

**Goldman Sachs Exchanges: Great Investors**  
**Searching for Signals: BlackRock's Raffaele Savi on the**  
**Future of Systematic Investing**  
**Raffaele Savi, Global Head of BlackRock Systematic,**  
**Co-Chief Investment Officer, Co-Head of Systematic**  
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**Raj Mahajan:** Welcome back to another episode of Goldman Sachs Exchanges: Great Investors. I'm Raj Mahajan, a partner at the firm where I'm responsible for helping to build out the firm's capabilities to serve the systemic investing community.

Today, I have the great pleasure of sitting down with one of the stars of our industry, Raffaele Savi, the global head of BlackRock Systematic, which is celebrating its 40<sup>th</sup> year in the business.

Raffaele leads BlackRock's quantitative investing teams across fixed income, equity, and factor investing. And oversees more than \$317 billion in assets under

management. He also sits on the firm's global executive committee.

We're going to dive into his impact on quantitative investing and explore his perspectives on the growing role of AI. And quite timely, get his perspectives on the current tricky moment for the quant industry given some of the drawdowns that we've experienced.

Raffaele, it's a pleasure to welcome you to Great Investors. And congratulations on the 40<sup>th</sup> anniversary.

**Raffaele Savi:** Thank you. I might clarify, I've been with the team for 20 years. So, half of this 40<sup>th</sup>. But the team itself has been serving clients for 40 years. And thank you for having me here.

**Raj Mahajan:** Let's just get right to it and let's start early in your career. You started your career in Italy at Capitalia.

**Raffaele Savi:** I did.

**Raj Mahajan:** And you eventually rose to become the

CEO of Capitalia Investment Management. Take us back to what drew you to finance in the first place? And how did those early experiences in Europe shape your investing philosophy?

**Raffaele Savi:** Yes, it was a little bit of a mix of destiny and intent. I'm an electrical engineer by training. And actually, I was interested, I was doing my dissertation in remote sensing. And then a set of circumstances, I ended up taking a class on derivatives. And this was sort of the early '90s. And I fell in love with finance.

And so, I decided to do my dissertation on the math of derivatives. There was some coding involved. And back then, that was enough to sort of be considered a quant. Today, it's much harder for young people entering the field now, I feel. And then I ended up working in a sort of nascent investment management firm in Italy. And we were all young. And it was another element of luck.

You know, they say that you want to be starting your career in a new field sometimes to have the best experience. And that's what happened to me.

**Raj Mahajan:** And then in 2006 you joined Barclays Global Investors, or BGI, which merged with BlackRock in 2009. What motivated you to move to BGI? And then later, you stayed at BlackRock post the merger. Tell us more about your thought process in both of those inflection points.

**Raffaele Savi:** Yes. So, I left Italy when I was 35, which is a little late. I like to say that sort of I do everything ten years after the best practice. A lot of people leave Italy to study. And then they come back after ten years in the industry to enjoy the quality of life. And I did a little bit the opposite. I worked the first ten years of my career in Italy. And then I moved.

It was a personal set of circumstances. I met this woman. She's my wife. She's American. I was in love. And she moved to London. And so, I started cold calling a number of companies. And not even in my wildest dream--

**Raj Mahajan:** You cold called BGI?

**Raffaele Savi:** I cold called headhunters. I cold called companies. And then I got this offer from BGI, and I

couldn't believe it because that's, you know, for people that are in my field, Grinold and Kahn is the book that we all studied on. And so, the idea that I could join that firm and work--

**Raj Mahajan:** Profound impact on our firm, on our industry.

**Raffaele Savi:** And work with Richard and Ron. That sort of, you know, Ron has been a mentor ever since. He's still the head of research of BlackRock Systemic. It's like, not even in my wildest, wildest dreams.

And when BlackRock acquired BGI in 2009 in the middle of a lot of change, there was this incredible energy at the firm that is still the same, if not more intense these days. And I think what's special about BlackRock is a firm that constantly reinvents itself, constantly brings together different ways of looking at investing, active and passive, public and private, fundamental and systemic. And I think if you do investment research and you're trying to figure out how markets work, that there's no better place to be.

**Raj Mahajan:** What were some of the early innovations

at BGI that you brought to the industry or that BGI pioneered?

**Raffaele Savi:** You know, it's interesting. I joined January 2<sup>nd</sup>, 2006. So, you know, late innings of the first big sort of growth decade for quants. And if you think about some of these strategies, our oldest strategy, as you were mentioning with the 40 years, was launched in August 1985. So, there's a big celebration coming. And but these strategies, in fairness, didn't really have a lot of tremendous commercial growth for 15 years.

And then when-- the '90s were the years of sort of highly concentrated portfolios. The dotcom boom. Definitely not quant strategy, traditional quant strategy material. But then these strategies that were based on risk control and sort of diversifying insights did really well in the dotcom bust and in the years after. And so, they enjoyed tremendous growth up until 2006/'07.

I think a lot of the first version of quant investing at BGI is what today you would call factor investing. And so, you know, it definitely has a place in an investor's portfolio. Definitely has a place in long-term allocations. But

sometimes, you know, it doesn't have the dynamism to navigate what could be crowding periods like 2007 or the crisis like the GFC.

One thing that we've been focusing on with the team was, okay, how can we make these strategies less dependent on long-term risk premium? More dynamic? Ready for, you know, at least to try and take on any environment that one finds himself in? And then that was if you want a defense part.

In the offense part was the explosion of big data, machine learning, predictive analytics. And you know, the excitement in the team to sort of move in that direction in 2009/2010 was sort of hard to contain. And so, that's what happened.

**Raj Mahajan:** In that second wave when post the acquisition by BlackRock, how would you characterize that? Would you say there were refinements to the first set of factory strategies? Or was there a new class of quantitative strategies that you guys built?

**Raffaele Savi:** I would say more of the latter.

**Raj Mahajan:** Okay.

**Raffaele Savi:** It's interesting, in some sense, sometimes when you use a new approach, whether it's these days it's large language models or in the old days it was when big data appeared on the horizon, the first way convince yourself that you're not delusional is to actually try to replicate prior generational strategies and improve them a little bit.

And it's only after you gain that conviction that you start really using technology, you know, in the freest format and you realize that you can do so much more than build a better value signal or a better quality signal or a better momentum signal. Those effects are prevalent. We call them common factor for a reason. They're common in markets. They're common over time periods. They're common in investors' portfolios.

But some of these newer technologies have a broader aperture. And it took us a while to sort of fully understand that and use it. But when I look back now, it's a very different type of sort of thinking and behavior for the



strategies we run.

**Raj Mahajan:** Well, you cracked the door open on large language models and AI, so I'm going to now drive a truck through it and ask you to expand on how is AI impacting your investment approach? There are \$320 billion of assets under management. How would you envision over the next few years AI playing a role in either enhancing that strategy or disrupting parts of it?

**Raffaele Savi:** Right. Well, I think if you hang out with whom a lot of people hang out with, you know, there's a fair amount of old-time practitioners that are embarrassed by the hype around AI. And so, this would be the gruff people in your team that would tell you, "Oh, this is statistics." Or "This is optimization."

**Raj Mahajan:** A bunch of regressions.

**Raffaele Savi:** Right. And there's truth to it, right? At the same time, what I think are very interesting are maybe three concepts. So, the first one is this concept of scale. There's a great paper that's called "The Bitter Lesson" that basically tells you, hey, you can spend so much time trying

to understand everything about a particular problem. Maybe it's linguistic. Maybe it's predicting sort of company fundamentals. And then you just realize that, you know, if you double the amount of data that you're training your models on or you multiple by ten or 100, you can beat any sort of smart adjustment to your model. That just more data, more compute leads to better outcome. That's something that I think has to be kept in the background.

I think our industry, relative to many other industries, still does not understand this concept in full. And I think this concept will play out over the next sort of decade. And that's, to me, the first thing about AI. It's bringing scale as a big driver of success in the investment industry.

**Raj Mahajan:** Okay. Scale.

**Raffaele Savi:** Scale. The second part that I think is also interesting is I'm a big fan of generative AI and large language models because I find that they're universal. And if you're thinking about deep learning, in its previous, pre sort of GPT moment, it was by experts/for experts. Even if you have a businessperson that wanted to apply deep learning in their teams, it was difficult for an executive to

really feel it. You know? You would ask someone. And they would do something complicated. And maybe--

**Raj Mahajan:** Use some jargon like neural networks and--

**Raffaele Savi:** Right. Maybe the results were better. But the beauty of these language models is that they're interactive and sort of they speak our language. I can prompt them. You can prompt them. You can get a visceral sense for their capabilities. And that, I think, has broadened the appeal and the applicability.

And so, you can use them in way more parts of your investment process. It isn't just about building a signal. But also, you can have a lot more people, a lot more smart people with great domain expertise, they don't know how to put it in numbers, but they can do it with an LLM, right?

So, where I think this is going is that we've seen systematic succeed. You know? The more liquid the asset class and the shorter the time horizon. I think what AI in this generation and in the future architecture will do is sort of open the door for a systematic approach in investing in

longer time horizon and in less liquid asset classes. And so, I think we'll see systematic in private. We're already doing a lot of work systematic in credit. We're using systematic to sort of translate from macro insights to micro insights. And that's a big trend for me.

And the third one. I like to think about it as safety engineering. If you're thinking about cars, automotive industry, aeronautics, the cars today aren't any faster than 20 years ago. Airplanes aren't any faster than 20 years ago. But they're much safer. And so, here you have two industries that used all the technological innovation in the last two decades to create more safety.

I think sometimes as well as we find a new data set or as soon as we find a better algorithm, our first instinct is can we generate more alpha, right? But there's also can we build portfolios that are more resilient to shocks? Can we build portfolios that get closer to client desired outcomes, no matter what markets throw at us?

I don't think AI will get us any closer to the crystal ball. But I think it will create layers of safety so that events will be what they are. They're ultimately unpredictable because

the world is beautiful because it's unpredictable. But you give me some money today. You want more money one year from now, three years from now, five years from now, how can we solve that problem better? That's the other application of AI.

**Raj Mahajan:** That's fascinating. So, what I heard is scale. Safety. And then that second element is moving into less liquid asset classes. Can you just maybe elaborate a little bit more on how systematic approaches to investing are going to be applied to private markets and private investing?

**Raffaele Savi:** Yes, I think it's one of the most exciting areas. And I think it's an area that over the next ten years is going to become the big market. And you know, it's interesting because in the earlier generation of quantitative models, the basic ingredients used for these models were prices, volumes, returns, fundamentals, and analyst estimates. And none of them is readily available for a private company, right?

But you fast forward 15 years, and the state-of-the-art models today are using a lot of different sources like, you

know, product reviews and search trends and Instagram posts and interviews and various forms of sort of human capital network. And all of this data is actually readily available for every company. Actually, we realized that we were filtering out a lot of private companies out of these new data sources that we sort of acquired.

And so, I think that as the models become more data rich, you can build forecasts for any company, including private companies. Right?

Then I think the second aspect, again, there's a lot of interest in portfolio construction and risk modeling.

Challenges that I think are very exciting about what you can do in privates. And if you think about the arc of development of these strategies, again, like quantitatively strategies started in equities, short end, for institutions.

Right? So, it was a sophisticated strategy in liquid instruments for institutions. And I think where systematic is going is, it's going equities and fixed income. And it's going for longer duration assets.

**Raj Mahajan:** And AI is the unlock? Is the bridge to this when you don't have a time series and volume, but you

have more language and text and--

**Raffaele Savi:** Text and language. Images. And AI is a great way to extract information out of these sources of duration that are not tabular. That is what we have in spades for public companies, but we don't have it for privates.

**Raj Mahajan:** And are you seeing in the midst of all of that data that you're accessing and applying these AI techniques, are you seeing a signal?

**Raffaele Savi:** Yes. We have products that we've developed with colleagues in BlackRock that are in the private equity team that have a traditional fundamental investment approach to private equities. And we've been able to partner and build something. I think we'll see much more of that in the market in the next ten years.

**Raj Mahajan:** And there are a lot of assets there. So, you could see this have a big impact on your AUM if you get this right.

**Raffaele Savi:** Yes. And I think as more and more

investors have private assets in their portfolios, it will become a more interesting and a more sort of rewarding challenge to figure out how to build an optimal public/private portfolio. You know, what kind of risk models we can build that tell us how the whole portfolio will behave relative to a certain shock. What's an optimal deployment strategy? And, you know, how do we optimize sort of liquidity profiles while investing across all of these asset classes? And these are problems that quants are very well positioned to attack.

So, I think you have it's more relevant in clients' portfolios. And from a data and an AI perspective, you can build models that are as information rich as the ones you have on public. It's just that, you know, the data is of a different nature.

**Raj Mahajan:** That's very interesting. We're recording this on July 29<sup>th</sup>, 2025. And I'd be remiss if I didn't at least take a moment to talk about the past seven weeks. It's been a relatively rough stretch for systematic investors after a bumper start to the year. And we've heard lots of theories from retail, surge, broad based, rally, factor, pressures with high vol, high beta names, short interests.



You oversee \$320 billion of these assets. You probably have the best panoramic lens into what's really happening right now. Tell us a little bit about what may be causing this drawdown, which by our numbers, you know, could be as high as, say, 40 percent from peak to trough. Give us a sense of what you're seeing and enlighten us on what may be causing all of this.

**Raffaele Savi:** Raj, I thought you had the better seat. And that's what we talk about, these things. So, in trying to think what's a good way to share the way we're thinking about it now?

I think one way to do so is to say, what is the primary feature of this drawdown? Right? So, if we were sitting back here a year from now, if you invite me again and we look back now, you know, however painful, however long it resolved, how would we describe it? I would say that the key feature is the sort of high vol names that have been ripping. People have been losing money mostly on their short positions. They're underweight. And it's been a bit of a collection of some fundamental bids, some meme stocks, some technological breakthrough, some deregulation

hopes. But sort of there's been a high number of, you know, seemingly unconnected, high vol names that have done really well.

And I think for a variety of reason, the length of time in which that happened created correlation between slower players and faster players that have been trying to get in on that trade with reversal strategy.

And so, by mid July, by July 10<sup>th</sup> and sort of the ten days after the second week of July, a lot of people were on the wrong side of these high vol names ripping for whatever reason. And usually, those events tend to lead to risk management. Sometimes it's mechanical. You might have some leverage limit. You might have some stop losses. Sometimes it's an overlay where people say, "Whoa, we don't want to lose that much of the year to date alpha."

And so, I think what you've seen in the week before this one was more easily described as sort of selling down positions. Closing shorts. That usually happens towards the end of these moves. It's very hard to say is it inning six, is it inning seven? But usually, you have a shock. Positions adjust. And then, sort of, markets find back an

equilibrium.

Could there be another shock along the same dimension that happens? Yes. But I think if you just go by history, it does seem that we are towards the end of this move.

Yesterday, today, Friday as well were much better days.

You know, I hear people have recovered a third to half of that drawdown. And you think you've seen everything. And then something new happens.

**Raj Mahajan:** There will be another one. I mean, you made a really interesting point which is during this period if you're in a drawdown and the market's rallied 10 percent, you have to mechanically de-gross just to hit a leverage to have constant leverage. And so, you could be just seeing the duration of this being the result of a number of what might be in absolute terms small de-grossings, but in aggregate terms, quite consequential.

**Raffaele Savi:** Right. And I think when you look at sort of some of the technical signals that we develop to try and follow this, again, they weren't particularly loud up until July 15. And then they start picking up those kinds of behaviors that, again, tend to be signaling that we entered

the last legs of this move.

To your point also, I think what's interesting is, and you know, I'm an optimist as you probably figured out by now, it's been interesting how many shocks we've seen over the last five years. And nothing happened. And so, I was actually thinking have we all gotten so much better in risk management? COVID. The inflation shock. You had, you know, that big one day down 14 percent move in the Nikkei last August.

If you had any of these shocks happen in the '90s or in the 2000s, you know, we would have read about hedge funds going under and massive disruption. And very little happened. Right? But I think this move over the last five to six weeks is a good reminder that, you know, there's never a time to be complacent in our industry. And you've got to be worried every day. You've got to work every day to make your strategies better to fulfill the promise you made to clients.

**Raj Mahajan:** Well, you mentioned risk management. Just tell us a little bit about the risk management approach within BlackRock Systematic. Are there certain

lessons learned that you hold everyone to account to and make sure that they're being implemented and monitored daily?

**Raffaele Savi:** Yes. You know, I think risk management is a combination of two things. One is the systems that you put in place. So, one is very--

**Raj Mahajan:** Baked into the code.

**Raffaele Savi:** Yes. It's very numerical. And how much do you invest? How sophisticated are they? How multifaceted are they? How much environmental awareness are you working to build in the system? How intelligent these layers are?

But then there is also a philosophy. So, how do you feel about trading off, for example, alpha in good years versus drawdown protection? Those are design choices. And I think that the better the systems become, the more sophisticated these models become, the more the philosophical part becomes important. You're investing in making your tools and your infrastructure better and better so you can pick up things, you can design products

that have certain behaviors with a higher probability. But what behaviors are you after, right?

And there are two quotes. I like these quotes. One is, you know, Richard Grinold, that I quoted earlier, one day he told me, you know, "The best way not to gain 20 pounds is not to gain five pounds." And so, you know, if you're worried about your fund sort of having a big drawdown, then trying to avoid a small drawdown is a good way to start. And that, to me, means dynamic, action oriented. I think sometimes, you know, there's some sort of more dogmatic approach in the quantitative industries that we don't subscribe to. You know, our view is, like, hey, what happens happens. Our job is to deliver alpha to our clients in any market circumstance. And so, dynamism is important.

And then, you know, recently I was talking with a pilot and he said something along the lines of it's better to be on the ground wishing to be in the air than to be in the air wishing to be on the ground. And that made me think about sort of safety first, right? You know, if it doesn't feel right, if you don't have all the facts, you know, there is always another day. Our clients have a very long time

horizon. People are saving for retirement. People are saving for college. You know, if you have a team and an infrastructure and systems that are good at forecasting, are good at delivering outcomes, you want to have a chance of using them tomorrow, in a week, in a month. So, never do anything that will prevent you from doing that, right?

And so, I think that those choices as technology becomes better and better, what's going to shape risk management processes and philosophies more what do you want to do, what do you think is right?

**Raj Mahajan:** You mentioned clients. And I know that you spend a lot of time with clients day to day. Can you tell us a little bit about why that's so important to you in your role? And what are some of those discussions like? What are some of the conversations that you're having with clients?

**Raffaele Savi:** I think, you know, I know it sounds a little sappy and my team jokes about the fact that sort of sometimes I'm a little cheesy and sappy. But, you know, this is true. Anyone that is in this industry knows that you get smarter every time you have a client interaction. I never

had a client interaction where I didn't learn something. Sometimes a lot. Sometimes a little. Some are very pleasant. Some are less so. But they own the use case.

Ultimately, we manage money. It's not our money. It's their money. And many times, it's their ultimate principal money. And that's one big advantage. They really understand what they're trying to accomplish.

The second is they see everybody. And no matter how good of a year you had and how sophisticated your team is, there are a lot of really smart people out there that are doing really well, they're doing cutting edge work. They develop organizations with great cultures. And you know, to try and be additive to that to win business, you know, you need to raise your game. And I think that type of interaction is absolutely necessary. And yeah, I love every second of it.

**Raj Mahajan:** That's well said. You've worked with a lot of the leading minds in the industry over the years. Can you tell us about what are some of the common properties that the very successful systematic investors have had?



**Raffaele Savi:** There are various ways of being successful. You know, when I was younger, I really thought that there were these top cognitive abilities. Peak speed was everything. And you know, I still think it's very important, especially for certain parts of what we do of the investment process, the forecasting process, building systems.

I think you have to match that with curiosity and open-mindedness. And so, I've found that some of the best people, the smartest people, I know the most accomplished people I know are bizarrely open minded on topics they know all about. They've written the books. They've trained generations of sort of professionals. And yet, you know, they can have a discussion on that topic, listen to a new opinion, inviting new opinions. That, to me, is remarkable.

**Raj Mahajan:** That's really cool.

**Raffaele Savi:** Yes. It's that open mindedness combined with sort of the intellect that I think sort of makes miracles.

**Raj Mahajan:** Speaking of getting smarter from spending time with clients, at one of our recent lunches,

you were describing the industry as a West Coast and East Coast philosophy. And you weren't talking about rap music or anything like that. But maybe for the listeners, maybe elaborate a little bit on that model for how you've thought the industry has evolved and what are some of the implications of that?

**Raffaele Savi:** Yes. So, this is a little bit along the lines of we shape our destiny. But, you know, it also matters where you're coming from. And when you look at quantitative investment, systematic investors, and half jokingly I say that if you could do like genetic tests of everybody in our industry, us or our competitors, the new entrants, the big ones, the small ones, you'd essentially find two rules. One is trading desk of investment banks. And that's where sort of the first that our strategies are born from. That where modern HFT comes from. And it was from the origin long/short. It was from the origin numerical. And it attracted people with computer science backgrounds, hard sciences, physics, math. It had investment in data and technology from the very beginning. It was also interestingly devoid of economics, theory, finance, accounting, corporate strategy. None of that.

And that turned out to be the dominant model in hedge fund space. And that's where the DE Shaw and Renaissance and the Two Sigmas and sort of some of the best in that space are coming from. And I call that the East Coast because of the New York origin. Actually, you can trace a lot of state people coming exactly from investment, maybe having their formative experience on the desk of an investment bank and then starting their firm.

Then when you're looking at, you know, what I call the West Coast, University of Chicago--

**Raj Mahajan:** Fama-French.

**Raffaele Savi:** Fama-French.

**Raj Mahajan:** Students.

**Raffaele Savi:** DFA. AGI. AQR. Barra. AXA Rosenberg. You know, the PanAgoras, the Arcadian. A lot of those tend to be much more about starting at least from risk premium. Starting from what today we call factor investing, looking at these anomalies. And these firms ended up dominating in long only. And you know, when you think

sort of why that could be, I think that if you trade fast, I like to say nothing really happens in the next five minutes.

And it's not always true, but by and large, you know, the impact of macro economic change on the next five minutes is zero. You don't need to think about rates. You don't need to think about GDP. You don't need--

Now, of course, if your time horizon is one year, a lot of things happen over the next year. And a lot of things happen also over the next six months. And so, I think it's interesting that, you know, when you're looking at incredibly successful, talented firms, when they're trying to move beyond their natural time horizon, they struggle. And then your clients say, "But why? They have this incredible system. Or on the other side, they have these incredible insights." And I think it does come down to a little bit specialization, but also talent.

If you go on LinkedIn and look at what people in these different firms have studied, you'll see to this day that there's this very big dichotomy versus the hard sciences heavy firms and the economics and finance heavy firms.

**Raj Mahajan:** That's interesting.

**Raffaele Savi:** And the two shall not cross. And we've built a bit of a hybrid. When I actually look at our team, we're this weird 50/50 sort of blend. And the first few years in moving from a pure finance, accounting, economics to computer science, statistics, math, what wasn't easy. So, the 2008 to 2012/'13 were interesting years culturally for the team. But then we ended up hitting on this very nice blend. I was about to say perfect. It's perfect for me. But very nice.

**Raj Mahajan:** That was actually one of my next questions, is what really differentiates you and BlackRock Systematic. But I think you just answered the question, which was this blend of both approaches. That's super interesting and a great insight. And the thing you're most excited about, which makes it a good opportunity to pivot to the lightning round.

I want to ask you in this lightning round, the first question is we usually ask what was the first investment you made. But I'll adjust it here. What was the first model you built?

**Raffaele Savi:** Ah, well I've got two stories for you. So, the early, the Italian part I remember doing back then there was no open source. And so, you had to code it all up from scratch. And so, I remember building a risk model from scratch--

**Raj Mahajan:** Fortran?

**Raffaele Savi:** In the mid '90s. It was a combination of sort of MATLAB and C++. And I was so proud. And you know, people in my team today would laugh at me if they saw it. But back then, I was so excited about it.

**Raj Mahajan:** That's cool.

**Raffaele Savi:** Yes.

**Raj Mahajan:** What's your greatest strength as an investor?

**Raffaele Savi:** Oof. I really think I'm only okay at this because I work with fabulous people. And that makes me think that investment seems to be an industry where a lot-- there's the myth of the lead investor or the person that

makes the enormous call. So, I listen. I listen a lot. I want to learn from the people that I work with. And they are fabulous.

So, maybe relative to other folks in my seat, I do listen a lot. And so, I use more of the insights that the people that I work with have. And I think that's a big strength. Yeah.

**Raj Mahajan:** It's also very inspiring. What's the best piece of advice you've ever received?

**Raffaele Savi:** That if you don't take your work seriously, you can't expect other people to do so. And so, when I was younger, I loved idea. I still love ideas. And discipline has been what I've been working on every year, trying to be more and more disciplined about finishing things and delivering. And the older I get, the more discipline becomes-- it's the necessary twin of insight.

**Raj Mahajan:** What investor do you admire the most?

**Raffaele Savi:** I mentioned Richard Grinold and Ron Kahn a few times. But I've got to tell you this little story about them. So, one summer when I was finishing my

dissertation, I did a six-week Greyhound bus tour of the US. And my last stop was New York City. It was the first time I was in the US.

**Raj Mahajan:** Started in the West Coast and then--

**Raffaele Savi:** Yes. And that was like the mid '90s. Late '90s. '96. Something like that. Yeah. I went to the bookstore in Union Square where there was the NYU secondhand bookstore. I mean, back then there was no Amazon. It wasn't like, "Yeah, I like this book. I'm going to download it from the internet or order it." And I remember browsing the shelves. And I picked up *Active Portfolio Management*, the 1985 edition. Blue and purple. And I fell in love. I read it cover to cover.

And I've implemented a lot of that in my first job. And then, you know, life is crazy, I ended up working with Ron and with Richard. And what I think that is very special about that is that not only they figured something out, like a way to think about investment problems that stood the test of time, 30 years later it's still as modern. But they shared it.

And to me, in a world where sometimes there is a lot of



secrecy because you find a way, you build a piece of code--

**Raj Mahajan:** Sure, it's IP, yeah.

**Raffaele Savi:** This idea that you find a real smart, cool, very practical way of generating investment success and you share it with the world, I find it spectacular. And we've joked with Ron that that book, you know, made a lot of millionaires in this industry. And sometimes I meet people, competitors, firms, other people and say, "Oh, you work with Ron Kahn. Say thank you because I've implemented a lot of those ideas. And they work."

**Raj Mahajan:** That's very cool. I want to move to a couple of personal things. Like, where do you spend your time when you're outside the office?

**Raffaele Savi:** Family. So, I wish-- you know, the thing I like to do the most is spend time with my family. A little bit of exercise. And play guitar. And you know, in a time serious sense, I do all. But not really. That I could use more time for guitar and exercise for sure.

**Raj Mahajan:** Last question of the speed round, what

are you most excited about in the world right now?

**Raffaele Savi:** I was thinking about something similar a few weeks ago. And, you know, it seems to me that the world, people are really worried about a lot of things. And of course, you know, you go online and the things that happen around us are very scary. But every time you spend time with someone young, the interns come in for summer internship, in the team, the youngest team members, my kids, their friends, they are so smart. They're so kind. They are so creative. And I just think we're going to be fine. As this cohort makes its way through the workforce and in society and they shape what the world will be, I don't think that we can be worried.

And probably it's been like that for every generation. But I'm feeling very optimistic about every time I talk to someone sub-30, I'm like, yeah, the world is going to be a better place. They're going to make the world a better place.

**Raj Mahajan:** Raffaele, that's about a perfect way to wrap things up and very inspiring. And I've had a lot of fun doing this today.

**Raffaele Savi:** Me too.

**Raj Mahajan:** So, thank you so much for joining us today.

**Raffaele Savi:** Thank you, Raj.

**Raj Mahajan:** Thank you all for listening to this episode of Goldman Sachs Exchanges - Great Investors, which was recorded on July 29<sup>th</sup>, 2025. I'm Raj Mahajan.

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