

## **Goldman Sachs Exchanges: Great Investors**

### **The Growth Playbook: Goldman Sachs' Darren Cohen on Building a Growth Investing Platform**

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**Michael Brandmeyer:** Welcome to another episode of Goldman Sachs Exchanges: Great Investors. I'm Michael Brandmeyer, global head and Chief Investment Officer of the External Investing Group within Goldman Sachs Asset Management. Today I have the pleasure of sitting down with my colleague Darren Cohen.

Darren is the co-head and Chief Investment Officer of Growth Equity within Goldman Sachs Asset Management. I'm excited to talk to Darren about his career, his investing philosophy, and in particular, where he sees opportunity today.

Darren, it's a pleasure to welcome you to Great Investors.

**Darren Cohen:** Thanks, Mike. It's a pleasure to be here.

**Michael Brandmeyer:** So Darren, this wasn't destined. You grew up in Texas. You're from a family in the jewelry business. And it really wasn't on the radar to be a tech investor when you were growing up. Talk about your formative years and how you got into it.

**Darren Cohen:** Sure. Yeah. I never had anyone around me that was in finance, period. I happened to go to school at Emory. I was in the south, again not close to the epicenter of Wall Street. This was in '96, graduating, the internet was coming to be, and I always thought I was either going to be a philosophy professor or maybe a lawyer.

And I thought taking a few years off would probably be healthy and ended up going to work at Andersen Consulting, which put me right at the epicenter of the crosshairs of business and technology. Amazing training program. I did that for two years and then realized that I became more and more obsessed about the capital markets.

Now you're talking about '98. The internet had really come to the forefront. It was captivating everyone's imagination. And had the opportunity to work at a boutique investment bank in DC. I did that for a few years and then had the opportunity to transition to Goldman, where I was part of the Goldman research team in 2000.

So for that formative period, I got immersed in technology and then effectively learned finance in the capital markets as a research analyst, which was an amazing training ground and gave me a chance to speak to some of the best investors in the world.

**Michael Brandmeyer:** So you were in research at Goldman Sachs, it's the late '90s and early 2000s, the technology space is really heating up. Tell us about what that experience was like.

**Darren Cohen:** Yeah, so if you go back to the late '90s, the research analysts were at the epicenter of a lot of this activity. It was an incredibly frenetic, exciting place to be. The role we played in helping to understand these companies, value these businesses was kind of instrumental to the evolution of a whole new category of great high growth companies.

So I lived through that transition. Now, obviously the world changed very fast in 2000 what was effectively the beginning of the tech bubble bursting. And so for a very brief period early in my career, I had the chance to experience both the hyperbolic kind of upside of one of these moments, but then also from the next two to three years lived through the other side to the equation.

And I think when I look back in my career, that was probably some of the most informative and valuable lessons I learned post that cycle about valuation, about diligence, about earnings quality, about understanding macro cycles. So it was an incredibly intense four-year period.

**Michael Brandmeyer:** Yeah. As an investor, it's so critical to have experienced the cycle. And it's interesting in tech. There's really been two big cycles. You had the 2000 bubble bursting and then you had a very long run, almost until 2020/2021. You had a couple mini-cycles, in between, but it was a very long cycle and I just think it's invaluable to have had that experience. What were the couple of the lessons when you look back, that you carried forward from the '99/2000 period?

**Darren Cohen:** Yeah, so if I go back to '99. You know, the thematic around how the internet was going to be transformative obviously proved to be true. You could tell it at the time, but there was that period of probably two years of irrational exuberance where the company's valuations just completely detached from the fundamentals.

And I think as a young analyst, you really did believe the world was different in '98. And this is a whole new paradigm. And whether it was eyeballs or units or whatever underlying unit economic you could justify the valuation. And I think in hindsight, you realize you know, markets do go through cycles and really understanding “What does a peak of a cycle feel like? What does a trough of a cycle feel like?” It kind of comes back to Howard Marks and understanding where are you in the cycle, but also knowing that you can't really predict the cycle. And I think just having that experience. Some of it is subjective, some of it is quantitative, but being much more attuned to it.

I think when I look at my career and, you know, I view the great financial crisis as my third cycle. So I almost, I've lived through three cycles in 25-26 years. And tech,

because of the beta, is always hyper volatile. It's definitely made me much more attuned to appreciating what are the dynamics and how do you pivot your strategy at the top of a cycle so you can play defense.

When do you get aggressive? And again, never with a prescient view of, "Oh, I know exactly where we are in the cycle." But it's just more of an understanding of, you kind of know what a top of a cycle feels like. You want to play defense, you want to double down on diligence. I would say the one or two things to me that stick out from the 2000 period was, building a framework to assess upside and downside, and coming out of 2000 as a research analyst, we actually did that. We started to build three models in every company, trying to gauge actually if things go right, what could go right, and where could the valuation go if things go wrong, how much downside risk were we taking on?

So looking at risk-adjusted returns, I'd say that was probably for me, the greatest lesson, and it was something that has stayed with me for 25 years. Even today as a growth equity investor, we build three models, we look at upside convexity, we look at downside

protection, and I think for me, that was built out of that 2000 period.

I'd say the other side to the equation was more around primary diligence. So if you look at the late '90s, a lot of street research was very much reflective of management's view of the world. When you went into the crisis or you went into 2000, the bubble burst, I think it taught everyone to be more cynical, to do more primary research.

And I think for me, that was the sort of second part of the foundation is going deep into industries, doing channel checks, talking to customers so you can build a much more well-rounded view of an investment opportunity. And I think that has actually played out to be very true even today.

**Michael Brandmeyer:** I'd like to come back to that, but first, let's talk about you, got bitten by the investing bug, not only the technology bug, and so you actually left Goldman Sachs for a few years to work at a hedge fund. What was that experience like?

**Darren Cohen:** Yeah, it was, again, super stimulating. So to go from the sell side to the buy side, I always knew I wanted to move to the investing side.

For three or four years I was at a great hedge fund, a TMT fund that actually invested globally. I would actually wake up at 2:00 am. Because the market's traded globally, digest the, you know, overnight news from Asia or Europe and then work through the day. And I think being at a hedge fund, you're at the epicenter of a lot of information flow.

When you're at the hedge fund world, you really are seeing a lot of different divergent viewpoints and sometimes consensus views, so you know, another great learning curve. The other dynamic that I think I really learned when I was on the buy side, particularly in the public markets, is making money is so much more than just good fundamentals.

It's about understanding positioning, macro cycles where you are in risk, and the sensitivity you have on mark to market and month-to-month performance.

**Michael Brandmeyer:** Yeah.



**Darren Cohen:** Dramatically increased the intensity with which you looked at valuation and where were the consensus numbers and what could a small miss mean.

I covered tech companies and if you were off by 5%, the stock could be down by 30% or 40%. So in terms of just, I had modeled for 10,000 hours prior, I think you just doubled down all your efforts and primary research on modeling and understanding valuation and convexity and upside and downside, so it was an incredibly intense experience.

I was traveling around the world. Consistently. And then one day I had my first child, Phoebe, and I realized I didn't want to do that for the next decade. And I wanted, I loved investing, but the short-term volatility was something that I wanted to give up and do something more long term and build companies. And that sort of explained my transition back to the firm into strategic investing.

**Michael Brandmeyer:** Yeah. One of our prior guests on the show, Tony Kim, who runs public investing at BlackRock, talked about how the private markets always at the end of the day, mapped to what's happening in the public markets, forget that, right, to your detriment if

you're a private investor. So it's a huge lesson. Now we came back after you, after you were at the hedge fund for three or four years. Was that 2007 or '08?

**Darren Cohen:** Yeah, 2007 I come back to the firm.

**Michael Brandmeyer:** Right. So we came to get you back to focus on more strategically important investments to Goldman Sachs, so the mandate, I believe, was to both make money and to do things that were strategic to the firm. Talk about that transition and now into becoming a private market investor.

**Darren Cohen:** Yeah, so the transition back to the firm was great. Still had a lot of familiar friends and people that I was close to when I was in research, but I think what was really amazing is the mandate we had in strategic investing was really unique.

We had a huge range of options to help effectively accelerate the firm's digital transformation. At times, we were investing in minority companies. These are hypergrowth, fintech companies, even before it was called fintech and enterprise software. Sometimes we're building companies, creating companies with colleagues, with peers, with competitors.

And it was at a really unique moment in, I would say, the capital markets evolution where asset classes were moving from analog voice trading to digital exchange trading. And our team was designed to be at the forefront of that and help our businesses make those transitions. So when rates and credit and equities all moved to electronic, what were the platforms?

What were the protocols? How would we make this evolution in this shift, which could be very disruptive. I was very fortunate to work with, I would say, a SWAT team of colleagues who had very different backgrounds. Some were traders, some were engineers. And I think for that collective group, I brought more of an investing framework to it together. But as we brought these different views together, you know, if I look at what happened over the 10-year run from when we started and sort of where we exited at first it was a few hundred, it became a few billion dollars by the end of it.

**Michael Brandmeyer:** Yeah.

**Darren Cohen:** A lot of that was just appreciation. And we had built exchanges, trading technologies and platforms. And as an investor who loved investing, moving to the private side and actually working with

these leadership teams to build these businesses, and then watching those businesses ultimately transform how these asset classes traded, was just super gratifying. And I look back at like the pre-crisis, the financial crisis post the financial crisis, a lot of the assets we helped build ultimately endured through that period. And they became solutions that have, honestly, even through crazy volatility, enabled the capital markets to still be very liquid. So it was a pretty, pretty awesome experience

**Michael Brandmeyer:** Right I mean, that's really the ultimate where you find great assets and you can do a lot to add value to them. So we'll come back to that in a minute. It's now 2018, you're asked to run a broader platform of growth investing at Goldman Sachs. How is that transition and how did that change things?

**Darren Cohen:** Yeah, so that was definitely a more of a step function shift. I had been, for the most part, very focused on building and scaling these companies and more as a active investor, deeply embedded in these businesses.

I think when we transitioned, and this was part of a larger firm transition, to move from proprietary investing to fund investing, growth was part of that transition. It

gave me a chance to step back and work, to be honest, on a much bigger platform with a much broader investing group, but also with a pure investing mandate.

So there was no strategic rationale. But my role had shifted at that point. It was less about me in the middle of the trenches of building a company more around, I would say, evolving to building a platform.

And I think about that platform from like an LP perspective. How do we generate really consistent returns through cycles? Retaining that risk DNA and that risk management and growth, that was sort of one vector. The second was, okay, look, we're going to have, we want to attract the best founders. How do we build an operating capability that enables us to scale with those founders through time?

And then the third was how do you create an amazing investing culture and keep and retain the best investors? So that's, you know, if I look at the last six years, that's pretty much I've been focused on those three dimensions, bringing them all forward.

**Michael Brandmeyer:** You know, one of the things I love about our conversations is how you talk about growth

investing. And it's so different than a lot of the other managers that we invest in. And I think it's really born in this framework and just your background as an investor. Talk a little bit about how you think growth equity investing is actually misunderstood in how you frame it.

**Darren Cohen:** I think the challenge with growth is it ends up crossing over multiple different asset classes and strategies. And so the nature of growth, depending on the growth manager, can be very different. So there's venture funds that build continuation growth funds. There's private equity funds that build growth equity funds. There's hedge funds that are building crossover funds. And so I think the risk profile, the way these strategies evolve, can look very different depending on the nature of where you approach it.

And so when you think about like special asset classes, the asymmetry that you can achieve in growth, I think is unique in the way we, at least we approach it.

And then when you look at the assets we have to work with to help build and scale our companies, this is where it's actually been a really interesting journey. Started six years ago, we knew we wanted to build an operating platform, but what we didn't know as a minority investor

is, would our CEOs and founders want to actually absorb that talent?

There's a whole series of best practices on how do you build and scale software. It could be product and technology, or it could be finance and strategy. So we have these amazing advisors who have deep domain or functional expertise. And then we add to that I would say domain experts in fintech, healthcare, and enterprise software that have much deeper backgrounds. Even our best companies are facing challenges at different points in their growth curve. And if you bring in the right advisor at the right time, there's nothing formulaic about it. It can be really constructive.

**Michael Brandmeyer:** Let's talk a little bit about the growth environment today. Now I think we really have to start today with what happened in '20 through '22 and the hangover that is still out there. And I think maybe some of the perception or misperception, which is well grounded because there was a real go-go element to that. Things did get way overvalued, and to some extent that set up the foundation of the opportunity today. Talk about your perspective on that.

**Darren Cohen:** Yeah. It's been another epic volatile ride. So you go back to the pandemic and at the time of the pandemic, you know, there were very few places in the world that you could invest with conviction and confidence, and software happened to be one of them.

Everyone knew there was just a massive acceleration of tech spend, so you felt comfortable backing that as an asset in public or private markets. And with rates at zero or close to zero, you saw multiples go from roughly 10x forward revenues to one day 15. The next year it was 20, and then at the peak it was 30 or 40 times revenues for the best hypergrowth companies.

And that happened in the public markets. It happened in the private markets. So you get into '21 and into '22, the rate environment starts to change, geopolitical risk starts to surface. And the whole momentum that drove it up started to unwind. And the leverage unwound in a very dramatic, accelerated way, which reminded me a lot of 2000.

So, you know, during into that period, a lot of people were like, no, this is nothing like 2000. These were better fundamentally strong companies, but the multiples were hard to justify.



**Michael Brandmeyer:** Right.

**Darren Cohen:** And you could feel it.

**Michael Brandmeyer:** You had crypto, you had a lot, a lot of other stuff that was pretty new.

**Darren Cohen:** You had crypto, you had people issuing term sheets on one meeting. You had people doing no diligence. These were all the things that I just remember were happening in 2000. I'm like, okay, we can't do this. We've got to play more discipline and more defensive. So the world corrects pretty aggressively. Rates start to rip. Obviously, credit starts to look more interesting, and we get into like the '22, '23, '24 cycle.

And now multiples have normalized to historic levels around eight to 10 times. And then all of a sudden people started to go back to their core, I'd say their core strategies, and there was more oxygen, valuations came down.

**Michael Brandmeyer:** Well, many tourists got washed out of the game.

**Darren Cohen:** A lot of people got washed out. I would say the mentality of founders really changed. And it

wasn't like who could issue me a term sheet faster? It was like, who do I want to be my long-term partner and why? But also just being very CEO and founder focused to be there for our businesses and our founders. And I think, you know, to me it was always, this is an industry where reputation means everything. And in those kinds of periods of crisis and distress, that's when you kind of build your reputation.

Now the big question for everyone is just when is liquidity going to come back in? Because right now there isn't a liquid dynamic where there's a standoff between the private companies not wanting to go public. But I think you're starting to see a glimpse of a real shift in that mindset and mentality, and I think there's like many layers to it. I don't think it's just as simply as, oh, we've had a one or two good IPOs.

You've got late-stage software companies. Where the employees and the investors are putting a lot of pressure on the founders. At some point I need liquidity. So that, that dynamic didn't exist three or four years ago.

You're seeing the convergence of private and public valuations. So now we're in a period where you actually get paid to go public. You can get multiple expansion.

What's also happened in the last five years is, the magnitude of high-growth software companies that are investible in the public markets has dramatically constrained. And so what's happened is as high-growth companies come into the public markets, they get a very strong bid. And many of them have traded at two to three X as they've gone public.

And so I am hopeful that that transition will end up in a much more, I would say, healthy private-to-public transition. I still think private companies are going to stay private for longer.

**Michael Brandmeyer:** Yep.

**Darren Cohen:** But once they get to \$20 billion or \$30 billion, it feels like we're part of a journey where maybe they are ready to go public. And if we can get that part of the cycle working, liquidity can come back in, and you'll get the recirculation of that capital.

**Michael Brandmeyer:** Yep. Let's talk for a minute about what's really exciting today. Now, when I say today, you're focused on five and 10 and 15-year secular themes, but what are the couple of the areas where you're finding particularly great opportunities?

**Darren Cohen:** Yeah, it'd be hard to avoid the AI topic because it's become so real and so ever present. I would just say before I jump into the sector thematics, at least from what we see, I think we take a, maybe a slightly more balanced view, is I don't think SaaS is dead. I think we're seeing amazing SaaS businesses absorb AI in a speed at which they're going to have a real competitive advantage as they bring those solutions to market.

And so I view this transition very differently than I do call it cloud computing, where if you were a legacy software vendor and you had to rebuild your application for cloud, that was very disruptive, and the business model shift was very disruptive. So that's actually pretty exciting. It's just, I look at it in our legacy portfolio and I'm like, wow, these are amazing evolutions that are going to ultimately unlock more value. And then there's the other side of the equation, which is just the productivity curve of engineering has just gone hyperbolic.

**Michael Brandmeyer:** Yeah.

**Darren Cohen:** Watching what's happened in the last six months. So I think there's a series of investible themes just in core SaaS. One example would be in fintech, if

you go back to like where we started the conversation, strategic investing, there's one asset class in the world that hasn't gone through a digital transformation, and that's alternatives.

**Michael Brandmeyer:** Right.

**Darren Cohen:** And so the thematic around building and backing infrastructure for alternatives just feels like that's a, it's easily a decade...

**Michael Brandmeyer:** Yes.

**Darren Cohen:** ...to run. So that's, that's one example, I think, in enterprise software it's the entire evolution of the AI infrastructure. It's the tooling, cyber, it's the agent frameworks. It's, we're dealing in a multi-cloud world. The beauty of that thematic for us, as we see it through the lens of our engineers. So we have an amazing group of engineers helping us try to figure out which of these themes have, I would say, consistency and endurance to them and who are some of the best vendors.

And then last but not least, healthcare technology. It's an area that historically we didn't invest as much in. But if you look at the transformation post COVID of how

healthcare is absorbing innovation, it's been a seismic shift.

**Michael Brandmeyer:** Yeah.

**Darren Cohen:** You're seeing just innovation curves in healthcare technology move very fast. We also love it because it's a complicated, very messy ecosystem. It reminds me of fintech like 15, 20 years ago.

**Michael Brandmeyer:** Yeah. It's amazing when you look at those two sectors. So you take the alternative space or you take healthcare, it's easy to be very excited about what can happen, but you forget how many just fundamental building blocks need to get put in place in the infrastructure. And it's not sexy, but it's what needs to be built. And there's so much value to be driven in that area.

**Darren Cohen:** Yeah. People worry about like, have we solved all the big problems? Are these spaces too saturated? I'm like, no. When you go deep, you realize there's just a, you know, another decade to go.

**Michael Brandmeyer:** Yes.

**Darren Cohen:** To start to go after all these inefficiencies and all these ecosystems.

**Michael Brandmeyer:** Okay. We're going to pivot to our lightning round, our traditional way of closing this podcast. What is the best piece of advice you've gotten?

**Darren Cohen:** Look, if I just extrapolate that, not just to investing, I had the chance to work for Marty Chavez who many of us know. Marty was our head of technology, our CFO, and he was really thoughtful about how he made decisions.

I would say the most valuable advice I'd ever received was from him, and he talked about when you're in a difficult decision to come up with a decision based on your values, but what ultimately gives you peace of mind. And it's just that simple concept of what is peace of mind, really, it's a clarifying concept for every decision you have to make. So I'd probably say that's probably the most influential.

**Michael Brandmeyer:** Yeah. Marty obviously a very special guy. Which investor do you admire most?

**Darren Cohen:** Oh, there's lots of them. You know, I've been a student of investors because I never was classically trained, so I was just constantly absorbing, watching and, you know, learning from great investors all around us. But the one that probably made the biggest impact was in the late '90s. I read Benjamin Graham's *Intelligent Investor*. It was like, that was the iconic book that got me into the whole thing. And then you appreciate his role in the broader arc of Buffet and others, but it's, you know, even though ironically, I'm not a value investor, I'm a growth investor, just the concept of like, there's a margin of safety. You have to understand risk and return and value, those principles are pretty timeless.

**Michael Brandmeyer:** And what do you do outside the office?

**Darren Cohen:** I'm, let's see. I'm actually pretty boring. So what do I do? I spend my time with my family. I have a one-year-old puppy named Yogi, a Bernese mountain dog. And then Mike, as we were saying, I love to play tennis. I love to play sports.

**Michael Brandmeyer:** Great. And finally, what are you most excited about in the world today?



**Darren Cohen:** I genuinely, and as much as you know, I think it's cliché, I'm super excited about this paradigm shift with AI. Not just, you know, the investible opportunity, but how it's changing the way we invest. It's pretty game changing and then ultimately it's going to have this huge transformative effect on the world. So it's hard to look at anything that could trump that.

**Michael Brandmeyer:** Amazing. Darren, thanks for joining me today.

**Darren Cohen:** Thank you, Mike. Appreciate it.

**Michael Brandmeyer:** This episode of Goldman Sachs Exchanges: Great Investors, was recorded on August 11th, 2025.

I'm Michael Brandmeyer. Thank you for listening.

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