

Goldman Sachs Exchanges: Great Investors

‘Who’s the Next Winner?’: Diameter Capital’s Scott Goodwin

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Michael Brandmeyer: Welcome back to another edition of Goldman Sachs Exchanges: Great Investors. I'm Michael Brandmeyer, global head and chief investment officer of the External Investing Group at Goldman Sachs Asset Management and your host for today's episode. Today, I'm delighted to sit down with Scott Goodwin, the co-founder and managing partner of Diameter Capital Partners. Scott, alongside Jonathan Lewinsohn, established Diameter Capital in 2017, building an alternative asset management firm which now manages approximately \$25 billion in assets.

Diameter Capital is best known for its distinctive approach to global credit markets, investing across the entire credit

spectrum from investment-grade to distressed assets in both public and private markets. I'm excited to talk to Scott about his career, the long-time Goldman and Diameter partnership, his investment philosophy, and how he's navigating opportunities across the credit spectrum today.

Scott, great to have you here.

Scott Goodwin: Thanks for having me, Mike. It's a real privilege.

Michael Brandmeyer: So I want to start today talking about today's credit landscape. Right now we're talking about spreads are at about 3% of the 90th percentile. The private credit markets are wide open, you might even say booming. And defaults overall seem like they're relatively in check despite a couple of high-profile defaults. So the high-level stats are looking pretty good, but there are a lot of signs of stress out there. So you guys are professional skeptics. You make your money by looking at the downside and forecasting the downside, and you've done so successfully for a long period of time. Where are you seeing -- I don't know if it's a canary in the coalmine -- but

where are you seeing the signs of stress?

Scott Goodwin: Sure. We've been spending a lot of time recently -- and my partner John Lewensohn, who I founded the firm with, spends a little more time on this than I do. He's more on the research and macro background. But we spend a lot of time on the consumer in the US. Everyone knows the low-end consumer has been doing poorly. That's been true for a number of years. Now that's crept into the 20-somethings who aren't getting jobs out of college.

But what's interesting is if you ask the large banks, the JP Morgans, the BofA's, "How is the consumer doing?" their data would tell you that credit balances aren't up that much. Yes, people aren't paying their student loans because you didn't have to pay for a while and now those got turned back on, so default rates have spiked there. But generally, things look okay.

What we see is -- and this is another element of private credit -- the online consumer lending, the Upstarts, the SoFi's, these are huge companies now, that's grown by 700% in the past five years.

Michael Brandmeyer: Yeah, remarkable.

Scott Goodwin: So those are loans that aren't on bank balance sheets, ending up on insurance company balance sheets in many cases through ABS. And they're not showing up in the credit data in some cases.

Michael Brandmeyer: Right.

Scott Goodwin: So how levered is the consumer? We know what the spending is, but "How levered is the consumer?" is a question we're really focused on. And then in the US, you're in this housing recession since the big inflation spike in 2022 that we're still in. We're not producing the number of homes we had been historically, both new home sales and existing are terrible. And we're bouncing along at a really low level right now that is interesting because there's a lot of debt in the LevFin market in that sector, and we think there's an opportunity there as the Trump administration and others do things to unlock the velocity of the housing market to put capital to work. So that's a space we see issues in.

And we like to think about where are there cyclical issues? Where are there secular issues? That strikes as a cyclical. Some of the population growth arguments might say they're very long-term secular issues, but I think you need a cyclical balance first.

Other things we see in the macro, everyone's been focused on Ozempic. And really that's been a good thing for humans, but it's starting to be a bad thing for some levered companies, especially you're going to have a pill next year or the GLP-1 pill which will lead to an even higher penetration rate. We were comparing it to statins. And if you just look at the statin penetration curve, GLP-1's are way above that curve. And socially, it's probably something that you're more likely to take a GLP-1 than a statin for certain reasons. So if you see that penetration happening and you look at the demand for wine bottles, beer cans, things like this, some of these packaging companies that make the labels are really struggling. And that was a sector that --

Michael Brandmeyer: Chips, junk food, all that kind of stuff.

Scott Goodwin: Yeah. That was a sector that people would lend to without even thinking about it. It was a really safe sector. All of a sudden, there's a secular problem in that sector. A lot of credit investors who are index hugging or ratings focused tend to just, "Did I get my coupon? Did S&P and Moody's change their mind? Is management saying anything I'm concerned about? Okay, I'm fine."

We really want to approach credit from more of a total return perspective, more of how an equity long-short fund would. So what's happening in this industry from sector macro over the next three months, six months, 18 months, 24 months? And what is that going to mean for security prices in individual companies? What's going to change?

Michael Brandmeyer: So it sounds like on the macro there's a lot going on. There's signs of stress. There's a lot to do. I want to come back to some of the thematics, but you started to talk a little bit about your process so I want to go there next.

Scott Goodwin: Sure.

Michael Brandmeyer: One of the things that I think is interesting about you and John is the relationships that you guys have across the street, you have relationships with David Solomon on down at Goldman Sachs. So one interesting I think example of how this really benefited your investors is Twitter. Tell us that story.

Scott Goodwin: Sure. So Twitter is a booming company these days, but for a few years it was a hung deal. Elon Musk controversially took it private, cut 75% of the costs.

Michael Brandmeyer: That's right.

Scott Goodwin: And EBITDA is now on its way back to two billion, but we had done a lot of work on it. There was a syndicate of banks that owned it for a few years, and they were clipping a nice coupon, 10, 12, 13% depending on the piece of debt. And the numbers cratered, but we were pulling online data, scraping the data, trying to figure out what the ad dollars were that were going to Twitter. And we saw in Q4 of 2024 that they were really starting to inflect, not only after the election but also before.

And then that led us to say, "Hey, maybe there's going to

be an opportunity for this to come to the public markets. Maybe the banks are finally going to sell this risk." So we started proactively engaging with a couple of the banks, one in specific that was the largest holder of the debt. And we were saying to the bank, "Here's what we think the earnings are. We have this data that we're pulling from public ad data," just like you would look at how many subscribers META has. Like an equity long-short fund would be looking at how many Facebook subscribers are there, how many Instagram subscribers are there and making bets on that. We were pulling that same data.

And we also have sought out LPs, family offices in sectors like tech or health care, that can really help us be smarter on forward-looking trends. So it just so happens we had a couple LPs, large family offices, that were also investors in X, or Twitter. So we worked with them on the underwrite, and we went into the banks and provided them a bid. And they selected two people to do a transaction with at low 90s, kind of low teen, 13-14% yield on the credit, which the credit we thought was sub 50% loan to value. Now on a mark-to-market basis post the merger with xAI, if you look at where xAI is rumored to raising capital around 230 billion right now, if not higher, the Twitter debt is

something like 5% LTV or 10% LTV. So it would be really off market at 13%.

But we thought there was an interesting opportunity. It's not rated. It's not going to go into any indices, but it's not at the right price. And we don't look at ratings, we don't look at indices. We want to price things ourselves and then see what the constraints are.

Michael Brandmeyer: And also I just think it's interesting how you and John were able to create the transaction with those relationships. The one thing is the insight on the credit. The other thing is actually being able to make it happen.

Scott Goodwin: Well, we believe in being very transparent with our bank partners, with our LPs. And part of being transparent with our bank partners is we share our research with them. We try to make them smarter, help them win deals. And in this situation, we were trying to make them smarter on X. And I think that helped to win the transaction.

Michael Brandmeyer: Yeah. So staying on the topic of

tech, we were talking a little bit ago about AI. And everyone loves to talk about AI in the context of the LLMs, about all the infrastructure plays, but you've got an interesting take on it in what is going to happen to the software market in the AI world. So let's talk about your sector views there.

Scott Goodwin: Sure. AI is -- we like to talk a lot about micro cycles. This is, as my partner John likes to say, this is a super-duper micro cycle that will outlast many investing careers. Hopefully not ours. So we actually started with AI in 2023, and obviously everyone was starting to use ChatGPT, trying to figure out what the impact was going to be. A lot of people were buying Nvidia stock. Our investors were not paying us to do that, so we did not have that option. There's plenty of ways they could get exposure to that.

Michael Brandmeyer: It's pretty good in retrospect.

Scott Goodwin: Should have bought it. But we were looking at, okay, who are the infrastructure players? Because there are a lot, in the levered credit markets, there's a lot of telecom infrastructure. There are going to

be big winners. And it was pretty clear to us, when you looked at what was a huge CapEx cycle for training these AI models, when people actually started using the AI for inference, to use it at Goldman or Diameter who are using it to model companies or to build a software agent, then it had to leave the data center. You weren't just throwing chips and information at it and power. It had to leave the data center. How would it leave? It would leave on the commercial fiber, the pipes.

So there was a company, a midsized telecom company, sitting within a larger distressed telecom company. And we bought the unsecured debt there in mid to late 2023 at 30 cents on the dollar. We thought we were buying debt that was two or three times covered, so we made it a large position. We ended up doing a transaction with the company to give them more capital.

Fast forward to 2024, they signed up 10-plus billion of contracts to provide large hyperscalers with access to the commercial fiber, and the debt's now at par. We take that a step further. We look at, okay, who's the next winner? If commercial fiber is going to be a winner, the spectrum's probably going to be a winner, too, because mobile data is

going to have a huge increase when you go from IoT to robots to cars, cell phones, Starlink, whatever it is. So we made a big bet on a satellite company that was the largest owner of spectrum in the US outside of the big telecom providers.

We then did another transaction with them, provide them more capital, secure assets against the spectrum. Fast forward to this year, they have now sold spectrum to larger entities and the debt back to par.

But if I think about software, what's so interesting about the training phase, it's a lot of CapEx. There's issuance right now in the investment-grade market. We've participated in a transaction where one of the hyperscalers, they guaranteed a debt deal, off balance sheet but back to back guaranteed, at 150 basis points spread to the underlying debt. So 75 spread or 80 spread on the existing bonds, 225 on the new debt. Really interesting opportunity, but we have confidence in the cash flow of that company.

We're also seeing a lot of opportunities in the chip finance space. Financing chips is something that we weren't really

thinking about doing two or three years ago. It wasn't on the notepad. There have been some people who were at the forefront of that -- we were not a leader there -- who made a lot of money. And now that opportunity set has become more broad-based. And you ask where we see strange risk being taken, we did a transaction with another partner recently where we were with the senior part of the chips, so amortizes over three years. Earned a double-digit yield. And then there's people taking the junior residual risk on these, and I just don't know -- we call up really smart people in Silicon Valley, we call up really smart people at big tech companies and ask them what the residual value is on these chips three, four, five, six, seven years forward. None of them have a clue. I don't understand making a multi-billion-dollar bet on that. That seems crazy to me. So we've tried to stay at the upper end of the capital structure on the data center and chip financings.

And then when you think about a big tech change, in my career when we've had huge technology changes, be they Amazon Internet, it creates winners and losers. Fracking, winners and losers, right? And the fracking is an interesting analogy to now with -- you mentioned software.

So you had fracking come along, shale boom starts right after the GFC. When I get to Anchorage, we're learning all these new issues. New issues in the Bakken, in the Mississippi Lime, in the Permian, all these basins. So we learned all these basins. You look at hundreds of credits. This is the model. Know the names, learn the credits, so when something changes you can differentiate and you can move quickly.

2014 comes along. OPEC decides to go to war with the shale players. Oil crashes. And when you have a sector that at the time was almost a third of the high-yield market and it starts to sell off, there's no differentiation. It is a high correlation selloff. People just want out. And they can't sell the bad stuff at 50 cents. That doesn't get them out of that much of their exposure. So they're selling the Permian bonds at 75-80 cents. Those went right back to par, as we all know. And the Mississippi Lime and some of the offshore stuff that was at 50 that we were looking at shorting went to zero. So there's real dispersion.

Michael Brandmeyer: So ChatGPT going to war with the software players?

Scott Goodwin: Well, it's really interesting. You don't have an oil price going up and down like that, so the cycle now will be a little bit of a slower bleed. But if you look at LevFin private credit, about one third of that market is software SaaS, LBOs. And between high teens percentage of the syndicated bank loan, also SaaS. These have been great companies to lend to. Recurring revenue, not a lot of cyclical exposure.

If I look back at COVID, obviously the investment-grade opportunity, buying bonds in Goldman Sachs and big companies with very wide spreads in March of 2020, that was the first thing we wanted to do. But that opportunity was gone in about a month. And once that opportunity was over --

Michael Brandmeyer: By the way, I remember talking to the leader of one of the large tech buyout firms saying, "These things, we levered them to nine or ten times. You've got 95% retention. Like, these things cannot go into distress land." Well, here we go.

Scott Goodwin: So they were -- we were buying tons of security-based software loans because the levered loan

market, people were selling, they were getting outflows. We said we're sitting at home, we're not turning off our antivirus, this seems like a great buy. We bought those at 70-80 cents on the dollar. They went back to par.

You fast forward five years from then and the same security-based software companies we were buying and we exited at par, some of them are now distressed. Why? Not AI. Cloud providers went and took share from them because they were too levered and they couldn't move fast enough. most of those LBOs are pre GPT.

Michael Brandmeyer: Just think about that for one second. ChatGPT was not even being discussed in the investment world, not even talking about the public general, in general maybe some of the venture capital firms.

Scott Goodwin: Sure. The smartest venture capitalists were probably focused on it five, six, seven years ago.

Michael Brandmeyer: Exactly. The buyout firms in general were not even talking about that. I mean, it's an interesting point.

Scott Goodwin: No. And we've asked some of them, and they went from zero time with the IC to a quarter or half. Not just negative, but what are the positives? What are the negatives? It's a risk factor. I want to understand how I can win or lose from it.

So we focused on originating in our LevFin private credit business more of the post GPT SaaS deals. People are aware of the risk. They understand what the moat is. Maybe it's even a benefit. What concerns me is the vintage of deals, the vintage of LevFin private credit where LevFin private credit is going very fast in the late teens and early '20s. A lot of money flowed into the asset class. Many big public alts managers growing, issuing, doing every deal they could to raise the next dollar because the fees were very high. You end up with one third of your portfolio in one sector.

In credit, that's horrendous portfolio construction. In equity, I get it. You have convex upside. You can make a money multiple. Completely understand it. In either syndicated bank debt or LevFin private credit where you were issuing the debt at 98 or 99 cents on the dollar and

it's callable then at par, so you can make one or two points of application plus your coupon, I think it's almost criminal portfolio management or portfolio construction. You really need to think about what you're doing because defaults tend to cluster.

Michael Brandmeyer: It reminds you, you were mentioning in '13 and '14, what was happening in the oil and gas sector. I think oil and gas got up to what? Probably close to 20%?

Scott Goodwin: Yeah. Higher. Higher as a percentage of high yield.

Michael Brandmeyer: Of the index. And now it's probably less than 10%. Great example.

Scott Goodwin: Yeah. So I'm not saying all SaaS companies are bad. In fact, I think most SaaS companies will be fine. But the SaaS companies that got LBO-ed pre COVID and late 20-teens and through COVID weren't necessarily the S&P 500 largest SaaS companies in the world. They were in many cases 1-10 billion EV companies with not -- they were slower growth. Good growth but

slower growth. And ripped out some costs, changed the go-to-market model, do some M&A, re-IPO, sell to their private equity guy. It's been a great repeatable strategy for many private equity firms.

But the issue is it's not -- when that starts to go bad in SaaS, when you start to churn subscribers and your retention goes from 98 to 95 to 90 -- and we made a mistake in a SaaS investment, Diameter, in a software investment in 2018 when they started to lose subscribers. We doubled down on the distress. We learned our lesson. When these things start to go bad it's not like you have oil in the ground. That cash flow scheme goes away. And the docs on a lot of these loans aren't such that you can take the asset for a very long time. They're weaker docs. So I would be concerned about what the eventual recoveries are going to be even if the default rate is an extreme. We do expect increasing defaults there but also very low recoveries given defaults.

Michael Brandmeyer: So Scott, are you in the mode of finding lots of active opportunities right now? Or is this the Diameter period of get to know everything and wait for the opportunity to come to you?

Scott Goodwin: In the software space?

Michael Brandmeyer: Yes.

Scott Goodwin: In energy in 2014, we were shorting because they were high-yield bonds. So you could go and say which of the companies that are at the highest on the cost curve had the worst economics? Short those.

Here, most of them are in not in shortable asset classes, and they're sponsors that we wouldn't want to short their credits anyways. So you're in syndicated bank debt and private credit. You can't short those asset classes. There's no borrow in them. So it's learning a lot of credits, knowing the names, which is our model, having that CLO business and private credit business sitting next to each other, research cross-functional across the two, understanding as many credits as we can so that, if there is a time when the tide goes out on SaaS, we'll have an opportunity in our hedge fund, in our drawdown fund, in our CLOs, in our private credit business to buy the good businesses at the wrong price. Similar to what happened in energy.

Michael Brandmeyer: I'd like to pivot again and talk a little bit about the origin story of Diameter. We go back together as firms, and I'm proud to say that we were, at a minimum, early in getting behind you and John. But tell us about the story. I think it's a good one.

Scott Goodwin: Sure. So John and I, as we talked earlier, met at Anchorage in 2010 when I joined from Citi. He had been there for a few years, and he had been named head of research. So he sat on top of the research. I sat on top of trading. And we both helped manage the portfolio along with the guys that founded that firm.

We started as early as 2011 going to breakfast. We have sons that are the same age, and we both lived in Tribeca. Going to Bubby's, which is a famous restaurant in Tribeca, and pancake inflation like you've never seen.

Michael Brandmeyer: People wait in line for an hour every weekend to have \$35 pancakes.

Scott Goodwin: Yeah, amazing.

Michael Brandmeyer: You know, welcome to New York City.

Scott Goodwin: And we would go and have breakfast with our sons and talk about credit. And John at, like, one of these breakfasts after about a year of being together at Anchorage, said to me, "You know, I think we should start a business together." And I said, "Well, that sounds great, but I don't know if I'm ready." You know, I've been here a year. I need to learn more.

But we kept talking about it. And we had a deck in 2012. And then in 2013, he had decided he wanted a different challenge, and he went to a firm that's a little more focused on distressed. Anchorage was very focused on underwriting the business side of the asset side of the balance sheet, the business. He went to a firm that was more focused on the liability side, learning kind of the dark arts of the docs, which was good for us now to have both.

So he left. I stayed. I had more to learn there. But in 2016, when it came time for me to leave Anchorage, I reached out and said, "Hey, we've been doing these breakfasts every weekend talking about this." Still we were

doing them after he left and they became even more important. And we got together and said, "Okay, let's do it."

So we started in early 2017, but Steve Bossi, who used to be in your group and has since retired and is one of our boards now --

Michael Brandmeyer: Yeah, amazing guy.

Scott Goodwin: -- reached out to me the day I left Anchorage. And I met with him and Kevin Kelly, who ran prime brokerage at the time for Goldman, and Jason Brown, who was running credit, the next day. And they said, "Listen, we want to be involved with whatever you're going to do."

And not everyone at Anchorage wanted them to be having that meeting, so I thank them for having that meeting. And a big credit to David and John, not only was GSAM a day one investor, but David was the first visitor at our -- when we moved into our small office in Bryant Park, he was our first visitor from anywhere.

Michael Brandmeyer: Yeah, David Solomon, our CEO.

Scott Goodwin: Yeah. So he was the first to visit us from anywhere. And John Waldron, who's the president of Goldman, has been an incredible advisor to us as we built our business. So we owe a lot to Goldman as a firm, as a true partnership. I say that in the most sincere sense of the word.

Michael Brandmeyer: Yeah. Well, we deeply value the relationship. And the way you guys put this firm together, it reminds me a little bit of Led Zeppelin. You know, Jimmy Page and Robert Plant really had a vision of what they wanted to do and they got it right on the first album. You guys are the same way.

Scott Goodwin: Only as good as our last trade, though. We've got to keep going everyday. I mean.

Michael Brandmeyer: Exactly right. I want to talk about sports for a minute. You're a sports nut. You've been into sports, but the boss is back. It's such a great story about how you got interested in investing. And, you know, you were right there at the inception of fantasy sports.

Scott Goodwin: Yes, sir.

Michael Brandmeyer: Tell us about how that started.

Scott Goodwin: So huge Yankees fan growing up. Hitman, Don Mattingly. You know, I would get USA Today Baseball Weekly every week, go through the stats, learn about the teams. So the Yankees in the '80s were not -- they were not very good. The Mets were the strong team in the New York area, and so I was -- all my friends were Mets fans. I was a Yankees fan.

Michael Brandmeyer: Yeah, for our younger listeners, the newspapers used to have all the stats in the back in the sports page, right?

Scott Goodwin: Yeah, that was where you would get it. And USA Today had this thing called Baseball Weekly. And I saw there was something called Bill James Fantasy Baseball. And anyone who's listening who's a Red Sox fan will know very well who Bill James is. Bill James was hired by Theo Epstein and that group to help bring sports data into the Red Sox.

But before that, he was the godfather of rotisserie or fantasy baseball. He worked with a company called Stats Incorporated, which is now an LBO that we lend to ironically, to build this fantasy baseball thing. I signed up. They sent me some spreadsheets, filled them out, and your draft picks, who do you want where? I sent them back. The week before the season starts, this is probably 1988-1989, so I'm eight or nine years old, I get them back. Here's your team, here's your players, and, oh, you're in the league with 15 other people in the country. Here are their emails. These were, like, AOLs and Yahoos and Hotmails. And here's an MS-DOS prompt you can go on and see the stats. But very clunky dial-up modem type stuff.

I get my team, and I start calling up trying to make trades. And then I realize all these guys have jobs. You know, I'm bothering them at their job.

Michael Brandmeyer: And you're how old?

Scott Goodwin: I'm nine, you know?

Michael Brandmeyer: It's crazy.

Scott Goodwin: And the boss is back was -- you know, George Steinbrenner had come back. I thought the headline was funny, so that's why it was the name of the team, not that I liked George Steinbrenner, though he did do a good job in the '90s and early 2000s for the Yankees.

I got to know a group of guys in the league in Boston because I was doing some trades with them. They all worked at Standish Ayer & Wood, which was a mutual fund shop. And they invited me up. I won I think two of the first three years. So I want to say I'm 12 years old. They invite me to come up to a Red Sox-Yankees game. And I say, "Can I bring my dad?" And they were like, "Why would you want to bring your dad? Is he a Red Sox or Yankees fan?" I said, "No, he does his taxes at the baseball games. He doesn't like baseball." He was a banker. I'm 12.

And they were like, "Whoa! We thought you were in college. We didn't think -- we thought you'd get out of class, you'd call us." They didn't realize I was that young. So we go up there. We take the train up there from the tri-

state area. And these guys start talking to my dad, and they're saying to him, "Your son is really -- he's researching these players and he's making these draft picks and he's beating us. You should be focused on finance."

Scott Goodwin: And so we're on the train back and my dad says to me. I ride the train to New York with some finance people. You could learn from. Tony James, who obviously then went on to run, who was at the time DLJ, and then CS then went on to run Blackstone, John McFarland, who at the time was at Solomon, but went on to run Tudor for Paul Jones, and other people like that really could be helpful to a 12-year-old that was interested in finance, so I started meeting with those people, you know, not every month, but like a couple times a year to learn.

And then worked as a runner on the floor of the stock exchange when I was 15 years old. I took the train in and did that. Learned about the equity business that way. In college, I had the privilege of working for Paul Jones at Tudor and learned a lot from him about when to take losses, position sizing, which still some of those things I'm using in Diameter now in terms of risk management.

And that's the story about getting -- the sports stats and the sports data are what got me into it.

Michael Brandmeyer: There's a lot of analogs. One final sports story and then we're going to move to our lightning round. You're a sports fan in general. You're also a soccer/football fan. And you have a stake in the World Cup next year, so talk to us about how you're serving your country by helping out Team USA as we all start to get fired up about the World Cup next summer.

Scott Goodwin: So I was actually born in France, and I lived in France for a number of years and then lived in Spain at one point. So I have -- that kind of got me interested in football and soccer. I played as a kid growing up around New York. But the time I spent in Europe around the game got me interested and more passionate about it. And then having my kids play it, they're much better than I ever was. And watching them play has gained me more interest.

So there's a guy named Kyle Martino who I played against growing up.

He was the best player in Connecticut. He was also then on UVA than the national team. Right now, he's a broadcaster. You'll see him on TNT doing the games for the US games.

He has a close friend named Sean Feeney. Sean started at Goldman after college, was the captain of that UVA soccer team, and now is a very close friend of mine and worked for me in Anchorage. We have a text friend going back and forth talking about US soccer.

And I was lamenting how bad they were in the summer of 2024. And losing -- I think they lost to Panama. Terrible.

Michael Brandmeyer: Yeah, shouldn't happen.

Scott Goodwin: Shouldn't happen. Should not be happening. We've got the World Cup in two years. This should not be happening, okay?

And the women's team had gone through a bad patch and had just hired Emma Hayes, like globally elite coach, and then gone and won the Olympics. So I'm sitting here saying, wow, the women's team made a change, upgraded

the coach, goes and wins right away. And they had a better track record than the men's team, but it says in the press that we're interviewing people like Jurgen Klopp and Mauricio Pochettino, globally elite top ten coaches.

So I said in this text thread, you know, "Let's get these guys." And they're like, "There's some rules about how much we can pay the coaches. Unclear that we can afford." So I said, "I'll pay." I literally wrote, "I'll pay." But the next week I'm meeting with the CEO of US Soccer, JT Batson, who's an incredible guy, former software executive, who's now taking his time and dedicating it to building out soccer in the US. And JT says to me, "Are you real? Do you really want to engage in this?" I said, "Listen, the World Cups here in my lifetime," at least it was 1994 and now it's going to be here in 2026, every 30-odd years. Because of my kids, because of my love of sport and passion about soccer/futbol, growing in this country and becoming a more high-profile sport. And there's a problem with youth development here that needs to be fixed, but I think if we can have a better showing in this World Cup, we have better players, we have a deeper talent pool, we've just had the wrong mentality, that's going to be impactful in the country. And that's why I want to do this.

So he says, "Okay. Let me -- I'm doing the interview process. I'll come back to you." So he comes back to me a month later. This is August 2024. "Okay, we have a deal with Mauricio Pochettino," who had coached Tottenham almost to the Champions League finals, coached Chelsea, coached PSG, played a World Cup with Argentina. This guy's a top coach.

Michael Brandmeyer: Right.

Scott Goodwin: "So here's how much I want you to pay. And there's two sponsors who are going to pay the other half, but you need to pay this half." And I said, "I thought I was just paying for the coach." He said, "No, the whole coaching staff. The head coach, the assistant coach, the goalie coach, the nutritionist."

Michael Brandmeyer: Talk about a land grab, yeah.

Scott Goodwin: Yeah, land grab! Little too much for me, okay? So I said to him, "All right, let me make one phone call, one phone-a-friend." And I've gotten to know being Florida hedge fund people a little bit, Ken Griffen in

Florida. So I reach out to Ken. I said, listen, you're -- he's passionate about soccer. He's been a huge philanthropist both in Chicago and nationally in the soccer area.

I said, "There's an opportunity to get this coach. There's a gap. Will you help me fill it?" And he right away said, "Do we believe in this? Are there any red flags on the coach? No? Let's do it." So to his credit, he stepped up and really led financially. But I've gone on, there's a leadership advisory board which is a new board that was created around the same time. I've gone on that board. I don't usually go on boards. I'm too direct for most boards, I'm told. I just focus on my job and credits. But this board I'm on. And it's been fun getting to know Mauricio.

Michael Brandmeyer: Hopefully this pays big dividends for the US as we head into the World Cup next summer. Let's head to our lightning round. This will be interesting because it probably happened a long time ago. What was your first investment?

Scott Goodwin: I would say baseball cards. And my son and I are just -- baseball and sports cards. We were just going through them. There's obviously a heavy Yankee

bias with Jeter and Don Mattingly, but I actually had a lot of football and hockey and NBA cards which are worth more money than I had realized, so we've been going -- the Bo Jackson rookies, the Shaq rookies, stuff like that. Away from that, it was Compaq because I had a Compaq computer.

Michael Brandmeyer: Okay. What is your greatest strength as an investor?

Scott Goodwin: I think it's breadth and the range. The ability to look at the credit market and say there's an opportunity in investment-grade today and distressed tomorrow, and be able to go from investment-grade to distressed seamlessly and not have any friction in terms of thinking about what relative opportunity set is. And that global permeation of relative value across all the different asset classes, for me, that maybe isn't Diameter's greatest strength or John might have different strengths, but that's my best strength.

Michael Brandmeyer: Yeah, that's your greatest strength.

Scott Goodwin: And I'm a fast seller. Like, when

something's changing in a position, when it doesn't smell right in our liquid tradable products, we get out quickly.

Michael Brandmeyer: You get out. Sounds like you've had a lot of great mentors over time. What's the best piece of advice you've ever gotten?

Scott Goodwin: Dan Allen, when I was leaving Anchorage and it wasn't necessarily my decision to leave, said to me, "This is the best thing that's ever happened to you." And Dan was the president of the firm at the time, and he really -- he went out of his way to make sure -- and as did Tony, who was the co-founder -- went out of his way to make sure that we raised capital and we were successful and supported us.

He said, "This is the best thing that's ever happened to you. You're going to be better working for yourself where you can really dictate and set a tempo. And if you want to be direct, you want transparency, you're not going to have any friction." And that was great advice from him.

Michael Brandmeyer: Where do you spend your time outside the office?

Scott Goodwin: Kids sports. We spend most of our time in Florida. That's where we're based. But kid sports, enjoying dinner with my wife, traveling with the family.

Michael Brandmeyer: Nothing better than sharing a passion with your kids. Finally, what are you most excited about in the world right now?

Scott Goodwin: I think the World Cup is something to be really excited about in the US. Everyone's talking about AI and tariffs, but in 2026 I think the two most interesting things in the US are World Cup. And then we've been talking a lot about AI CapEx. How about AI adoption and winners and losers? So who are the companies, who are the entities that are going to adopt AI and take a step forward versus their peers? And who are going to be the losers? That is actually a longer cycle than the CapEx cycle, so that's really interesting.

Michael Brandmeyer: Yeah. It's a fascinating time to be living right now, to be investing, but I like your World Cup pitch. I think it's going to be really -- I've been to a couple World Cups, and it's a blast.

Scott Goodwin: It's going to be awesome.

Michael Brandmeyer: It's going to be great. Scott, we really appreciate you being our partner, and thanks for joining us today.

Scott Goodwin: Thanks for having me, Mike. It's a privilege.

Michael Brandmeyer: Thank you all for listening to this episode of Goldman Sachs Exchanges Great Investors, which was recorded on December 8th, 2025. I'm Michael Brandmeyer, and if you enjoyed the show we hope you'll follow us on Apple Podcasts, Spotify, or YouTube, or wherever you listen to your podcasts, and leave us a rating and a comment.

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