Cory Laing: My name is Cory Laing. I lead the ETF and institutional equity sales effort at Citadel. We have a fantastic panel for you. I am very pleased that we go after lunch. 'cause, I think, if we had to follow, directly, the panel that was right before lunch, it would've been, it would've been a pretty tough sell. But we have a pretty impressive group up here. In our own right, we're gonna be focusing on the rise of retail and how the retail investor has really changed the dynamic in the marketplace. And we're gonna look at it from a couple of different perspectives. One, we're gonna try to look at it from the perspective of the business of actually managing money. How has retail and its continued, uh, acceleration of importance. How is that changing how asset managers are approaching the business? And we're also gonna try and look at it, for the rest of the room, how do those dynamics affect how investors need to look at the markets? Need to look at positioning and evaluate those. So without further ado, I'm just gonna, I'm gonna get right into it. To my right, just to make some brief introductions, We have Jim Zelter. Jim is the president of Apollo Global Management. He is in charge, He's in charge of strategy for their asset management business and retirement. And he serves on the board of directors. Next to him, we have Scott Rubner. Scott is the Chief Investment Strategist for Citadel Securities for equities and equity derivatives. Uh, held a similar position at Goldman before that. He's been with us for about three months. So welcome, Scott. And finally, we have Yie-Hsin Hung, who is CEO of State Street Investment Management. Before that, held a similar position at New York Life. Importantly, Yie-Hsin also is Vice Chair of the Board of Directors of the Investment Company Institute. So when she's giving her views on how the asset management businesses is thinking about things, she's not just talking her book. She can probably share a broader perspective. So I'm very honored to have the three of you up here, and let's get going. Forward to it. Um, I'll start with you, Yie-Hsin. Uh, and, you know, as with all other panels at this conference, we're gonna focus on the future of and where things are going and make some predictions and some reasoned-out assumptions as to direction of markets. But, sometimes, to do, to look forward, you need to look back a little bit. So when you think back over the last few years, what are some of the major innovations and major changes you've seen take place in the asset management space that got us to where we are today?

Yie-Hsin Hung: Yeah, no, that's a very good question, and thank you so much for having me. You know, I know we're here to talk about wealth, and I think one of the key themes is this convergence and focus on the individual investor. By far, global wealth is one of the largest segments of the market. It is growing faster than any other segment that we cater to. And increasingly, what we've seen is the channels that individuals tap, whether those are the large wirehouses, independent broker-dealers, IRAs, et cetera, they've all become quite institutional in nature. And they've also been reducing the number of relationships that they have with providers on their platform.

More and more, they're looking to their advisors to really focus on financial planning and what's right for that individual, and less about managing the money. And so what one theme we've seen is just the incredible growth of model portfolios. We've also seen, at the same time, and this is probably a greater phenomenon outside the U.S., but many more, sort, of wealth-tech platforms arising where the next generation of investors are really doing it themselves. And whether that's coupled with some of the programs we've seen in Japan and Germany, places where they're really encouraging investors to start saving for retirement. We've seen just a proliferation of ETFs sort of being everywhere. We've known that this is a long trend in the making. Um, you know, when I think about the very first ETF that State Street brought to market some 32 years ago, but what is happening is the transparency, the ease, the liquidity, all of that is making ETFs sort of the product of choice. And then, lastly, the role of technology. And I know you've had speakers here talk about that, but that's relevant in our business also. Each of our firms are really needing to choose the areas that they're really good at. Can't be all things to all people. There continues to be this desire for a stronger and improving value proposition for investors, which means that we all have to get very good at automating, making a seamless client experience. But that's also happening on the retail side too, where individuals are looking for personalization at scale, meaning tax optimization, you know, being able to tweak sort of that model portfolio that's designed for them, but it allows them to express reviews. So I'd say it's a very interesting time for all of us, and I know we'll talk a little bit more about convergence, private, public, but those are some of the key things I'd point to.

Laing: Yeah. It's good that you say that, you know. It's good that you mentioned the convergence of private and public. I think, over the two days, if there been two things that have been discussed most, it's AI and it's privates. And we're going to, we're gonna skip AI for this one session but- Jim, on the private side, obviously, um, you have a, you sit at a perch and have a view that other very few others do. What have you seen over the last number of years in terms of changes to market structure that have kind of brought us to this place now, where we're talking about democratizing private assets? What's changed that allowed for the conversation to even happen?

Jim Zelter: Great, and thank you for being here. I guess I would take even a bigger step back, and I'll get to market structure, but this is my 40th year in the business, and the '80s to the last 4 or 5 years, it was globalization, it was rates going from high to low, it was deregulation and massive technology. And in the ensuing 30, 40 years, you know, market structure has changed. We all thought that the single-manager hedge fund was gonna be the winner. Now it's the multi-strat manager for the most part. And that's impacted, people used to buy stocks and bonds. Now they buy all the things that were spoken about earlier. And I think if you're sitting here today, the four big trends of the future are massive pension deficits around the globe. You have a massive global industrial renaissance. Investment-grade companies needing capital. You've got the embracing of, of alternatives by wealth, and then you've got this public- private convergence. And it's not as if people wake up one day and say, "Wow, I need to have privates." The fact is it's actually worked for institutions for 35 years, whether it's the endowment model or other models. If you think thoughtfully about whether it's private equity, real estate, venture capital, hedge funds, and it's provided better returns with less volatility. So as Yie-Hsin said, like, now we have this $150 trillion marketplace in various forms and fashions, where the institutional side is somewhat peaking in its exposure, and they have more demands on their capital. So they're probably not going to be allocating on the margin more dollars. And you've got the penetration of alternatives in wealth being, you know, 2, 3%. I do think there's a big impact though. As I sit back, in the last 30, 35 years, most of the industries that were growing that wanted capital out of the high-yield or the equity market were disrupting, but they were disrupting in non-investment grade sectors: gaming, cable, telecom, airlines. What's different today and what results in all this product being created for retail is the global industrial renaissance is an investment-grade renaissance. These are investment-grade companies between AI data centers, energy transition and such. So massive market structure, human capital from the sell side to the buy side, you know, the liquidity of markets and such. But these all play into the marginal buyer and how that impacts the PE industry but also the ETF industry and everything in between.

Laing: Makes sense. Scott, your, uh, not to toot your horn but you're probably one of the preeminent experts in the market as far as understanding, positioning and understanding what investors should be looking at. What are the sorts of things that have shortened medium-term market impact from a flows perspective, positioning, et cetera? You've been in Citadel now for three months. I thought it was six, by the way, but it's only three. You've been in Citadel for three months. Obviously, we have a pretty impressive lens into what retail is doing. How has, even in the three months, how has your approach to looking at positioning in the marketplace and what investors should be thinking about evolved? I guess the question is, "Are people looking at the right things, or do they have their eyes on the wrong ball and are sort of fighting the last war?"

Scott Rubner: Thanks, Cory. So for me, I've been tracking this data for the last 20 years. And the hallmark standard was looking at hedge fund, gross and net positioning and active mutual fund 13F filings, which are lagged by about a quarter, just for the hallmark of what's going on. I created a weekly note in 2005 called "flow of funds," just as a way to measure non-fundamental equity positioning in one particular place. And I always had the view that retail would come in and buy the top of the market after it was up 20% and sell the market at the lows as a contrarian indicator. But that's no longer the case today. They are a lot more forceful in the market, and they trade heavy momentum, and that changed in 2020, and we'll get through that. But first, let's just take a step back. I think we gave a good highlight. Number one, hedge funds own 2% of the assets under management in the U.S. equity market. Number two, active managers represent 12% of the assets in the U.S. equity market. And number three, households, including passive funds, represent 53% of the equity market. So missing this type of investor is a major blind spot. So there's a lot of emails flying around on gross and nets, which is 2% of the market talking about basis points and percentile rank. But we are changing the way that we provide information to clients at Citadel Securities, all the way from the trading desk to the CIO. So let me go through a few details. Retail represents 20% of the trading volume on any given day in options. If you look at 0DTE, so same-day expiry options, they represent 53% of overall activity. Option volume is at record every single day. Citadel Securities have seen 23 straight weeks of demand for calls. It's accelerating every day. Here's a funny story. I get pinged from quant funds, who are PhDs and my "Spidey senses" go up when I get pinged from quant funds in general. But, um, this happened over the summer, where it was just a completely high movement in the factor space. And I was asked, "Why is this low-quality stock rallying so hard?" And my reply to them was, "That value is in the eye of the beholder." You can no longer value a stock based on a forward P/E multiple and something like social media buzz or just, overall, a new logo may change the game. So I think, as we pointed out, on the hedge fund side, retail investing really changed the way that hedge funds on the Longshore community think about running their business model. They no longer want to be short, idiosyncratic risk and highly shorted companies. Instead, they now hedge with index futures. So just kind of my big picture takeaway off the rip is that retail changed traditional institutional investing and now is a major driver of market flow.

Zelter: Yeah. If I could just add on, and I, again, I take that analogy, and that those numbers are fascinating. You know, the same has happened in private markets, but also, you need to say that, you know, 30 years ago, we all know the numbers, 7,000 public companies to 4,000, and where the equity markets used to be a great diversifier, and it was really a window into the economy in terms of returns. You know, I think there's certainly, there's no doubt that these are better products, and, and they serve lots of needs through fees and speed and transparency. Mm-hmm. <affirmative> But you also, the reason why private markets are a larger part because it's really how companies finance today. And in the past, you were A CFO, you really had public equity or investment- grade debt, and just doing a little bit of research, I was surprised to find that as big as the ETF market is, arguably 13-15 trillion, is basically the size of the IG investment-grade bond market, which is, they're both large markets. Don't get me wrong. But, you know, when you think about the trillions that need to be financed, I think the big questions will be "How do they get financed in debt and in equity?" And then, in "How does that get translated in products for the retail investor?" And there's no doubt that when you look around the U.S. and around the globe, right now, for the most part, governments are pretty well tapped out. Corporates and consumers are flush with capital. A lot of places around the globe, pension funds, are at or near, the ones that were created properly and run properly are at about 100% funding. And with those folks immunizing, like, who is the long-term investor? So we need to make sure that we think about this market structure and make sure we're delivering to the global wealth, the retail investor, you know, a diverse set of returns that really is echoing, or shadowing, what's going on in the U.S. economy and the global economy, but do it with the right wrappers and tools. And, you know, hence the partnership that we've done with State Street in terms of private assets. That's very, very important that we think about that market structure as well.

Laing: So I'm gonna shift to that in in one second, Yie-Hsin. But just before I do that, as we sort of transition this conversation, you teed that up perfectly for me, by the way.

Zelter: I was.

Laing: But as we transition this towards sort of the go forward, and you think about privates, and you think about the executive order that was just put forward, is this more than a regulatory shift towards providing access to retail, to private assets? Is this something that's going to be, sort of, just a much more significant part of the investment landscape?

Zelter: You know, I believe it is because I, I don't- If there, if there was an executive order, "You must buy privates" or, Like, OK, if the history is on its side, private assets, as I said, if part of a thoughtful portfolio, the right type of metrics of liquidity and diversification, it's shown to add returns. And lower volatility. So yes, I do think, I think it's very easy to get this strategic reason why to do it in the industrial logic, then it's what's the practical application? Do we skip over funds and go right to model portfolios? What's the right strategy one's gonna use to do that? But, you know, again, history is on its side from being a product enhancing to an overall portfolio. And again, I think you almost go one step back. No company wakes up and says, "We must issue a private-debt security today." What you have is you've gotten massive companies, whether it's Intel or Meta or everybody else having massive capital needs. And if they can finance in the public IG market, they should, and they can, and they do. But sometimes, when you have facilities that are 10, 20, 30 billion in size, it's just not quite practical, and they might not want to take on that risk as a holding company. And so how does that get executed?

Laing: So, Yie-Hsin, you know, State Street basically is, you know, they are, as a firm, the innovator of the ETF structure. It started with you. It started with you guys. You continue to innovate. You know, I think the history of the ETF is that of every few years, there is that thing the industry coalesces around, that if we can figure out how to get this thing into an ETF wrapper, it's to the moon. You know, there was emerging markets. There was credit. There was crypto very recently. There was leverage. The story goes on and on. And by the way, and commodities, uh, it's always been right. Sometimes, it's taken a little bit longer to manifest itself. Sometimes, it's been within 10 minutes, like it just was with crypto. But generally speaking, when the industry is really coalesced around this idea that there is an asset class that we wanna democratize, we wanna bring to the masses, one, ETFs have been the investment vehicle of choice. Two, it's worked. You guys recently came out with a, with an ETF, uh, ticker, PRIV, it's a public-private credit ETF. Do you wanna talk a little bit about that from the perspective of, you know, what the product is, but more importantly, what the, what you guys see the forward of that space looking like?

Hung: Yeah. So I mean, I might just pick up where Jim left off, which is, you know, we too believe there's so much value creation happening in the private markets. There's so much liquidity on the equity side. And then, just given the, you know, the bank regulatory environment, banks just aren't in a position to be lending to the same degree. And with the level of flexibility that firms like Apollo and others are able to provide. You know, I said before, we're very much about democratizing investing. You know, I even think 20 years ago, you know, State Street launched a gold ETF. I mean, now we take it for granted. If you want exposure to gold, it's super simple. But this whole idea of bringing access to these investment opportunities to everyday people is something that really drives what we do. And we were talking about, you know, the tremendous growth that Apollo's seeing in the investment-grade arena. And we thought, you know, the ETF structure, we have to obviously solve for daily valuation and intraday liquidity, which frankly, did take us, I would say a year or two to kind of work through all of those. But the great thing about the ETF structure, which we found in fixed income and periods of stress, said actually, most of the liquidity is in the secondary market. It's not nearly as much with the underlying. That said, we still had to make sure all the pieces worked. And, you know, it's just, in many ways, it's very exciting 'cause it is sort of private credit inside an ETF. But on the other hand, the strategy is really, uh, core plus. And the idea here being "plus" is coming from, you know, the added premium in the private markets with the same investment-grade quality that is in the more public, more liquid portion of that ETF. And so we've also been focused on the private markets, too. One of the other areas that we're very significant in is in the U.S. retirement arena with target-date funds. You know, we have people living longer these days, needing to find different ways of ensuring that they have enough income. And so, I think, actually, both our firms have been developing products that basically allow for that sort of guaranteed annuity income. And then, in addition, introducing the very first target date fund that has private markets exposure. And I think it's really just thinking about the pension plans. They've long had access to alternatives. They're allocated anywhere from, what, 15% all the way up to 50%. But yet, on the defined contribution side, there's a little bit of private real estate out there, but it's less than 1%. So just makes sense. If this is the pool of assets, then most people are investing in for decades for their retirement, why shouldn't they have the same exposure as, you know, the corporate-defined benefit plan does?

Zelter: If I could just add, you know, I'm gonna age myself here, but in January of 1993, when the first S&P ETF was created, who was in the industry? I'm aging myself. OK. A few of us. The reality is, back then, loans did not trade. Loans were held by banks. None of the banks wanna see 'em trade. And now we just take it for granted that loans are part of the liquid asset class. And they trade, and institutions have gotten great exposure to them. They've helped for yield and diversification, Triple-A, CLO liabilities, in my 40 years, for the first 37 years, they were not liquid. It was held by five banks around the train station, Marunouchi, in Tokyo. And so the ETF actually provides a degree of transparency and liquidity and investor comfort that there's actually pricing and liquidity. So it's ironic in terms of what the ETF can do to an asset class. And I suspect a lot of things that we think are private and people think that, well, its, it gets its spread because it's private. And when it becomes liquid, that spread's gonna compress. We would argue that's not the case. The spread is from the original origination. It's who can do it in size, but certainly the ETF industry is going to be critical. And I believe a lot of other assets, when they get into that form and that package, they will actually lead to investors getting more comfortable and more investors coming into the asset class.

Laing: That's a very good point. To go back to, to go back to your points a little early on on retirement, uh, Yie-Hsin, how much of, how much of this do you think is the change in demographics when we talk about retirement? You know, for 20, 30-odd years, we've been talking about the baby boomers and now, you know, you're starting, you're starting to have to have real conversations about Gen X. Is there, is there something generational about the comfort that clients have? You've also talked about some of the changes in technology and some of the ways they're accessing it. If you look at the executive order, it was specifically targeting 401(k)s, is there something changing in the demographic nature of, uh, well, obviously, things are changing demographically, but is, are the, are the changing demographics changing the way and the products that you think you need to offer?

Hung: Most definitely. I mean, really, when you think about it, you know, we're in a decumulation phase. All baby boomers are gonna be 65 and older by 2030. And, you know, this need for income, I think, is a huge theme. It's not just among, you know, the baby boom generation here in the U.S. but around the globe. If you think about most developed economies, they have people living longer. And so that is also informing a lot of our product-development efforts, deriving not just different exposures, but also different outcomes. You know, we launched a whole series of almost laddered, actively managed bond ETFs that make it very simple. If somebody just wants a laddered, high-yield portfolio, tax exempt, taxable, it's very simple to put together. And so I think, increasingly, there's a move to focus on what are the problems or objectives that individuals have, and then, how do we just bring products that solve for it? And so I think this is where, you know, we do have sort of technology meeting the investment management world because in some respects, if people did take advantage of their corporate match and they contributed the most they could into 401k, at some point, they're gonna retire and they're gonna come into this money. And whether it's because I retired or they moved jobs, a lot of money is either going into decumulation, as I said, or just moving into the broader wealth ecosystem. And this is where we're seeing both those that want advice and those that really are really quite, excuse me, comfortable managing on their own. And the more transparent, the more specific, you know, with the outcome that's being sought, I think the more that individuals will engage with it.

Rubner: And we're seeing a very interesting movement between the retirement community and active and beta in portfolios. So I'll get started and jump in on retirement. 'cause we set the stage pretty well. So retail, as it stands today, represents both a sword and shield behavior. Sword: What stock can rally 50% by Friday; Shield: a perfectly constructed AI story that you're getting the heavyweights in your passive benchmark ETFs. That's been a great story. Lot of conversations about target-date funds. So the equity exposure and target-date funds today is 12 trillion in assets out of the 45 trillion in assets in the total retirement community. You can very easily talk about this model portfolio that we discussed. R-R-T-T-L-L-U: It's risk, return, taxes, time horizon, legal, liquidity, and unique. You put it in your model, retire in 2050, and you have a perfectly allocated monthly rebalancing portfolio that the technology is so advanced now. This dynamic really shaped both volatility markets and overall performance. And I think how we think about this is a change going forward. So on the beta side, if you look at our ETF platform, for example, we've had inflows in 206 outta the last 208 trading days. We mentioned gold on stage. Gold, in September, was our second-largest month in our platform. And if Bitcoin, for example, goes from a 0% allocation to a 1-2% allocation, that's a structural shift. And then, on the alpha side, this is really cool. We have a retail roster, which is rebalanced monthly. It's the 30 most bought names in our platform. It's up 81% year to date. It's high-beta momentum.

People really want to know what's going on in the active side. And we had a great panel and the discussion about our strategic view on global growth, if that is correct, we could see a real good shift into active in 2026 and rebalancing into stuff that is under-owned and underrepresented for the market. So I think that would be a good call as well.

Laing: That's great. Yie-Hsin, I wanna go back to you for a second. The SEC recently indicated approval to dimensional funds of dual-share class, which has about eight, I think 80 other applications in, that everybody expects to be approved in very short order thereafter. And for those of you who don't know, the dual-share class is, is basically, going to be the ability for mutual fund managers and ETF managers to manage their pools as a single pool. So if you have an S&P 500 fund and S&P 500 ETF, you can manage it together. It's a structure that Vanguard had patented for a number of years. It's off-patent. There's a lot of folks that are looking to do it. How transformative do you think that is going to be for the overall asset management business?

Hung: I would say there's a tremendous enthusiasm across the asset management industry. As you said, there's 80 issuers that have requested exemptive relief. We're, like, on the one-yard line. So we're very excited. I think what this does for asset managers is make it much more easy for them to issue ETFs because it's just another share class off of an existing mutual fund, which has size and scale on the benefits of lower expense ratios. Being able to then tap into that to launch new exposures is gonna be a far simpler process for them. I think for individual investors, it'll also be beneficial because they'll be able to exchange between the ETF share class and the mutual fund share class in a way where that might not have been as easy today because you'll end up recognizing a taxable event. I think the early-adopters will most likely be individuals and maybe RIAs, you still have a fair amount of work that needs to be done to be able to facilitate this with the intermediaries because the thought is: right now, it's probably gonna be much more of a manual process to be able to support the exchanges between share classes that will get automated. We expect that'll happen sometime next year, but for the intermediaries it's much more challenging because it's added cost for them to be able to accommodate this. And it's a real question in terms of the revenue model because ETFs are very different than mutual funds in terms of the economics earned by the intermediaries. And they also have to concern themselves with best, uh, acts and what and what are they really satisfying the regulatory requirement of what is the best product to be offering to their system. So as much as there is a great deal of enthusiasm, I think that, sort of, you know, ability to bring it to market is gonna be a slower process. So I think it'll be not as quick out of the gates but still an incredible development.

Laing: Yeah, I think it's super exciting for the asset managers. It's the custodians and DTC that need a, need a bit of a kick. Scott, I'm just curious, you know, we talked a little bit about some of the trends that we think are gonna be important going forward. We talked about privates. We talked about dual-share class, retirement and some other stuff. Anything these two didn't talk about that you think investors should have their eyes on as it pertains to market flows and, sort of, trade dynamics?

Rubner: So at Citadel Securities, we care deeply about data. We care deeply about the health of the consumer and the economy. And I think we talked a little bit about it on-stage, where the demographics are changing, and we know the line that the stock market is not the economy, and the economy is not the stock market. However, the pass-through of the stock market gains to the overall consumer has helped increase consumer spending. It's had robust macroeconomic data. And at a time when the government isn't providing that sort of data, we're looking to our own internal stuff. So let me give you a few stats. Who owns the economy? That's always a headline. So the stock market is owned by, the top 1% own 49% of the stock market. The top 10% own 86% of the stock market. OK, interesting. The top 1% don't really trade too often, and the slope of their wealth trajectory stopped going higher. So more interesting. The top 1% wealth in equities increased 66% since 2020, but the bottom 50% wealth increased by 542%. So I'll say it again, 542% from the bottom, 50% of households. So this has really changed the investing landscape. It's helped the consumer be more robust in a time that there's overall macro weakness. So if we're right on the recovery and global growth, we would expect retail trading activity to continue next year. Not only to continue but to accelerate into these new products.

Laing: That's great. Jim, I wanna shift back. Not even shift back, I want to, sort of, shift gears a little bit to a question I think a lot of people are interested in. I know I am. About access versus suitability. I think that, you know, we are in an environment right now where access to retail, leveling the playing field, is viewed as a universal good. And I think that it's a tough argument to take the other side to, but we came out of an environment well before that where the regulatory environment and even the social environment was very much about protecting retail from doing things that were a little too sophisticated for them. As we push into privates, as we push into other parts of the market, how do you manage those two often competing things as a business person?

Zelter: Well, I think if you look at what has led to institutions thriving over generations through various economic cycles, it does get down to, you know, how you treat your brand and what you allow through the system. And it's the education and the technology and all the attributes that go around this. So you're right, we are in an environment where we have an administration that's very, very, uh, deregulatory-focused. And access is a supreme objective. But I do think there are parts of the alternatives world where we are certainly, potentially setting the seeds for challenges going forward. You know, I think we've taken a view that the great part of alternatives for many investors is the area of compounding robust, evergreen yield. That a much safer place to play. Whether it's through a non-traded BDC through the asset-backed world, through the investment-grade private credit world. You know, certainly others have taken a view that they wanna be on the far side of whether it's VC or private equity. And that's gonna have some volatility to it now. I would say- So there's no doubt that I think if you wanna be a long-term winner, that you have to be very, very thoughtful about just because the marketplace wants it, what you're willing to put, you know, your name on today. And I do always find it interesting that many of the public alts players, which we're one of, and I started my career a few blocks from here as a high-yield trader, none of us offer daily liquidity, high-yield products, and we're pretty commercial. If we thought that was a good thing long term, we would do it. So I think you need to watch what people do, those who have franchises that wanna be around for a long time. But there's no doubt there's going to be some bumps in the night. But I do think it's the same question that's being asked. Is there a massive bubble in private credit right now? You know, affirmatively, I've been very public saying there's not a bubble, but we've gone on in an economic cycle now since, really, 07, 09, 16, 17 years, and there's going to be situations that arise that are just, you know, bad economics, bad business, bad disclosure. That doesn't mean it's a credit bubble. That just means it's a longer-term cycle. But yeah, there's no doubt. I do think that the largest purveyors, the largest distributors, are being thoughtful about who they partner with and it's much more the franchise, the brand, the technology and the education. But there will be some stuff that gets through the filter and causes some headline risk. No doubt about it.

Laing: Yie-Hsin, I'm curious, how do you think about that same issue at State Street?

Hung: I agree completely with Jim. I think it is very important that all managers are really thoughtful in terms of, you know, the wrapper, the level of liquidity they're providing investors relative to the underlying liquidity. And ensuring that, you know, this, these allocations to less liquid assets, you know, are really focused in on that segment of a person's portfolio that is gonna be sort of more persistent over time. That said, you know, I think having launched the CTF, you know, what we're finding is that providing the level of transparency and information on the underlying securities on a regular basis is that we're seeing markets start to develop. And hopefully, that's something that's another growth opportunity for Citadel. I grew up in the real estate industry, and I think, Jim, you were talking about all the things that exist today that didn't exist back then, but I remember mortgage, mortgages, commercial mortgages back then. They didn't trade, but then we had the development, obviously, of CMBS and so forth. And so I'd like to see that be sort of the ultimate way in which, you know, more and more investors do get access to these underlying assets because there is more liquidity available in the secondary market. The other thing to watch is tokenization. You know, we've talked about investments in crypto. That is clearly happening in a very significant way. Investors are investing on chain and, uh, this is also another development we're seeing. We're doing this. Other managers are, as well, tokenizing their money market funds. Not only does it take the friction out of posting collateral, but given that, uh, the direction of the U.S. with the GENIUS Act and stablecoin not being permitted to pay interest, that's an opportunity for really anything that has yield to be then tokenized and made available to that venue, which I expect is not going away. I think we'll continue to grow.

Zelter: If I could just add to that, you know, the other big trend we really haven't talked about is the, you know, I did say at, at first, globalizations are now different, but the, the world, the demographics of savers in Asia, in India and Latin America, you know, it's really, there's that middle class. It's much more an investor class, and I think that group around the globe wants yield, wants income. Their local markets are not large enough to provide those alternatives. You know, Australia's a great place, massive focus on pre-cumulation, and now, as they get into post-accumulation, guaranteed lifetime income and other types of listed products and other products. So I know, for our business, it's as much a, you know, Asia, Latin America growth story, Middle East growth story as it is a domestic growth story. Yeah.

Laing: Actually, I'm remiss if I don't ask you the same question. This has been a very domestically focused panel. Are there things that you're thinking about in terms of evolution of the industry and, and specifically as it pertains to retail outside of the U.S. that you think are important dynamics?

Hung: I think, there's, you know, we've touched upon it, you know, this, I mean, it's not just next generation, right? People are much more accustomed to just transacting on their phones. And, and executing. And you know, I referenced some of those savings programs that Germany and, and Japan have launched. That has resulted in so many individuals taking advantage of those tax benefits to then start buying into ETFs. We're seeing it in India right now. I mean, India's obviously a great growth economy, but we haven't necessarily seen a wealth market develop. It's developing because payment systems are in, such a way, mobile access. It now is resulting in all of these interesting wealth-tech platforms. We invested in a firm there that is basically providing model portfolios to individual investors, and they're investing in very small amounts. So I think this growth of retail is probably, is only going to increase as access increases in many of the markets that Jim referred to.

Laing: Makes sense. So we only have about a minute and a half left. There was one other question I wanted to just ask. You know, especially from your seat, the ETF has been the vehicle of choice for innovation in public markets for the last 30 years. That's, that, if you wanted to sort of offer something new, you dropped it in that vehicle, and then a lot of stuff sort of flowed out from that. Do you think that that's still the case for the next 15, 20 years? You talked a little bit about tokenization. Like, do you think that there are other instruments that are going to start to become important? I've heard people talking about interval funds because of, you know, they can sort of semi-gate liquidity on some privates. Like, are there other things that you think are gonna become more important, or at the end of the day, the retail investor wants a single share. They want it on-exchange and they wanna be able to buy it and sell it like they do anything else?

Hung: I guess I am still bullish on ETFs. I mean, this year I think it's gonna be another record year in terms of inflows and just the things that we've talked about in terms of all these use cases. You know, whether it's institutions looking for tactical exposures or these, uh, growing markets where ETFs seem to be the choice way to gain access. I just see that growing dramatically. And then behind it, I do think tokenization. Is probably the next one. Yeah.

Laing: Jim, any thoughts on that or?

Zelter: I gotta agree. I gotta agree. I think it's ETFs and then tokenization.

Laing: We're gonna end on, uh, on agreement amongst the panelists. That's always a good way to, that's a good, that's always a good way to call it. Thank you guys so much. Really appreciate it. This was terrific.

Zelter: Thanks.