices that are really politically unpopular. That's why you want Fed independence. You want the Fed to be independent so that when you have to raise rates to break the back of inflation, it's going to happen. And if the Fed is viewed as being politically captive, which politician do you think, on either side of the aisle, is going to argue to raise rates and to slow the economy down and cause millions of people to lose their jobs? Can you name a politician who'd do that?

**Lacqua:** Political suicide.

**Griffin:** Right. And if you're unwilling to break the back of inflation, you run the risk of runaway inflation. And in particular, you, in a profound way, in a profound way, You hurt those Americans who are most vulnerable. Particularly, the retirees and near-retirees

who no longer have the flexibility in either their career or their investment portfolios to withstand the damage that inflation yields. So I think this is a huge strategic mistake by the administration because if inflation does rear its ugly head, they want somebody to be angry with like the rest of the American people are going to be angry with and whoever Powell's successor is will bear the brunt just as, you know, Volcker did years ago in making that really tough call to raise rates in a way that's painful to the American families in the short run but necessary to protect the interests of our country holistically.

**Lacqua:** The market has largely looked through that. Right? So maybe they're waiting on the Supreme Court to see what happens with Lisa Cook.

**Griffin:** And I think. You can't, you can't underestimate, you know, we are deep in a bull market, and there is a lot of FOMO. There's a lot of FOMO. And I just think to sort of chalk everything up to the market looks past, the market looks past, the market looks past, um, crash of '87. And I'm not saying that's going to happen tomorrow. You know, the big news story on the day of the crash of '87 was, you know, Nancy Reagan had just been diagnosed with breast cancer, and there was an attack by some inconsequential Iranian or Iraqi boat on a U.S. vessel. I mean, like inconsequential. And the market lost almost a quarter of its value in a day. In a day. Like the market lost almost a quarter of its value. So I, I, I sort of think just to sort of say, like, the market looks past all this misses the fact that when the market chooses to change its mind, the correction can be extraordinarily quick and extraordinarily painful.

**Lacqua:** Does it need a catalyst to change direction?

**Griffin:** I mean, in '87, we didn't have a catalyst. Now in '08, clearly you had the the continued erosion of the capital base, the banking system, due to the housing-market turmoil. But even the massive financial losses in '08, in the scheme of life, had very little forewarning. So I just ... I think it's very important that when you're in the money management business, you put your risk-management hat on. You keep in mind that no matter how exuberant the market may be at any moment in time, when you're late in that cycle, that cycle can shift in the blink of an eye.

**Lacqua:** But for the moment, it's AI valuations, right, that are propping everything up.

**Griffin:** AI is clearly having a moment in the sun today. And the AI community is going to have to demonstrate its ability to deliver literally trillions of dollars of value. And, you know, I, I, as an American, hope that that comes to pass. But there are reasons that we should all be just, just a bit concerned about the speed with which this change will happen. I mean, it's ... Here's a simple framework. When they invented the personal computer, OK, did we think the world was going to change in a profound way? Of



course we did. But it's taken, it's taken 50 years to play out. We're still very much in the middle of a journey. AI today, large language models in particular, have been in existence for a few years. I think there's a real chance that when we think about the the forms of AI that are alluded to by many of the market's leaders today, that their dream for the future may not take 3 to 5 years to play out. It could be 20 years. It could be 30 years. You know, it's like the internet, and I ... people hate this analogy, but like the dot-com moment back at the start of this century, did anyone have any doubt that the internet was going to change the world? No. Has the internet changed the world? Absolutely. But did it take longer than anticipated? And was there a period in which which there was a real sort of sorting of the winners and losers that took place? Unequivocally, unequivocally. And I think that the AI story will have many of the same components, there really will.

**Lacqua:** Ups and downs.

**Griffin:** Ups and downs. I mean, I'm going to age myself, but like Lotus 1- 2-3. All right? Wow! I mean, unbelievable. Blew VisiCalc out of the water. That's really aging oneself now. And then Excel came onto the scene. and Lotus 1- 2-3 literally disappeared into the dustbin of history. Right? And that all happened in just a few years. You know, I remember I used to buy in a website called Buy.com. I wonder if it even, like, links to anything today. But ... how many ... you know there's eToys and Pets.com. There were hundreds and hundreds of consumer sites to buy goods and services from. Amazon, Walmart have locked that market up today. We're going to see a lot of fallout in the AI story over the next couple of years. And, long run, are we going to continue to see incredible advances in the use of computers and technology to improve productivity? Absolutely. That's going to happen. Unquestionably.

**Lacqua:** Ken, talk to me about the tokenization push. What are the risks around that?

**Griffin:** You just had the regulatory panel right? What do they say? I mean, I'm going to tell you what I say. What a great opportunity for shysters. I mean, let's just go ahead and and unleash the worst of the animal spirits. Let's find a new way for retail America to just get absolutely hosed.

**Lacqua:** So caution.

**Griffin:** Caution. That will be a critical moment on Bloomberg, I'm sure. And the big picture is the U.S. securities market is just ... is extraordinarily efficient. You know, if you're a retail investor, you generally trade today for less than a fraction of a cent in a bid- ask spread, and you pay no commission. You know, I love the members of the tokenization community. 'Oh, it's so expensive to trade today.' I don't even know what my annual DTCC fees are. They're so low. Like, just, trading in the United States in most

asset classes has approached costless. So you can't tell me that tokenization is about reducing the cost of trading. What it's really about is a mechanism by which, I think, a lot of investors are going to be lured into, frankly, pretty poor investments. And I worry about that. It's like an end-of-cycle phenomena. Let's go ahead now. And. And in some sense, let the boiler rooms reemerge. And you know what's really amazing about the United States? The boiler rooms pretty much disappeared over the last 15 years. I mean, we have, we as a country have done a profoundly extraordinary job of, you know, great, great transparency in our companies. There's been very little corporate fraud in the United States. And people generally have made money investing in businesses that have turned around and created tremendous amounts of value for the economy. I mean, the amount of Apple owned by retail investors is stunning. And the amount of both not just corporate profit, but consumer value created by Apple or Amazon or Microsoft is stunning. Like that is when a capitalist system is working for its citizens, and tokenization is not part of that story.

**Lacqua:** How do you see Citadel Securities growing? Is there anything where you're not present where you want to be present?

**Griffin:** Oh, there's there's tremendous amounts of of white space that Citadel Securities can and will grow into. Everything from the trading of mortgage- backed securities of the United States to, to government bonds in Asia. There's a, there's a tremendous amount of white space for Citadel Securities to grow into. And I'm really thrilled that that Jim Esposito joined the firm, you know, roughly a year ago. He's had a tremendous impact on expanding our connectivity with clients around the world. And in really honing Citadel Securities' leadership on what are the key and salient problems that we need to solve to better further the interests of our clients because businesses that stay focused, that are client-centric at the core, are businesses that solve real, tangible problems. And people will pay you to help solve their problems. And Jim's just done a great job in instilling that ethos and culture within the four walls of Citadel Securities.

**Lacqua:** A lot of the prediction- market platforms are growing like crazy. Is that an opportunity for Citadel?

**Griffin:** It's an area that we will, of course, look at and stay very much on top of as it continues to grow. And I think it's reasonable to say that if that market continues to grow, and given our focus on retail investors across cross-sell securities, we will step in to provide liquidity in that space if it continues to have the success it's had.

**Lacqua:** I know in the past you talked about possibly, you know, bringing it public. Is that still the case?

**Griffin:** You know, I'm very fortunate that I don't have to make that decision day in, day out. That comes down to Peng Zhao, who is CEO, and his leadership team. And that ball's really in his court. He will have to decide and deal with it. And this is one of the things that the president is focused with the burdens of being the CEO of a public company. And I know the president has talked about moving reporting to a semi-annual cycle. I actually don't think that's the problem. I, you know, every company in the United States produces financials monthly, if not more frequently, today. The quarterly reporting, per se, is not a burden to being public. But what you want to think about as a public company is, you know, the constant harassment from the class-action lawyers, the constant harassment from those who are trying to agitate on your proxy statement. You know, solving those issues would be much more helpful in encouraging companies to go public than trying to reduce the very transparency that has made the United States such a credible destination for capital from around the world.

**Lacqua:** But private markets are growing by the minute.

**Griffin:** They are growing. And just to be clear, you know, we have a small number of outside shareholders in Citadel Securities and they have quarterly financials. And I bet they even get monthly numbers, too. All right. So the short-termism is not driven by the frequency of your financial reporting. It's driven by the vision and leadership of your management team or lack thereof. And I've seen stories in the United States of incredible wealth created by CEOs who have had longer-term visions. I'll give you a name of one. Jeff Bezos. And there's countless stories like the Amazon story. It's a bit of a ... It's just not true that the nature of our quarterly reporting is driving the lack of companies being public.

**Lacqua:** Do you see, actually, more the M&A spirits are buying? Do you see more companies wanting to IPO or not so much?

**Griffin:** Well, you know, we've seen some increased of M&A activity. But frankly, I think far less than people had expected. I think that has to do with the policy uncertainty in areas like tariffs. You know, when ... I was with a very large group of U.S. business executives, we had a two-day meeting a few months ago, the amount of energy that was dedicated to navigating tariffs even blew my mind. And when you talk about, you know, these executives had talked about war rooms and how their entire leadership teams were working six, seven days a week. There's no time for an M&A strategy when you're when you're trying to profoundly change your supply chain and your long-term strategy against a very quickly changing tariff background backdrop. So I think for for M&A to really re- accelerate, you're going to have to see what is perceived as a level of stability in our policymaking in Washington, and even the IPO calendar has some of the same challenges at play. Right? Washington, even a policy change that will be

ultimately good for the American business community in the long run, because in the short run, it will create winners and losers, comes with a real cost and economic growth in the short run, even if it's good for the long run. And I will tell you, furthermore, a policy change that's negative in the long run is really unsettling when it comes to short-term decision-making and planning. And that's why it's so important that the president has the right advisor on economic matters. And not just the president, the leaders, both on the majority and minority side of the House and Senate. Like, our country, has too much at stake to be pursuing economic policies that don't rapidly grow the size of the pie.

**Lacqua:** Ken, I want to ask about private credit and then Miami. So what's your take on private credit?

**Griffin:** You know, private credit is really fashioning a growth story over the last decade in the alternative space. And it has some really important strengths. And in particular, private credit has been incredibly helpful to the LBO firms, the private equity firms, because it gives them certainty of execution for the deals they're trying to get done. You know, 20 years ago, 30 or, gosh, I'm really aging myself. 30 years ago, that would have been, 35 years ago, the letter from Drexel. 'We are highly confident we can raise the money.' Right? And Michael Milken literally changed the world of finance with those letters. He changed the entire U.S. economy. But jump forward 35 years to the day of Drexel, the private credit community is now able to tell a private equity firm, 'You can definitively consummate this transaction because we're good for it.' The challenge with private credit is you lose the mark-to-market feedback loop that you have in public-market securities. So I worry about two factors that come from that. Number one is: Are the people who are underwriting those credits receiving really good feedback about the quality of their investment decision-making process because that's how they learn and grow. You know, very few companies actually ever default. So that mark-to-market journey is a really important indicator to the quality of your investment decision-making as an investor. And they're losing that. That's gone. And with so much money being deployed in the private credit markets, that worries me about how thoughtfully we allocate capital as a society. That's number one. Number two: For retail institutional investors, it's very hard to judge a private credit money manager because the assets aren't marked daily, weekly or monthly in a meaningful, stringent way. It's really hard to differentiate the quality of performance between different firms. And being an investor in private equity myself, I will tell you, it's remarkable. You know, I've seen term sheets for a given deal. The fact that every single private credit firm delivers almost exactly the same term sheet, it's really quite profound. I mean, what real distinction in underwriting is happening when you've got

seven people all bidding on a deal and they're all within 25 basis points of one another? I mean, that, to me, is shocking.

**Lacqua:** Ken, we only have a couple of minutes left. I mean, Citadel planned a \$1 billion tower in Brickell.

**Griffin:** I wish it was \$1 billion.

**Lacqua:** Is it not \$1 billion?

**Griffin:** Oh, no, that's gonna ...

**Lacqua:** Will you put it at auction?

**Griffin:** Well, due to inflation in the cost of construction, that's going to be about a \$2.5 billion tower.

**Lacqua:** When does construction start?

**Griffin:** Probably mid-to-late next year.

**Lacqua:** From 1 billion. It was meant to be 1 billion.

**Griffin:** I didn't ever think we could build that for a billion. But I will tell you that the numbers I have seen, those are big numbers.

**Lacqua:** Have you signed-

**Griffin:** I mean bigger numbers to build a building in New York, which is even more scary.

**Lacqua:** Have you signed any big tenants?

**Griffin:** We're not worried about filling the building. Not worried.

**Lacqua:** So you don't need to speak to ... You build it, and they'll come.

**Griffin:** Oh, if we build it, they will come. I mean, Miami has a huge deficit of grade-A office space. I mean, the influx of firms of human capital over the last several years. Trust me, that building will fill very quickly.

**Lacqua:** Do you need financing for it, or will you just foot the bill?

**Griffin:** Well, we'll cross that bridge in a year and change.

**Lacqua:** Are you looking to buy any more commercial or, actually, residential real estate in South Florida?

**Griffin:** You know, this is, like, televised, so I have to be very careful with my choice of words. Let me just cut to the chase. South Florida has something that the rest of the world wants. It has oceanfront property in a state with with extraordinarily safe streets, great schools, strong sense of community, great cultural institutions. Miami is one of the most vibrant cities in the world. It has been, with respect to a real estate portfolio, you'd be hard-pressed to beat the returns of real estate in South Florida over the last seven years. And at this point, I have enough. But in two years, we can tokenize it.

**Lacqua:** How have the recruiting efforts gone to bring more senior executives to Miami from other locations?

**Griffin:** We're on plan. We're good. And part of that is, you know, very deliberately, we have a very large team here in New York City. This is our largest city in the world by head count. I mean, New York is the financial capital of America today, but our country's been, you know, over the decades, defined by really good, robust competition between our cities. And with the rise of Miami, the rise of both the venture capital community, hedge funds, traditional asset managers, we're seeing the emergence of a new financial center in the United States. And I'm actually profoundly excited about that. It's really ... it's so much fun to be in a city where people are profoundly optimistic about their future.

**Lacqua:** And our executives, your executives, actually, do they find what they need to live with their families in Miami?

**Griffin:** Let me give you some ... flip it around. So my executives are part of an all-volunteer workforce. Most of them don't need to work, and they can certainly all work anywhere they wanted to in financial services. We have not had one senior person leave Miami. Like, not one. People, you know, there's there's always, you know, noise about this or that. But, by and large, people love being in a city where your kids can jump in an Uber and you're not worried about it, where you can walk the streets at night and not worry about it. And Chicago, you know, over the last, unfortunately, over the last six or seven years has been engulfed in a series of problems, which was our headquarters for years. Asking people to leave Chicago for New York or Miami has not been hard. We've gone from probably 1300 people in Chicago to a few hundred, from being the primary tenant of one of the largest skyscrapers to, I think, we'll be down to two floors in a year. I think the more int- the sad part of the story was how many people who had built lives in Chicago were willing to walk away from that and move to Miami or New York, just given the the challenges that Illinois has faced. I mean, the governor of Illinois has overseen a state that literally is ... There are more murders in Chicago on a bad weekend than there is in Miami in a year. There are 50-some schools in the state of Illinois where not a single child is at grade level. Not one child is at grade level. Fifty

schools in Illinois. And I was with the governor of the state of Florida just a few days ago. And we welcomed the Success Academies to South Florida. They're going to open several new schools in the Miami area. There are hundreds of thousands of kids in the state of Florida who are in charter schools. And I know Eva Moskowitz was blown away by one thing. Everybody. Everybody extended her the warmest of welcomes. We want her in Miami. We want our children to have the future that Success Academies will prepare them for. I mean, these will be kids that will go on, from every socioeconomic background, that will go on to have great careers and great lives because they've had a great K-through-12 education. And there's nothing more powerful than when your governor, your head of education, head of the local college, are all just embracing you to come there. In contrast, here in New York, she's always fighting uphill battle with the unions and with many members of the political class to do what is, you know, to use a word that was used in finance years ago, but to do God's work to help children who have really, really challenging backgrounds get ahead. I mean, I can't believe that she struggles like she does in New York to open new schools. And we in Miami are so excited to welcome her to the great state of Florida.

**Lacqua:** Ken, maybe one final question. What else do you look at to do in philanthropy for education?

**Griffin:** So, you know, the big wild card in the United States, of course, on the philanthropic side of education is our university system. And there's one thing that that makes it very clear that our universities need to change how they do business. A material portion of all student loans are not currently being paid, which tells you that the recipient of the student loans feels that the value of the education they received was so poor that even though they have a legal obligation to pay the loans, they'd rather just default. Could you imagine how long Walmart would last if, like, 30% of their customers didn't pay for the products they bought? Eight weeks? Four weeks? Two weeks? Right? American higher education is plagued by offering a product that's extremely expensive that the recipients themselves don't value. And so I think we need to look long and hard at the success stories in American higher education. You know, what Mitch Daniels was doing at Purdue, for example, for a real roadmap on how we have to transform our universities to deliver a better value product, and that is to prepare the students of our country to be the leaders of our country 20, 30 years from now. And between now and that date and time, for those students to be really, really effective and contributing members to society, who will run the AI companies that we were speaking about 20 minutes ago, who will drive that new business formation that will create tens of millions of jobs that will help our nation succeed for decades, for centuries to come.

**Lacqua:** Ken, thank you so much. Ken Griffin, everyone.