Capital Allocators Podcast | View from the Top of Private Equity at Hamilton Lane

With Mario Giannini, CEO and Ted Seides

TED SEIDES: Mario, great to see you. Thanks so much for doing this.

MARIO GIANNINI: Thank you, my pleasure.

TED: Well, I'd love to start with your background, how you got into the business way back when.

MARIO: Yeah. [chuckle] Sometimes I don't know how I got into the business. It's sort of a series of fortunate events, as it turns out. You know, I started professionally as a lawyer, which... I say that, it's like being a reformed smoker, you know, you talk about that life and you go, "Oh my gosh. Lawyers, they're horrible." The reality was, I wasn't very good. I just wasn't a good lawyer. It requires a patience and an attention to detail that I simply didn't have. A group of us took over a company and sold it, then I was on garden leave. I had no idea what I was going to do and ended up coming to Hamilton Lane and I just started. And I never left. I was like the bad penny. I thought I was going to stay here for a little while and then take off and I never did. I've been here for 30 years. Someone referred to me once as the accidental CEO, it's sort of what I am. I enjoy it, so don't get that part wrong but there was no rhyme or reason to it. I've said to people... I meet all these younger people in particular that have their life so defined, they know exactly what they want to do, how they want to do it, when they want to do it and they look at me and they go, "So how'd you do this?" [chuckle] I don't know. It's just sort of, you make a series of small decisions and all of a sudden, you find yourself going, "Wow, here I am."

TED: So, what was Hamilton Lane when you joined?

MARIO: It was four people, three or four people who had a notion of doing something in private equity and helping institutions and it was a young industry. I don't even think I knew what private equity was, to be honest, at the time. I just knew it was people that bought and sold companies. And that's what it was. We were helping large institutions. Literally three or four people. Steve Schwarzman tells this story, I wish he'd stop telling it, but he tells it all the time. When Blackstone first came to see Hamilton Lane, so this must have been in '92, '93, I don't know, we were all starting together. And he knew Philadelphia, so he knew where we were and he comes up and gets lost, because we're nowhere, literally four flights up or something. And he said, "I come in this conference room and there's Mario sitting at a table that's a card table with duct tape holding one of the legs together." And he thought, "Really? This is the industry and this is where we are? So you know, that's what it was.

The HL Evolution

TED: So, take me through a summary of what those 30 years became, eventually to where we are today, but maybe some of the highlights along the way and the evolution of the industry and your business.

MARIO: At the beginning it was just a bunch of people who were finding their way, figuring out what they wanted to do in buyouts, explaining what the industry was. They didn't know what private equity really was. They knew there was this venture group that did stuff that no one really understood with companies that were a dream, but the buyout part of it, it was a bunch of people that were buying and selling companies and explaining to people why that was a good thing to do and why it made money. And then it just... It made money. And the reality is that's the part that people forget, is... And not just money for the very wealthy people that we all yell at and say they're too wealthy and they don't deserve the money but money by the limited partners, by institutions, by endowments, by people that matter that make the money and it began to grow. And the highlight really was, you know, what made it somewhat odd was the buyout industries growing through the '90s but then all of sudden it was the internet. Eyeballs, if you had more eyeballs, you had a higher value. I mean, now it sounds ridiculous, but that was the thing. And it became dwarfed by that.

I would say one of the highlights is, everyone looked at private equity as the internet, as the venture world, and that collapsed in 2000 so everyone said, "Well, I don't want to be in this anymore." I can recall, in the 2000 era, having to explain to people what is private equity and why do you want to be in it? And that was really the challenge. And then all of a sudden, the industry exploded, as we know, into the great financial crisis. And I've said this to people, and I know it sounds terrible, because there was a great deal of loss and suffering during that period, but that is when, to me, private equity, private markets established themselves. It was the greatest thing that happened to the industry. And I know people will go "That asshole, what's he saying that for? It was such a horrible time." But it's because at that point, everyone hated the public markets. "I didn't know it could go down 40%. I hate this." Everyone hated hedge funds because they lied. They didn't really tell you what the risk was and what the return was really going to be. Real estate collapsed. Everything fell apart except private equity and everyone went, "Oh, you... I get it. I kinda get the drill."

And then I think it just exploded from '08. I think the industry has been on a drug high since then, in terms of people wanting to be in it. You don't have to explain anymore, "Should you be in private equity?" It's how much and what areas. That's what it is today. The industry now is part of everything, whether it's private equity, private credit, infrastructure; the illiquid part of portfolios is now an established part of how you invest. If you're not in it in some way, you're not really having a balanced portfolio that's going to perform. I know that's 30 years encapsulated but it's gone from nothing to something in 30 years.

TED: From four or five people 30 years ago, why don't you give a quick summary of what Hamilton Lane is today, in terms of both businesses and people?

MARIO: We're gigantic. [laughter] We're large. I mean, you know, we are now about 550 people, which doesn't sound very large compared to a lot of companies, but from four, it sounds huge.* We are, you know, $150-160 billion assets under management, with another $800 billion under advisement, so we're near a trillion dollars in terms of assets that we touch.* And you know, that is large. But when you think about the industry, there are a lot of big players; that's the part that's extraordinary. You know, when we first started the assets under management where, what, a dollar? And in 30 years when you

think about going from that to almost a trillion for just one firm is saying something about how far the industry has come and how much capital and how much influence it has. It's really an extraordinary story over a fairly brief period of time when you look at things like that.

TED: From that perspective, from an individual manager, you told the story of Steve Schwarzman coming into your card table. How big was Blackstone at the time?

MARIO: Well, Blackstone at the time, I don't remember the exact number, he probably remembers exactly, they were looking to raise a few hundred million. I mean, that was the goal. And I think I remember at that point that he wanted something like a billion and we all thought he was... "Oh my God, was he crazy?" And I'll tell you a story, it's not Schwarzman's story, but Tommy Lee. I can recall a conversation with him and he, of course, would tell you every time you made a mistake, which he has thrown at me later, he had... I forget what the fund was, it must have been $800 million. So, this was probably in the mid-to-late '90s and he was coming back for a fund of a... I remember it was 1.2 billion, 1.4 billion. And I remember saying to him, because I'm a genius, "Tom, I don't think you can spend that much money. It's just too much money. I don't see how you can do it." And, you know, two years later, he came in and said, "You idiot, it should have been 2.5 billion." I mean, it's that kind of thing where you look back and go, "Oh my God, what the hell were we thinking?"

TED: How is your business today structured, in terms of either business lines or organization of the investing efforts?

MARIO: As a company, we're structured as you'd think most companies in the investment world are. You have the investment side, you have the client-facing side, business development and you have the infrastructure all around that. So that's fairly standard. I don't know that there are many different ways to cut that. On the investing side, again, one of the big changes in the industry over the years is everyone always used to do one thing. You did private equity or you did private credit. Now you do everything and we do everything. So, we're structured with... We have the, I'll call it the equity fund side, you have the secondary side, you have the real assets, you have all of the different sleeves that you're doing, and then you have the different parts of it, the wealth management side of the equation, the institutional side. We have all of the different investment sleeves that take care of the different parts of the illiquid market that now constitute alternatives or private markets. I'm never really sure what the invoked term is.

TED: What have you learned over this path about growing an asset management business?

MARIO: My lawyer days were really a workout. The turnaround I did was basically a company facing bankruptcy. And that really gets you very focused. You're going to lose your job, you're going to lose your company, everyone is on the same page. What I've learned about a growing company in a growing industry is that it is much harder than a turnaround, oddly enough. A turnaround focuses you on the existential crisis. The problem and the challenges for growing a company is that you have a number of different choices. You have a number of different paths you can choose, you have a number of different cultures you can create and you have to get everyone focused, rather than having this exogenous event making you focused. It's hard. And I'm not saying this about me. I'm saying it about other players in the industry. One of the underappreciated stories about the private markets is the talent required to build some of these firms into what they are.

I don't think people should underestimate the genius really in some cases. When you look at a Blackstone, you look at a KKR, you look at an EQT, it's not easy and there are a lot of companies that failed in this process. You know,

you don't hear about Forstmann Little, you don't hear about Hicks, Muse and these were dominant companies in the '90s. I'm telling you, they were the ones that if you'd come in... If we'd had this conversation in the '90s, Ted, you'd be saying to me, "Mario, how big is Hicks, Muse going to get?" And I would say "They're going to be ginormous" and they aren't. They made mistakes. We can all look back at what they made but there is... You have to get to catching that, what is it, lightning bug in a bottle? I don't really know. [chuckle] I'm not a nature person. But it's hard, it's very hard, and you need a really good team around you and you need some clarity around where you're going to grow and willingness to make mistakes. You have to screw up a lot.

TED: Over the years, as you've grown and had this increasing demand effectively defined these investments, I'm really curious about what you've learned in those examples of the firm make their culture work, for pattern recognition when you're looking at re-underwriting a manager today?

MARIO: There are a few things, I think. One of them is, what's the decision-making structure? Who is making decisions at the firm? Because you think that it is one person, two people, whatever it is, and there's some structure, and then what you find out in a lot of these firms, what happened is, individual people ended up making decisions and there were no governors around them. They just all went... Whether it's even the top person or they went in different directions and went the wrong way. The second thing, which is odd but, I know this sounds silly, lack of diversification. What really cost a lot of these firms was they bet big either on one company, one industry, one place. And as smart as these people are, and they're really smart strategically, because they're investing for longer term, they have no choice, they make mistakes, and when you put too much in one place... The other thing I will say is, it's greed. Some of the economics at some of these firms are not shared appropriately and they lose key people and they... Too many people want to keep too much of the economics, and it blows the culture up, especially when it's a culture that says they're not like that. I always like that part. "No no, we're all about all our people and our clients" and then you look at it and go, "Well, how come you're taking everything?" "Well, because I'm a genius. I'm the smartest, I should."

Effective Decision Making

TED: I'd love to go through each of those. So, if we start with decision-making, on the margin, what do you think makes for an effective decision-making organization within a private equity manager?

MARIO: I think it has to be some kind of shared decision making. I think it is very hard to have a firm where someone does everything alone. I've always wondered, one of the things that's always struck me as interesting about the private equity industry is when you look at certainly some of the firms we all know, they had a shared decision-making structure. When you look at KKR, there are two people, when you look at Carlyle, there are three people. When you look at some of the great firms that have done really well in our industry, it is not one person and it's not 15 people. So, I think you have to have this group of people that are cohesive and a decision-making structure that is not totally centralized but that is centralized enough that it is not diffused around the entire organization, and that's a hard thing, because it means that people have to trust each other and be willing to have a realistic back and forth. And for someone like me looking at it from the outside in any firm or someone looking at our firm from the outside, it's hard to know how real this "Oh, we're partners. We love each other and we work together," how real that is. And I think when you discover it, it probably is in downturns unfortunately when you see what really goes on.

TED: How do you go about finding what really goes on?

MARIO: You know, there are a few ways. One is just familiarity with the people. One of the few virtues of being as old as I am is, you know, you have been around a lot of these people and you know them and you know people you can talk to that know them and that will give you information and that you won't burn them and they won't burn you. Again, we're in a private industry. We can't look up what's going on in the Journal and you don't have public board stuff where you're dealing with all that crap. So, you have to have a connection of people that you can talk to and go "Does Mario really do this alone or with whomever?" I think that's unfortunately the best way to do it, because they're not going to tell you honestly, why would they? And even then I always hear "Well, you know, I have dinners with these people; I really get to know them." These are the greatest salespeople on earth. They just are. I mean, they really are. They're so good. I say that to people all the time. We are dealing with some of the smartest, best salespeople we'll ever meet. And so, at a dinner, really? You're going to get to know Mario at a dinner, if he's a GP? With me, you will but you won't like it, but you'll get to know me. I think you have to have connections all around the industry to really feel your way through that.

TED: The other question that lends itself too is effectively succession planning and transitions, because yes, you've been around for a long time, so have your peers, but when they start to transition down to the next level of leadership, then maybe those connections aren't as strong for you or your team. How have you thought about assessing successions in the longer-lasting private equity firms?

MARIO: Well, I think there are two parts to the question. One, I think for us as a firm to maintain those contacts, you do try to maintain it throughout different levels of the general partner organization. At a Blackstone, for example, pick any firm, we have people who know people within different functions, within different areas, within different age groups. You do try to maintain all of those contacts, you have to, because you're right; If X, Y, Z person is gone and that's Mario's connection, then you have no connection. That's just an unsustainable business model for us. I think for the firms... I think in private equity, there's always been a real concern about succession planning, and there should be, because part of it is there are such outsized personalities that you think they cannot be replaced. Guess what, they are slowly being replaced.

I think that most firms, particularly the larger ones, have done a decent job of, at least on paper, the succession planning and bringing people that are very good. I think the test is going to be in a downturn. When do we have a downturn, and how do these successors really fare in a downturn? And we just haven't had one. We haven't had one for 13 years, and the jury's out on whether we'll have one now. But I think the early indications, I would say, while we all worried about the big firms and how they would do succession planning, I would say they're doing a very good job of it. I think it's the middle-sized firms where we're really going to have to see, because many of those firms really are at the end of the day dominated by a couple of people, and I'm not sure that a lot of them are setting up the kind of succession planning that you would look at and say, "I'm really comfortable that this is going to work and we're going to have a new team that can take it over seamlessly."

TED: I'd love to turn to the question of concentration, and in particular, there are a few, let's call it technology-focused or software-focused buyout shops. Think of Vista, Thoma Bravo and others who have done really well in an industry. To the extent that you mentioned that concentration has been one cause of great firms declining, how do you think about it in, say a sector focus where there have been some that have really made it through that specialization?

MARIO: I think from the sector perspective, you'd have to look at a couple of things. Is the sector big enough that the concentration is... It's a sector that's so big that being in that sector is... It's a little illusory. And I'm not saying Vista and Thoma Bravo are illusory, but when they say they're in infotech or software, it's so vast that the drivers of return, the drivers of what will make... The industry will not rise or fall. The multiples may in the public markets because they lump them in together, but the industry dynamics themselves will not rise or fall in unison and we're seeing that now. There are some parts of the software industry, they're fine, some parts that are struggling a little more. So, I think from our perspective, that concentration is probably okay. It's like healthcare. It's such a vast thing. Are you doing biotech and healthcare? Are you doing instruments? Are you doing delivery services? They don't all act together. I think where you worry about concentration in an industry is where there is one thing that happens. So, if I'm concentrated in banks, well, they rise or fall kind of at the same time. Natural resources was a big thing. Everyone was in oil and gas for a period of time. It's essentially a commodity play and no company is going to survive when that commodity goes down. They're going to struggle. So, I think from that perspective, that's how we look at the industry part of the equation in terms of concentration.

TED: Let's touch on greed. Always a fun topic in this world. So, there are different degrees of how you could think about greed and ownership equity. What have you found, even if you get into numbers or shared percentages, of what has been or functioning for successful organizations?

MARIO: That's a hard one because they're all so different. I mean, I hate to punt. I normally don't punt. I like to have opinions and they're crazy, but what the hell. It's hard because it depends on the organization, and it depends on who's doing what and how you... Here's my view... This is an industry that generates an enormous amount of money, just an almost... Compared to other industries, almost obscene in the sense of how much money it generates. So, how you divide that within particular companies, I think, is very idiosyncratic because it will depend on, again, that decision-making structure, it will depend on how you want to reward people. I think what is more important is, is what you're saying consistent with what you're doing? If you're saying to people... I'll make this up. "Everyone here has an opportunity to make X," but that's not how you economically divide the pie, you are going to be an inherently precarious institution. You're going to have people leaving. You're going to have problems. So, I just think you have to look at what institution is saying that they are, that they're going to do, how they attract people, how they get portfolio companies and then do they do it? I don't know that there's a one-size-fits-all.

I think part of it's cultural. I think Europeans do it very differently from how the U.S. firms do it, but it's hard to say. But this issue becomes a little aligned with this, the greed issue. This is an industry that is really disliked. It's extraordinary how disliked we are and we do it to ourselves. We do it to ourselves with the amount of money that sloshes around and the way generally as an industry we act like, well, we deserve it because we're getting your returns. Stop complaining, just give us more is what you should do so we'll give you more returns. It's not a great look.

TED: So, related to that, it brings up the question of turnover. Now, organizations do have turnover. What's been your process for trying to assess either partner level, team level leaving and your prognosis for a firm where there is turnover?

MARIO: Here's one of the great things about our industry. Limited partners tell general partners that they hate turnover and turnover is bad and turnover is awful because my partner

is leaving. I believe the reality is turnover is necessary and turnover is important. Tell me an organization that has been successful that has had no turnover. I can't find it. I defy anyone to find it. Yet, we are our own worst enemies as limited partners when we say, "You cannot have turnover." I think for us, the turnover is a question of why is there turnover? Is it because good people are leaving, because there's not enough opportunity, because the place sucks, whatever it is or, is it that it's a natural process of this person wasn't good enough and they're bringing in a better person or, which is part of the reality of this industry, have some of these people made so much money they don't need to work? I mean, it sounds horrible, but there are some people that are, I will call them mid-level, at some of these firms that have been there for 15 years and they've made more money than most anyone on Earth will make and they just go, "I don't need this anymore." And that turnover I think is a little different. Then you have to figure out, is that person someone that really contributed to the success of the firm or can it be replaced, and that I think is, again you have to figure it out piece by piece.

GP-LP Relationships

TED: I'm curious your perspective on the way GPs treat LPs as it relates to both relative market power and, again, your assessment of whether those are GPs that are partner-like and therefore you want to have long relationships with, compared to, on the margin, the ones that you choose not to.

MARIO: You know, this is a tense subject because GPs abuse LPs and LPs abuse GPs. It cuts both ways. I mean, GPs always tell you that this is a long-term relationship, you can't say no once you're in and that's just not true, and even if it is a marriage, a lot of marriages end in divorce, so you get this, "Oh my gosh, you can't leave me." Well, yes, I can. You didn't perform or whatever reason, I'll leave. But I think the thing GPs, and I say this to them all the time, they do not understand LPs. Most of them just don't understand where an LP is coming from. They look at it... I remember we used to, before the pandemic, run a conference where we'd have a bunch of GPs and all our LPs in a room and we had a discussion once, which was fascinating, on return relative to the public markets, and some of our LPs were saying, "Yeah, you didn't give me more than the public markets," and the GP answer was, "So what? I got you 21, leave me alone." And you could just see heads exploding on both sides over, "I got you more than what you deserved, give me more money," and the LP is saying, "You didn't give me sh*t!" Come on. I think that that's part of the dynamic. GPs simply do not understand LPs, they look at them as a source of money and – give me the money, I got you what you wanted, leave me alone.

TED: I'm curious what additional insights you've had from serving on advisory boards, I know Tommy Lee, TPG, Providence, imagine there're a whole bunch of others, being that one step closer to the bridge between the LP and the GP than if you were just an LP.

MARIO: People are going to hate this, but I don't care. I think advisory boards are a total effing waste of time. I have learned nothing. Here's what I've learned, zero. Advisory boards are a place where LPs want to feel important and feel really good and GPs want to make them feel important and really good. So, you have this weird dynamic of everyone in a room going, "Wow, we are really important and we're here." It's like, I need to seat at the table. What's going on at the table? Not a whole lot, because honestly, what GP is going to tell you a bunch of information in an advisory board that they're not going to tell a lot of their other LPs, they're just not going to do that, especially in this environment. There are people that will totally disagree with me and say that you learn a lot on advisory boards... Come tell me what you're learning. The only thing I think

advisory boards do really help is that you get to talk to other LPs in a very, very informal and okay setting, that part is valuable, but learning information, you get much more information having a relationship with the GP where they respect that you're not going to send this information to a bunch of other people and that it's a two-way street. You're going to give them information too and they're going to give you information and then it works.

The Pricing Environment

TED: I'd love to turn to some of your perspectives on different segments of the private markets, and maybe to start a couple of structural topics that are pretty top of mind. So, the first is the pricing environment and how you're thinking about where we are at this stage and how that affects your investing.

MARIO: Well, we're a lot better than we were six months ago on pricing, it's a lot lower. So, I think we're probably in a better place. Look, I remember Teddy Forstmann, who I think even though the firm over-concentrated, what were they Sealikes, I think they were called at the time, over-concentrated in Sealikes and kinda blew up, I think Teddy Foceman is one of the great investors in the history of private equity. And I remember sitting down with him once and he said, "Mario, you know where price is in the 10 most important things in a private equity deal?" And of course, I was like, "No, I don't know." He goes, "It's number 11." I was like, "Oh, sh*t, I didn't know that. It's number 11" And his point was not that it doesn't matter, but I say this to people, if you're a private investor and your goal is a buyout, let's say normal buyout, 2x or 3x on a deal and, let's take Apple today, I don't even know what Apple is, let's say it's 130, and you think you're going to buy it on a private deal and sell it for 400, do you care if you're paying 130 or 120 or 135? You don't.

And so I think from a pricing perspective, we spend so much time on pricing and obsess on it as the only thing that matters and it just is not. It's important, especially at the extreme. So late last year, especially in some of the high-growth areas, you looked at things and went, "God, it has to be priced to perfection in order for this deal to work," so then price does matter, and I don't want to minimize it, but we really obsess on pricing to the detriment, I think, a lot of times on a decent investment.

TED: So that said, we probably could agree that maybe through the sell-off, maybe eventually private markets reset as well. Before that you probably were at that extreme. You could look at multiple paid and look at implied deals and say, "Are you going to meet expected rates of return?" How do you respond, maybe a little bit less today, but a year ago in your investment pace, knowing that the firms are buying things rich?

MARIO: Yeah. Well, I think you respond in a couple of ways; one is you do pull back in certain areas. For example, in some of our funds, we did pull back on some of the high growth areas. You just do less of it. You do none of it, no, but you do less of it, you just pull back a little bit because at the end of the day, what is hard about private equity in particular, it is a long, lonely asset class, that is you don't have the ability to hedge, you don't have the ability to short and you can't buy and sell the way you can in the public markets, so you can't do this wholesale, I'm out or I'm in, and so you're really dealing at the margin in many cases and figuring out where am I going to reduce risk, where am I going to take some of that away from the overall portfolio?

In many portfolios, particularly where you have a big fund concentration of, where you have a lot of funds, you're relying on the underlying manager to be doing some of that, but they're in a tricky spot. I'll go on for one second on this. They're in a tricky spot because what you hear from managers, which is legitimate, is LPs yell

at them if they're not investing. LPs hate paying on committed capital that isn't being invested, but God forbid they invested at the wrong time, because then LPs yell at them for investing at the wrong time, so it's this delicate balance that they have to play in the sense of, "Okay, what am I doing? Am I leaning in? Am I leaning back?" And so you saw a lot of them, I think, pull back a little bit, not a lot, but a little bit.

Portfolio Construction

TED: That lends itself to the question of portfolio construction within private markets. You talked about, "Okay, on the margin, you can try to do things differently," but how do you think about putting these portfolios together?

MARIO: Well, I think that's the great weakness of most private equity investors. This is an anecdotal asset class. Everyone talks about their best deal, their best fund. They never tell you numbers. "I had a great deal, it was a 10X." Yeah. Well, how many zero Xs did you have? What we've said to people is, "Look, in the public markets... " What do they say, 90-95% of return is from asset allocation and then the minimus amount is from actual selection of securities. In the private markets in people's head, it is 99 to 1 the other way. It is all about picking the right fund or all about picking the right company. I don't think that's true. I think portfolio construction is at least 50% of return in the private markets, but in order to do proper portfolio construction, you need data, you need analytics, you need to do something more than spend your time having dinners with general partners going, "Oh, this seems good, I'm just going to do one of these." And I just don't think the industry as a whole has spent enough time around data and analytics to be able to do portfolio construction and to determine, "If I'm going to put a little more growth, what happens to my risk return profile?" It just... It will get there. I think in 10 years you and I will have this conversation and we will be talking about portfolio construction and whether we're leaning more into growth, more into this, more into that, whatever. But today, my Lord, it's a back water.

TED: In an ideal world, when you think about those data analytics, what type of dashboard would you like to look at in assessing your portfolio and the decisions you'd make?

MARIO: Well, I think you'd want it ideally to look like you do in the public markets where you're looking at your portfolio and you're looking at risk metrics. You're looking at, "What happens if interest rates go up? How is my portfolio affected? What happens if commodity prices go up? What happens if there's an economic downturn?" And then you're overlaying with that, "What has happened to private equity when stock markets have gone down 20% in a year?" Boom. "Here's what has happened in the past. Do I think it's going to happen now? How are different sectors affected?" It will be able to take a look at, "I want to add $10 million of exposure to... " I don't know. Pick a company, an industry. "How does that change my overall..." Again, to a public market person, this is second nature. To a private equity person, this is like... We're the only industry that does not believe technology and data will change the way we operate, and yet we tell every other industry that we buy or control that, "Oh my God, technology and data is going to change your industry." But for us, no. We don't spend any money... Ask an LP how much money they've spent on technology and data and they'll change the subject. Ask a GP the same thing. Most of them will go, "I don't need it, I just need to raise money. What the hell is that all about?" It will change but it'll change slowly.

TED: So, I imagine with that view you are trying to get that data. What bottlenecks are you running into in not having it today?

MARIO: Well look, we're fortunate in the sense that we have a huge database just because when you have $1 trillion basically in assets that you're

running on real-time and doing cash flows, you have a lot of that data but to have it all... If I said, let's go get all of the data in private equity, I think we have, I don't know, half of all that's ever been invested in the history of private equity, which may be among the most, I don't really know what some other people have, but you'd have to get all the general partners to agree, "Okay, we're going to put our data in and we're going to put it in for real." Good luck. Good luck. Maybe some of the larger ones will, they're public and maybe they won't have as much issue with it and you can get it through FOIA, those things that people do, but the venture firms and the smaller ones, no way, no way.

TED: You mentioned earlier when we were talking about succession that it's more challenging for mid-market firms, and a lot of times you hear that maybe, particularly in frothier pricing environments, that the mid-market is the place where people want to go, a little bit more rational pricing. And I'm curious your perspective, particularly at your size investing in middle market funds as opposed to the large guys.

MARIO: Yeah, we invest across all of them, so I feel like we have familiarity with large, small, all the areas. I would say the pricing myth is exactly that. It's a myth. There's as much competition in the mid-market as there is in the larger end of the market. There are probably more players in the mid-market, so that's a factor. At this point, again, the good news, bad news about private equity being so much larger than it's ever been is that any company that wants to sell or have any kind of financing knows private equity is an option. So, there's no longer any... We always hear, there are two big myths in private equity: One, it's just the statistical anomaly I love to cite, every private equity firm on earth is a top quartile firm. It just... It's unbelievable.

TED: Yeah, you should see the ones on Mars though. They're pretty weak.

MARIO: Well, that's the only place, I think, where you get the second, third and fourth quartile, they're somewhere, I don't know where they are. I'm going to have to use that one. Sorry, I'm going to steal your Mars thing. I know where the bottom quartile is, they're on Mars. And the other myth is, we have proprietary deal flow. No, you don't. You might have a proprietary deal, you do not have proprietary deal flow, because the reality is, everybody knows private equity's around, and so there's no way to get a deal without someone going, "Hey, I'm going to call my private equity firm or my banker." So, the pricing thing is not mid-market firms, it's the same thing. What we do see on returns, which is, again, also interesting and part of why I think people don't understand private equity, the larger firms, the largest, have a narrower dispersion of return, in other words, the difference in return is not that great between X, Y, Z big firm. Don't tell them that because they're also all top quartile. In the mid-market, there's a vast spread of return, so part of what I think is going on with... And by the way, that spread has increased over the last 10 years, which is contrary to what you would think would happen in a more efficient market. Everyone always says, more capital, more people, the spread will come down. It hasn't happened and I have no explanation for why. But in the mid-market, I think what you're seeing, why people go, "Pricing is better" is because there's more opportunity to get outsized return or to have better return than what someone else in the mid-market has, and I think they ascribe it to pricing but that's not what's driving it.

TED: Just as an order of magnitude, I'm curious what those relative spreads look like, however you want to calibrate it.

MARIO: In the larger end you're talking of a couple hundred difference, which is a lot. I don't mean to minimize and say, "Oh, they're all the same," they're not, but when you start getting into middle market, you're in hundreds more and when you start getting into venture, like you're even above that, so there is... And again, you

know what's funny, I even fell into that trap. We in the private equity world, you know this, in the public world, in bonds or even in stocks, a basis point matters. 10 basis points, you're salivating. In the private markets, we're like, "Ho-hum, 100 basis points here, 100 base points there. No big deal, who cares?" It's just an effing world.

Continuation Funds

TED: [chuckle] I'd love your perspective on what's actually happening with continuation funds.

MARIO: I'm going to go counter again to consensus on this. So, the consensus continuation funds are terrible because you're taking companies that should be sold to somebody else and the GP is keeping it. I think what is today... Well, today, not much is happening because everyone doesn't know what to do, but the idea of continuation funds is an interesting one. 30% of deals in private equity, and this is over time, have gone from one general partner to another. That's been the exit avenue, and everyone goes, "Oh, they're terrible," we've run numbers, the return is basically the same. There's no real difference between a GP-to-GP deal return and a non-GP-to-GP deal return. So, there's no advantage or disadvantage. If I'm a GP and I have a good company, why would I sell it to another GP? The continuation fund is actually a very interesting way to stay in control of that deal, because presumably you know what you're doing, and to move it from one LP base to another and have a better LP base in terms of who wants to stay in this deal, compared to people who want their money out. Now, we can argue about the economics, whether those are fair. I think there were some deals done on an economic basis that were, you know, you say, "This is just... Greed is... There's greed but then there's hyper-greed." But why I think continuation deals are really interesting is that by and large, today you are seeing the better companies go out in those deals. I think where you worry is when it starts to be, "Oh, shoot, this is so easy, I'm just going to throw out any deal." I don't think we're at that point yet. I know it's a low bar, but I think we're still at the point where the deals have been pretty good deals.

TED: What are you seeing with broad-based LP, call it, saturation or indigestion because of both the denominator effect in the public markets and the run-up in private assets last year?

MARIO: I think, if it's not the single biggest issue in the private markets, it's one of the top three. I think that it has taken general partners by surprise in terms of... There are two things going on: One is the one you cited, which is, limited partners, the good news is they've done really well, so their NAV has exploded and that has put them over allocation and then you overlay the denominator effect and you have a double whammy. They don't have enough money. And it's not even that they're worried about what's going on in their portfolio, they just want more money to invest into what they know is going to be a better cycle, or arguably a better cycle, and they don't have it. And then you couple that with the other side, which is, the general partner world has exploded in terms of both the size of funds that they want and the number of associated funds they're all raising. It's these two forces colliding, and I think it's going to lead to a reasonable shake out under any market scenario, I don't care if the market flattens out here, goes up here a little, it will take a market going up 50% for some of this to ease and that's not going to happen.

So, how does that work? I don't know what the repercussions are because this isn't a normal industry, it's like, general partners, they are like the vampires, you cannot kill them off, so they will survive, but will they survive with a smaller fund, will they survive with fewer funds? I don't know, that's going to play out over two or three years.

TED: When you put on your pure LP hat, and let's just think about it maybe for a particular client,

not so much Hamilton Lane as an organization that's growing. How have you made those trade-offs in partner relationships you want to maintain coming back with fewer dollars to put to work?

MARIO: Yeah, part of it is understanding, as a limited partner, what do you value? Some limited partners value the relationship, so what they do is, instead of doing 20 funds at $10 million, they'll do 20 funds at $5 million. Others, and I think we are probably in this camp, say, "You can't keep proliferating funds," because you also want to add some new funds, so what you should be doing is pruning and picking which are the ones that... " And again, this goes back to portfolio construction, which are the ones that are giving you a real differentiated stream and which are the ones that you've got four funds that are basically, I hate to say this, but they're all the same and you pick which one you want, you don't need all four, and then add new where you need to add new. I think people need to make choices. I just don't know that that's really where a lot of limited partners tend to go.

Venture & Growth Equity

TED: So, you talked a bunch about the private equity markets. I would love to hear some of your thoughts on venture and growth equity.

MARIO: Yeah, that's been the place to be. Let me divide them, because I think growth equity has become a much bigger, broader thing than it was 10 years ago. I think growth equity 10 years ago was probably viewed as late-stage venture. I think growth equity now has become both growth equity in a sense of late stage but much more mature companies and growth equity around buyouts, and that's a fairly new... It's not a new phenomenon, but it's a new phenomenon in terms of the size of that part of the industry, and I think it's because technology is now something that's okay to do a buyout around, because remember, 15, 20 years ago, that was a no-no. "Oh, no, no, no, no. We don't do that, it's too risky." And then everyone said, again, because some of the firms you've cited, "That's not too risky, it's kind of a cool place to be because you get good cash flow." I think that part of the market, that growth equity part of the market is in, I think, surprisingly good shape. I'm not as worried about that part of the market as I think some people are. Multiples have come down, sure, but you'd expect that, they were very, very high.

The venture side is a little different. When you look at venture, I think what people have forgotten is that venture is the most cyclical part of the private equity group of assets, and I don't think that has... That cyclicality has not been changed. And I suspect we're in for a fairly difficult period of time in the venture world, and unfortunately that takes time. Look at the 2000, and I'm not at all suggesting we're going to be like 2000, I don't think we are, but it took nine or 10 years for that to play out. So, venture cycles, and even if you go back to the '70s, I know no one remembers those times, but they played out over five-year, 10-year periods, and I suspect we're going to go through a five-year period where you're going to have to pick out the venture firms and the venture underlying companies that are going to be okay. It just takes a long time, and it'll take a longer time with some of these, because they got so much capital, some of these companies have got so much capital, and I think they can cut the burn rate back to where they survive for a little longer.

TED: And again, how have you invested into that market environment over the last few years?

MARIO: More carefully. Again, I think not because we were geniuses, but because the pricing prices you out, and you look at some of the things that were coming in and you say okay, you have to do one of two things, either willingly suspend belief and say, "These metrics matter and they're going to matter for the next five

years because this is such a powerful trend" or you go, "I can't play in this part of it," and you pull back a little. You really didn't have a lot of choice. There weren't a lot of middle grounds in some of the venture areas.

TED: And what did you decide to do?

MARIO: A combination, there were some areas where we leaned in and some areas where we just said, "You know what, it's just too much, it's just too much."

Real Assets & Infrastructure

TED: Yeah. How about real assets and infrastructure?

MARIO: Well, that is an area that I think will continue to grow. There are a few important good things and there are a couple of things people need to be aware of. I'll start with the bad because we're investment people and we're always negative: The pricing has not gone down in that space. With the public market correction, the pricing has not gone down and so I think people need to be a little careful around what they're doing, and also the definition of infrastructure has changed. When a lottery system is an infrastructure asset, you go, "Is that really an infrastructure asset in the classic sense?"

I think there's a lot of stuff going on in there that investors need to be careful about. In terms of the underlying positives, look, take the whole energy transformation, it's real. The Russian invasion of Ukraine is certainly going to make Europe far more aware of moving away from fossil fuels. That's global, it's real and money is going to be invested in it, and so I think that is going to drive an enormous amount of investment. I think the whole sensitivity around inflation, we'll see how long it goes on, but I think you look at real assets, and traditionally infrastructure has had an inflation component. Most investors are probably under-allocated to infrastructure and real assets, certainly not in some areas of the world, but you look at the U.S., parts of Europe, Asia, under-allocated, so I think there's demand, there's probably a tailwind to most of it, there may be more tactical issues around pricing and what is an infra asset, but by and large that's a part of the market that I think has a real tailwind behind it.

International Markets

TED: I would love your thoughts on international markets, maybe separately, both developed and emerging.

MARIO: Look, from the point of view of both fundraising and fund deployment, it is a far more international asset class. I mean, that has been one of the big trends over the last 20 years. I'll talk to fundraising. Nobody, nobody has, well, except the smallest funds, nobody has a fund that doesn't have a huge international component, it's just the reality of the investing world today. Private equity, as I said at the beginning is, not just in the developed world, but in the developing world, is now part of every portfolio, so that will continue to increase.

On the investing side, I think that we probably peaked on international investing a couple of years ago, I think there is a little bit of a pull-back, depending geographically who the investor is, but from the United States' perspective, certainly there's been a pull-back because of geopolitical issues. People are not sure what China and the U.S. relationship will be, will an investment in China be okay? There was a period of time when Trump was president when it was not okay, and I'm not sure that people are comfortable saying, "I'm going to go into a new illiquid asset class around there."

I think in the U.S., the international part around emerging markets and returns has been a little disappointing, so developed country returns have been fine, and people have said, "Why take the extra risk?" It's a little different when you

start talking about investors outside the U.S. I think European investors still remain very, very international, and Asian investors are, and Middle Eastern investors are very international. So that question is a little bit, "Where am I as an investor located and how do I think about the world?"

Direct Investing

TED: How have you approached investing beyond funds, say co-invest or even direct investing?

MARIO: Yeah, we have a huge co-investment program. I think that is part of every portfolio today. Again, I used to say, because I'm old enough to remember Fidelity when they all had the Magellan Fund, that's how you invested, you just invested in the Magellan Fund. Then as a mutual fund investor, you now have hundreds of choices. It's the same thing in the private markets. You'd have more choices, and one of them is co-investment. Do you want that in your program, how do you want that put together, how do you layer it in from a risk-return perspective? So, that's a trend that we've seen for... It started really before the great financial crisis, went down a little because everyone went, "Oh my God, you can lose all your money in a deal. How did this happen?" And then memory's gone, no one remembers 13 years ago, and I suspect we'll have that same reaction if markets have any kind of a downturn.

TED: How have you approached both the organization of your team and the selection of investments that you make versus the ones you don't?

MARIO: Well, we have a team dedicated to that. I think it's very hard Look, doing direct deals is just a different animal from doing a partnership or a secondary, although the secondary continuation funds is blurring. So, we have a team that does that and you have a philosophy around the kinds of deals you're going to do, who you're going to do them with. I think the type of general partner you choose to do it with if... If X, Y, Z general partner is a really good generalist or has a particular bend around value and all of a sudden starts bringing you growth deals, you go, "Eh, I don't know that I really want to do this." So I think that's part of it. There's a double layer when you're doing co-investments of both the deal and the general partner, and again to the portfolio construction. It's not just, "Oh, this deal looks great, do I have five software technology deals? Do I want that?"

TED: To what extent do you try to independently underwrite a deal that one of your GPs has presumably... Knows better and more than you really ever could?

MARIO: It depends, it depends, because on some deals you're brought in so early that you're really co-underwriting together, you're doing the deal together. And I think on that, there's a much higher standard around what you're doing. In some of the, I'll call them smaller deals or more growth-oriented deals, you're really doing a lot of that work, independently is the wrong word, but together. Whereas I would say some of the, I'll call them more syndicated deals or some of the larger GPs, they're bringing you a package that is so... "I'm going to question Bayne on this one. What does Bayne know?" You don't really do that. I think there it becomes more a question of area of expertise, portfolio fit. Because the other thing, for example, general partners will do different deals at the beginning of their fund than they will do at the end of their fund, and how does that work for you? If it's at the end of their fund and they want a very low risk, but lower return deal, they're looking for more money multiple, that may or may not be what you're looking for. All deals are not created equal in a GP portfolio.

Hamilton Lane's Solutions

TED: You have a component of what you do that you call solutions, as everybody does. What the heck is a solution?

MARIO: A solution is when you don't know exactly what you want to start with. I will brag a little bit on this, I think we were, if not the first, one of the first to offer customized services in the private equity world and we did it accidentally. In the lure of Hamilton Lane, we did it as a strategic move. No, it was totally accidental. We were with a client who said, "Can you help us with this part of the portfolio on a customized separate account basis?" And we're like, "What the hell's that? I don't even know what that is. Yeah, sure." And then all of a sudden it became a business line, and so that's what it is for us. What it is is the solution is being able to walk into a client, a prospect, really, and say... Because I do believe everyone approaches the private markets differently. Different objectives, different governance structure, different risk-return profile, different liquidity constraints. What do we have that can help you meet whatever you're looking for? And hopefully we have enough that you have eight things you're looking for, we can meet six of them, three of them, eight of them. I don't know.

That's I think what the solutions approach to this asset class is. Do you want more co-invest? Do you want more venture? Do you want more of this? Do you want more Europe? That sort of thing, where it's not just... Because remember, the market used to be dominated by funds of funds and that was not at all customized, you all were the same. You were in a fund of funds and that's what you got. That's not where the world is today. The world today is, again, back to the Fidelity example, I want to mix and match what I need and you may be able to provide all of it, you may be able to provide only a part of it and I'm going to get some it from someone else.

The HLNE Journey

TED: So, five years ago, you guys went public and I'd love to hear the why and what your experience has been.

MARIO: Well, the why was convoluted. The why was, we had always been an equity-oriented firm. People in the firm, a large number of people in the firm had equity. And once you do that, it sounds great in practice and it is. I firmly believe that equity drives behavior and it drives collective behavior and it drives people working together because your economic upside is in the whole, not your little piece. But once you do that and you have a third, a half of your employee base with equity as a substantial part of their net worth, they begin to look at you and go, "What am I doing with this?" And "I get it, you're going to sell the firm. I get what's going on. You're going to sell it." And we didn't want to sell the firm. So, you begin to go, "How am I going to create a vehicle or a structure that provides liquidity for all of these employees and some way for them to estate plan and do whatever they want to do? And going public became an option given that a couple of firms had gone public. The other part of it was branding, particularly outside the U.S., where you can walk into a meeting and say, "Hey, wow, they're a legit firm. They must be because the SEC said they're okay to go public." So, I think those were the two big drivers of going public.

Since then, the one thing that... I know public equity people hate this, but we went public as a controlled company, and that means that there's an unequal balance between economic ownership and voting control and that was a big deal for us, it was a big deal for our clients because what people didn't want is hedge fund X decides, "Oh, we're going to take a big chunk of Hamilton Lane and tell them how to run the business." We said, "We lived it. We are not doing anything differently today than we did before." And we've been very clear, I feel like we, Erik Hirsch, our vice chairman has been really the lead in terms of dealing with the public, been very clear that, "Don't look at us quarter to quarter. You have to look at us year to year." It's just not an asset class that lends itself quarter

to quarter and I feel like our shareholder base knows that. I hope they know that. If they don't, they should hear it from here.

TED: How have those whys and that thought process played out in the last five years as a public company?

MARIO: Oh, I think it has played out the way we were hoping it would. It did create a liquidity mechanism for people. It created a way for people to look at the company and say, "Okay, I'm going to liquidate this, I'm not going to liquidate that." The branding has really helped. I think being public has been an important part of who we are. It has helped that a lot of the industry has continued to go public, so you're not the outlier where people go, "Why are you the only one public?" It's almost more questions of, "Why aren't they public?" So, I think that part's been good. What I didn't realize because I'm not a public company person, is stock price may or may not have anything to do with the underlying company, but it becomes something people look at, so when it's going up, the company may be doing what it was doing before but you're smarter. And when it's going down, the company's doing what it was doing before and you're not as smart. It's an interesting data piece that you didn't have before that now is there. But I think I have been surprised at how indifferent being public has been to both employees and clients. I don't think anyone's seen a change in behavior. I think that at the end of the day is what has driven it.

The ESG Movement

TED: I'd love to touch on some of the key trends going forward. One of them obviously is the whole movement in and around ESG. I would love your thoughts about how much of that is hype and how much of it is real in the investment world.

MARIO: I would say it's... I was going to say 99% hype, but my internal people will go, "Shut up." I would say a lot of it is hype. It's a lot of happy talk, it's a lot of feeling better about yourself, saying you care about ESG. I think the real problem around ESG is first, everyone has a different definition of what the E and the S and the G mean to them. Everyone has a different take on which one's more important and which elements within each of them. You have a very, very difficult system right now of, "What am I measuring? What am I trying to do, and how am I applying that to my portfolio?" I think we're in the very, very early stages of figuring out how we deal with ESG. You've probably seen we partnered with a company, Novata, in terms of trying to measure some of the ESG things. I think things like that will continue where people will say, "Here are the five things that I am going to apply to my portfolio and here's what I'm going to do as a result of that." Because that's the other part. Okay, Mario's firm violated my view on what's important on the E. What am I doing about that? Am I liquidating my investment? No, I'm really not in the private markets. So, I think that's the part that people are struggling with. My sense is that certainly, the E part will continue to be the driver. Everyone now is much more concerned on the environmental and we will begin to measure that a little more.

The S part will be very challenging because that is more geographically different. What an S issue is in the United States is very different from what it is in Japan. We're going to have to realize that. The G is being borrowed from the public markets. They're taking a lot of the metrics and things that matter on the G and trying to twist it into a private setting, but we are really early around that. I don't see that as, right now, just a lot of very, very happy talk and people are proud of themselves for caring about it.

Democratization of the Private Markets

TED: Another big one is this whole notion of the democratization of private equity alternatives. I

had Matt Brown from CAIS on the show last fall. It feels like that whole private wealth channel is the next potential big asset allocation shift into these markets, and the question I hear a lot is, "If that's the case and more and more money comes in, what will those returns look like?"

MARIO: Well, I'll deal with that in two parts. I'll deal with the second part first. So, over the 30 years that I've toiled in the industry, the question of too much money has come up every year and every year it's been okay. I don't know, 20 out of the last 20 years, private equity has outperformed, and the last two years have been the best private equity has probably ever done in a time when there's never been more capital. I am not of the view that more money necessarily means lower returns. Sure, there's a point where it reaches saturation, but you even see...we were talking earlier about LP running out of capital. The industry does have a self-regulating mechanism and that is, "I'm just not going to invest more. Go away." I do think that that will be... I'm not worried about the too much money part. The democratization of... We'll call it that. The ability to find another pool of capital, because that's what we're talking about. It's not democratization. It is, "Give me more money." The ability to go after another big source, that train has left the station.

I think the high-net-worth investor, the wealth channel, will be a huge participant in the private markets, and they should be. They have enough of a portfolio and most of them are beginning to understand how private markets work, how the liquidity works, how you deal with it. I think where we get a little riskier is when I hear, "Oh, we need to extend this to retail just like the REITs. Remember how the REITs did this, Mario? That's what we're going to do." The REITs did it with an entire shift in how the regulatory structure, the tax structure. I worry a little bit about the idea that the mom-and-pop investor, the people who really do not know how private equity works, are all of a sudden going to come into private equity. Man, that just seems like a bridge too far today. I'm just not in that camp. I think if you're dealing with people who can afford the illiquidity, that can afford the differences in behavior, fine. We'll see what happens with that, particularly in the United States, where I think you then have the regulatory and political background of, "Wait a minute, we have all these protections for public investing and we're going to let this world over here exist without protections?" I don't know. We will see.

Using Data to Invest in the Private Markets

TED: And Mario, last one on this. We did talk about technology and how you're trying to use it for portfolio construction. I'm curious, as more and more data gets into the hands of the investors, how do you think they'll change the way they invest in the space?

MARIO: Well, I think as more and more data gets to investors, they'll just invest more and more. I have said to people, and I do believe this, this isn't just Mario sitting in the back smoking something and believing his own industry crap. I believe in 10 years, 15 years, that portfolios will by and large be 50% private, 50% public. I believe that there will be more and more private investing and part of it will be because of data, because people will be able to look at what's in their portfolio, how it behaves, and they will become more comfortable that there's some transparency, that there's some understanding, like there is on the public side, of what's going on. There'll be different structures around liquidity but that's a different story. I just think that the data is the key. If you can't know what is in your asset allocation portfolios, how the hell are you really going to get anyone to invest a ton of money in it? You just... You won't. It will always be this weird little part that exists over here, is kind of this separate thing that people tell you and you believe is doing well.

Rapid-Fire Questions

TED: Mario, I can't let you go without asking you a few closing questions. So, the first, what is your favorite hobby or activity outside of work and family?

MARIO: I play guitar and I play tennis.

TED: I see the Led Zeppelin poster behind you. So, what type of music?

MARIO: Well, classic rock. I grew up, Jimmy Page was kind of... I wanted to be Jimmy Page but obviously I wasn't good enough to approach that, so I became Mario in private equity.

TED: What's your biggest personal pet peeve?

MARIO: Oh, personal pet peeve? People who chew with their mouths open. Can I count it as a personal pet peeve? And people that tell me they're going to give a 110%. I'm like, "Where the hell did you get that extra 10%? I wish I had that." I don't have it.

[laughter]

TED: How about on the investment side, your biggest investment pet peeve?

MARIO: I would say in this asset class, people who tell me they are long-term investors, because they're always telling me they are long-term investors when they don't want to acknowledge a mistake. They are just investing. You know, I'm long-term. Yeah, you're going to sit on that investment. You're not going to do anything about it, right? Yeah, that's what I'm going to do. That one I find annoying.

TED: Which two people have had the biggest impact on your professional life?

MARIO: Professional life, one would be a lawyer I worked with many, many years ago, who if for no other reason, then I remember him looking at me once and he said, "You do realize you're not as smart as you think you are?" It was like, "Damn, he's right." The second one, probably Jim Coulter at TPG. He's been an enormous help and a resource to talk to and a sounding board.

TED: In what way?

MARIO: Just when issues would come up around strategy at Hamilton Lane, when issues would come up around, "Where are we in the market? What's going on?" When issues would come up about, "How do you... " We talk about where the industry was. He's one of those thinkers that... I've always thought that the great minds are those that can do macro and micro and make it understandable to people and he has a gift for that.

TED: What's the biggest mistake you've made and what did you learn from it?

MARIO: Oh, God. Mistakes are a funny thing. I'm going to sound like Frank Sinatra. I've made too many. I don't know that there's one big mistake I've made. I always look at mistakes and think that it's the butterfly effect. I would like to redo a lot of things, but would I end up here? And the answer is no, and I'm okay with where I am, so I hope I'd do the same thing. I would say generically, where my mistakes have been is I have an instinctual personal and investment predilection to say no to everything immediately. Just no, no. I used to do it with my kids. I learned with my kids to have a feedback loop. Don't say a word until you thought about what you're going to say, because I'd always say no whatever it was, because it was about me. I'd say no too often. And the other was not really trusting myself or the people around me to believe we can get something done and just go for it. I would say those are the two generic mistakes I've made in my life.

TED: What teaching from your parents has most stayed with you?

MARIO: They were Italian Catholic. The guilt. I feel guilty about everything.

I would say the teaching of humility,

humbleness. I think for particularly my mother, any success or thing that would go well, she'd always remind me that, one, either someone's worse off so think about them, or there were a lot of people that helped make this happen and remember that. So, I think that's always stuck with me that yeah, I mean, I try to take credit for everything that goes right, but there are probably other people that are just as involved.

TED: Okay, Mario, last one. What life lesson have you learned that you wish you knew a lot earlier in life?

MARIO: I wish I had learned…this one, and I tell people this when they talk to me, the younger people, keep contacts with people throughout your life. I've always looked at life as stages and it's like a booster rocket. That stage is gone as is everyone in it, and I wish I hadn't done that. I wish I had stayed in contact better with people from different parts of my life. And I look at people that have done that and it's enriched their lives, it's made them smarter and it has just made them happier people. It's amazing.

TED: Mario, thank you so much for the fascinating insights, really an amazing breadth of knowledge in the space.

MARIO: Great. Thank you, I've enjoyed it.

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