

Goldman Sachs Exchanges: Great Investors

How to win: Steve Cohen on markets and the Mets

Steve Cohen, Founder, President and CEO, Point72

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Date of recording: June 4, 2025

Tony Pasquariello: Welcome to another episode of Goldman Sachs Exchanges: Great Investors. I'm Tony Pasquariello, global head of hedge fund coverage in Goldman Sachs' Global Banking and Markets business.

I recently had the great pleasure of sitting down with Steve Cohen, founder, CEO, and President of Point72. Steve is one of the world's greatest hedge fund manager, And he'd be on anyone's list of the most formidable traders of all time. We sat down in early June at Goldman Sachs's Apex Symposium, where Steve discussed his path to investing, the traits that led to his investing success and his broader views on the markets and the hedge fund landscape. He also shared some insight on what it's been like since he became the majority owner of the New York Mets and his approach to leading the iconic franchise over the past five years. We hope you enjoy this conversation.

Steve, thank you so much for taking the time to be with us today.

Steve Cohen: Happy to be here.

Tony Pasquariello: Let's go back to the very beginning. So what was it that led you to a career in the markets?

Steve Cohen: Yeah, I mean, listen, my interest in the markets started really young. I had grandparents that used to talk about stocks they owned, and when I was 12, 13, I'd read the sports page and then right the next page was the stock exchange listings. And so, I was sort of math-oriented and just started looking at the prices and then I started hanging out in a brokerage firm in my hometown.

I actually found a job right next to the brokerage firm, so I can go in there and I used to sit there with the old traders, I was 14 years old.

Tony Pasquariello: Where was this?

Steve Cohen: This was in my hometown, Great Neck.

Tony Pasquariello: Okay.

Steve Cohen: And it used to be like a show that, you know, before CNBC. And I used to want to stay home from school and watch the tape. And so, this was when I was 14, 15, 16. You know, maybe the grades suffered a little bit. But I learned to watch the tape. Now the world's different today and you can't do that type of stuff. And essentially what it really was, was pattern recognition.

And I noticed things that I could actually start predicting what prices would be 10 minutes, an hour, two hours ahead of time based on the patterns on the tape. At least, you know, higher probability of getting it right. And so, I was lucky enough to be hired by a local brokerage firm when I was 21 years old to do option arbitrage.

But then I decided why hedge if you're getting the, the pricing right. I was able to buy stocks, and I said, why am I hedging? Because I could sell it higher the next day. And so at 21, 22, the firm, allowed me to take risk without hedging, I would never, ever allow anybody in my firm at that age to do that. Okay? I mean, it's almost remarkable they allowed me to do this, but it gave me a great opportunity to demonstrate and develop my style.

And it was new and different in the markets and no one was really doing it that way when I entered the hedge fund industry. It was more of a macro world with Soros and Steinhardt and Julian Robertson, all these great names. And I was doing it different. And after a while people would go, what is that guy doing? So, kind of developed a new way of making money, that maybe Wall Street hadn't seen before or hadn't seen much of. And it just, you know, went from there.

Tony Pasquariello: And in the time since then, you've seen a lot of traders come and go. You've seen a lot of money managers come and go.

Steve Cohen: I've seen a lot of traders come and go.

Tony Pasquariello: So what do you think are the traits that kind of correlate with those who have been successful?

Steve Cohen: Well, first, you've got to love it. You know, I used to say, I hated my weekends. I couldn't wait to get into work Monday, because I just found the markets so dynamic and so exciting. And, listen, you've got to have a process that you believe in, whatever it is. You got to have a core competency. And as long as you have that – a core competency, something you do well – keep doing it. And then you have to be adaptable when markets change. I mean, most of the people I was, either hired or competing against in the nineties are not in business today. Because they didn't adapt. They had one way of doing things. And so you got to be in a constant state of learning, evolving. You have to be highly adaptable. And if I wasn't flexible and adaptable, I'd be out of business today.

Tony Pasquariello: So let's jump off that point. The hedge fund industry has evolved hugely since 1992, when you founded your firm. What's different about your approach today versus the early years?

Steve Cohen: Well, I mean, the early years – there was so much more alpha 30 years ago. And I actually started the hedge fund right at the beginning of a big bull market. And so, it literally was an eight-year bull market, which was, you know, phenomenal. And so you had the winds behind you and there was just tons of alpha available.

Now it's much more competitive. We used to take so much risk. Okay? I mean, almost remarkable when I look back at how much risk we took. But there was so much alpha out there, even if you were wrong, you were able to make it up in other ways. And today we run completely differently. We're much more,

conservative. We run long-short very tight, and the business is much more scalable because of it.

Tony Pasquariello: So I want to stick with the hedge fund industry for a moment. The multi-strat model has achieved a huge amount of prominence today. Why do you think that is?

Steve Cohen: Well, I mean, God, we have scale. We can provide incredible resources to our people. And, I mean, if you're a single manager, you've got to market. You've got to hire people. You're the one interviewing all these people. You probably have a very narrow specialty that, if it's for some reason not a moment where that strategy is working, what do you have to fall back on?

We're very well diversified. We're diversified sector-wise, geographically-wise, strategy-wise. It's ultimately just a much better model as far as – so my people, my investing side, can just focus on what they do best, which is on finding great ideas. And I do the marketing, or obviously managing the firm. So a hundred percent of their time is focused on creating alpha

Tony Pasquariello: Within your space, within the multi-manager neighborhood, it's super competitive. What does it take to win?

Steve Cohen: Yeah, listen, I mean, my competitors are fierce and they're in a constant state of wanting to grow.

And so the acquisition of talent has gotten really expensive. Which means you've got to find other ways to develop talent. We have many significant developmental programs starting at the beginning, when we hire people right out of school for our for what we call our academy. We get 30, 40,000 applicants for 40 jobs. It's remarkable. So we're able to hire the best and brightest.

And then once you're in the firm, education continues and evolves. We're always trying to teach our people new things. We have PM and analyst programs, , developmental programs, so basically an analyst can become a PM one day.

I equate it to sports. I have a farm system. Versus, you can go out and get free agents. Well, listen, I got a free agent last year. It

wasn't cheap. Okay? And if I could have developed that guy, it would've been a lot cheaper.

And I think we do a lot better developing talent, we have a higher hit rate. Because we know the people coming through our system, we know who they are, we know what they're capable of. When you're hiring somebody on the outside, and it's usually competitive and it happens pretty quickly, you can make a mistake.

Tony Pasquariello: Let's talk about market dynamics today. What do you make of the cycle and how do you feel about the opportunity set?

Steve Cohen: Listen, we're all somewhat headline-driven right now, which is a hard way to run money. But actually, I think – I'm talking about tariffs right now – I actually think it's kind of consolidating around a number, most people think, and I agree with this, the average tariff will be in the 13, 15, 16% range.

And what we do then is take those numbers and roll it into our economic forecast. And we expect slowing growth. My economist thinks, 45% chance of recession. I'm not sure if it's that high. But to me, recession/not recession, not really relevant, we're talking about decelerating growth over the next year. And even in '26, we only expect growth in, say, the 1.5% range. And so, in a world where multiples are high, I'm somewhat concerned on a short-term basis. That doesn't mean we have to go down a lot. I mean, we could be in a trading range.

And when I look at a little bit, I think the offset is what's happening in AI. And you could already start hearing about the margin benefits that companies are going to accrue from implementing these tools. And so I think that's what holds the markets together, is the thought that margins will improve down the road for companies.

Now, what it does for employment, what it does for white-collar employment will be interesting, and that may be a topic for another day as this develops. But from a company-specific, if you're not implementing these tools now, you're falling behind.

So, my guess is that there's real benefits. This is a technology cycle that's probably going to be long-lasting, have duration, and going to have a massive effect on how we live our lives today.

Tony Pasquariello: And let's stick with AI for a moment. I'd be curious, how do you think about AI in the context of where you're going to deploy capital? And then how do you think about it in terms of evolving your business?

Steve Cohen: Well, I mean, obviously there's lots of private companies that are being developed today. I mean, it's amazing. You hear about these companies that ramping up revenues incredibly quickly. Maybe a company would start and have 5, 10 million revenues in a year or two. Now you're talking about hundreds of millions. And so, clearly these companies are attacking problems that companies want to be involved with them as far as creating solutions to their problems.

But listen, you can express these bets in all the big names, right? All the obvious names. They're not expensive. They're going to be really major beneficiaries of their investments that they're making now, and probably the winners. Which, if you play it out, is probably why the indexes are going to hold together.

Tony Pasquariello: And have you seen any productivity enhancement within the operation of the firm in terms of how they operate the firm?

Steve Cohen: I mean, I would call it still nascent. As far as in our investment side, we're embedding AI people within our units to watch, see how our people work, and then try to develop tools that can help them become more efficient.

And that should be the base case. Can we make our people more efficient? Can they do more higher-valued, judgment-type thinking, as opposed to manual work? And so, lots of projects going on now, and real participation from all our investment professionals. They understand this is going to really help them.

So I think that's the base case. And then all the data that we produce in the firm, what can we do with it? And how do we use

these tools to enhance our ability to create alpha? I mean, that's really the gravy, the holy grail, and that's sort of where we're highly focused also

Tony Pasquariello: So given everything we've discussed so far, you have a bunch of businesses within the firm. You have a fundamental long-short business, you have a quant business, you have a macro business. How much does the calibration of your risk kind of change over time? And given what you just said, are you pushing chips firmly in, kind of, one of those businesses versus the other? Or not necessarily.

Steve Cohen: Yeah, I think it's really hard to predict the future. So if you have three good businesses, and, call them, three pillars of the firm, you kind of want to support them all. And they tend to kick in at different times. When macro's kicking in, maybe equities is having a tougher time. So there's a real nice balance there.

And now I'm thinking about private credit as maybe our fourth pillar. I think there's a real opportunity there, a huge TAM, and opportunities to attract great talent that do a strategy that I think we can embed in the firm. I'm really excited about that possibility too.

Tony Pasquariello: So let's spend a minute on that. It's a pretty different business in a way than a public business. So what drew you to it, and how do you think about the risk management of it as distinct from your other businesses?

Steve Cohen: Yeah, listen, I think the way you've got to manage risk is you got to diversify over many types of strategies within the space. No different than what we do in our traditional fund. And, you know, everyone's talking about data center investing. Well if you put all your chips into that, and for some reason there's overbuilding, you're in trouble, right? But if you can spread bets over – whether it's the consumer, the corporate sector, maybe real estate – so you get the diversification. And then what I'm looking for is strategies that create extra alpha.

Tony Pasquariello: So, about a year ago, I sat next to you at Citi Field. I'll tell a quick story. And you said, you know, I'm thinking about not trading a book. Yeah. And I said, I bet you a beer you'll keep trading a book. And you said, you're going to lose that beer. And about a week later, I lost it. I lost that beer.

Steve Cohen: You haven't paid the beer.

Tony Pasquariello: I haven't. I owe you a beer.

Steve Cohen: You owe me a beer.

Tony Pasquariello: So you're no longer trading that book?

Steve Cohen: I'm not trading, no.

Tony Pasquariello: What are you doing with the time that you got back?

Steve Cohen: Well, actually, I mean, it's actually remarkable. I mean, my life is so much better.

I basically had three jobs. I was trading, I was running Point72, and obviously heavily involved with the Mets. And so, now freed up. Obviously still the CEO of Point72, and obviously we're trying to grow the firm and that takes up a lot of time. Then the Mets take up more time than I would've thought.

But what's interesting, being involved with baseball actually makes me think about things that then I bring back into Point72.

And so it's a great example of spreading your wings a little bit, getting involved in other things, and realizing the skills that you developed in one place you can bring other places. And that's very empowering and it's fun. So, I'm kind of enjoying this whole new life.

Tony Pasquariello: And as it relates to markets, I presume you still keep one eye on them?

Steve Cohen: Yeah, listen, I'm always looking at the markets. And I'm not as involved on the individual name level that I used to be, but I'm doing a lot more macro meetings, and looking at things from top-down.

And so, you know, listen. I'm going to be 69 next week. I started when I was 21. I mean, that's 47, 48 – those are dog years, alright?

And I actually think the firm's benefited from now being freed up so I can get much deeper into firm issues. And mentoring our PMs and helping them think about their businesses.

So, you know, I always have a saying, nature abhors a vacuum. You close one door, other doors open. And so, I'm having a blast doing it.

Tony Pasquariello: And in your mind, do you think I'll probably go back at some point to trade a book?

Steve Cohen: There's no shot. There is absolutely no shot. That's not going to happen.

Tony Pasquariello: Double or nothing?

Steve Cohen: No, no. Listen. I've been there, done that. And I'll say it again, the firm benefits so much more by me being free to have these conversations with our people and have impact on them. And I think that really matters.

Tony Pasquariello: And in that context, do you find you have more time to mentor and train and share your wisdom with your risk takers?

Steve Cohen: A hundred percent. And help them think about their businesses. I mean, these are still young people and they really haven't managed people and really haven't built anything. And just how about helping them think about, why are they doing what they're doing? How are they making decisions? They need help. So I'm happy to provide it.

I mean, everyone has constraints on how they think, and what's possible. And if you can get them thinking in a sort of a more proactive, not aggressive, but – because everyone around you is always going to hold you back and say, *you're doing great, you don't need to run more money, you're making a really good living.*

And the reality is, if you're constrained by that, you don't know what's possible. I've seen people develop my firm and done some amazing things. If they had a mindset of being conservative and holding back on what they're capable of doing, then they never would accomplish what they accomplished.

And people get excited by that, and they want to start thinking about what's possible.

Tony Pasquariello: Let's go back to the Mets for a minute. You mentioned, in a way, baseball has led you to certain thoughts or conclusions on the markets, on the hedge fund. How about kind of the opposite? In other words, when you first stepped into 2020, what did you bring with you from the business world?

Steve Cohen: Yeah, I mean, I took over an asset, the New York Mets, that was under-invested-in, sort of old school in how they did things. And so, I described my first year at the Mets as like a hazing. That was a hell of a first year. And the team didn't play well, too.

Tony Pasquariello: Playing much, much better the past few weeks.

Steve Cohen: We're playing much better.

Tony Pasquariello: It's like trading. I presume owning a team has its kind of own unique sets of ups and downs. It's a long season. So what's been your favorite part and what's been the toughest part?

Steve Cohen: Listen, without question, going through a pennant race last year was just incredible. And how we were doing it was just remarkable. We were winning in the ninth inning. We are winning in incredible, extraordinary ways.

I mean, we'll be in the playoffs a lot, I hope, and, you know, but it will never, I don't think ever, be quite like that month, and that month was remarkable. I have never felt so alive as in that month. I mean, the emotions that I was going through on a daily basis in those games were just something I'd probably never experienced.

And then my daughter got married. Like, she decides to set her wedding, and it turned out that was the week of the World Series. And we were in the Championship Series. I'm like, I've got to go to the wedding, so how am I going to do this? And so we lost, I never had to deal with it. But I mean, it was pretty remark—I think the odds of us being the World Series was like two, three percent at that point. We were losing earlier in the season. So that's the week she wanted it. And thank God I didn't have to make that decision.

Obviously I would've been at the wedding,

Tony Pasquariello: Let's stick with one more off-the-field question. You want to bring a casino to Queens?

Steve Cohen: Yes, we do. Well, I call it the integrated resort. It's more than a casino. It's a 5,000-seat amphitheater, bringing the best music acts. We're going to build a 25-acre park. We're going to build an area for Met fans if they don't want to go to the hotel to eat and drink and enjoy themselves.

I mean, the biggest complaint for my fans is that they come to a game, there's nothing to do at the stadium. And I always kid because there's lots of chop shops around. I don't know if you've been to Citi Field, there's nothing around the stadium other than chop shops.

So I always joke, there's plenty to do. You can get your hubcap fixed, you know, maybe get your catalytic converter back that someone stole from you. So there's plenty to do there.

But this is a real opportunity to transform the neighborhood and do something for Queens and the city that, I think, is nothing that anybody's done before. I'm pretty excited about the

opportunity. We just got our land rezoned in the state legislature, so now it's just about winning the license. And we'll know probably by the end of the year. So I'm pretty hopeful.

Tony Pasquariello: Point72, the Mets, Metropolitan Park. When are you going to sleep? How's that going to work?

Steve Cohen: Yeah, listen, I've got good people around. I've actually not had to spend a lot of time on the integrated resort. I've got a great staff around me led by Mike Sullivan, and they've handled a lot of this. So it's a perfect example of, when you have the right people around you, you can do a lot, you can scale a lot, and I'm lucky enough to have great people.

Tony Pasquariello: Another good business lesson.

Steve Cohen: Yeah, a hundred percent.

Tony Pasquariello: One last question. You've managed a lot of businesses, a lot of people. What's the one lesson that you've learned over the kind of arc of your career about managing all of that?

Steve Cohen: Trying to figure out what's going on in people's minds is really tough.

I mean, like, and what you think is going on is probably not what's going on. So I think, you've got to ask. And get them to talk. And you get them to talk, then you can help solve their problems. So I tend to think about, running business and creating solutions. If I can create solutions to their problems or their issues, I'm way ahead of the game.

Tony Pasquariello: Thank you, Steve, that was masterful.

Steve Cohen: Thank you.

Tony Pasquariello: Thank you all for listening to this episode of Goldman Sachs Exchanges Great Investors, which was recorded on June 4th, 2025. I'm Tony Pasquariello.

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