David Faber Joining us now exclusively here at Post9 is the company's chairman and CEO, Larry Fink. Larry, good to have you here. Thank you for being here.

Larry Fink Carl, David,

David Faber And Jim will probably ask some questions as well, no doubt about that. I guess, you know, it seems as though things are working on all fronts for you. Is this as good as it can get, Larry?

Larry Fink Well it is gratifying. I mean what really identified us in the third quarter, the breadth of where we grew. It wasn't just one business area, it was from cash to our systematic equity, our AI-based equity team that grew 30 billion over the course of the year, 10 billion in a quarter. Crypto, our digital asset platform, our private markets platform, our investment technology grew as fast as they have in many, many quarters now. And then, you know, just across the board, ETFs record quarter. So it was not just one product area, it was not just one region, it was a completeness. And I think it comes down to the whole portfolio, the entirety of a conversation. You know, when we bought BGI in 2009, no one thought you could marry passive and active. Well, not only we did that, we've transformed how a portfolio is being engaged. And now with passive, active, publics, privates, and then we overlay investment technology and now digital, we're the firm that more and more people are going to worldwide.

David Faber What do you mean by digital?

Larry Fink You know, I do believe we're just at the beginning of the tokenization of all assets, from real estate to equities, the bonds across the board.

[Bells ringing]

David Faber It's very loud here.

Larry Fink Very loud.

David Faber But it's good. Capitals at work.

Larry Fink [Laughing] I love capital at work. But there's $4.1 trillion of money sitting globally in digital wallets. A lot of that money is outside the United States. If we could tokenize an ETF, digitize that ETF. We can have investors who are just beginning to, you know, invest in markets through, let's say, crypto. They're investing in it, but now we can get them into the more traditional long-term retirement products. So we look at that as the next wave of opportunity for BlackRock over the next tens of years as we start focusing, moving away from traditional financial assets by repotting them in a digital manner, and then having people stay in that digital ecosystem. They can have their cash, and we have the largest cash money market fund that's tokenized called BUIDL. Our Bitcoin, IBIT is now over 100 billion. Not that long ago. Two years ago, zero.

David Faber So well you weren't always a huge proponent of crypto as we know.

Larry Fink I yeah, but I grow and learn.

David Faber I heard you say that on sixty minutes.

Larry Fink I did. Yeah.

Carol Quintanilla Jim?

Jim Cramer Larry, you know, I wrote how to make money in any market a lot because of our talks. Yes, a lot because of what you did. And I dedicate a lot of it to you because I say that people don't know how to invest, people feel that their parents are going to be richer than they ever were. Do you feel that your offerings, if people were to embrace them and work at a company that had this, we could kind of change this world where younger people spend more money on polymarket, betting about whether some you know, on some political event, when if they go with what you have, they might be able to through savings be better, be wealthier than their parents.

Larry Fink So a great statistic. If you put money to work on January 1st, 2000, and a year later you had the dot-com crisis, six, seven years later had the financial crisis, you had the COVID crisis, you still would have made 8% compounded over that entire 25 years versus earning 1%. It is so compelling to be in the market, and this is the story. It's not about if our market's going up or down, is there a bubble in crypto, or is there a bubble in technology? It's about being in the market throughout the cycle. Even if you put money in the United States in the year 1900, and then you had the Great Recession, you had the depression, you had all these things, you would have earned over 9% over 125 years. So I'm not here to tell anybody when the market, what if the markets are going to go up or down, but over a long horizon, and every individual who's thinking about it should be focusing on these opportunities. And I'm absolutely thrilled to see more and more young people investing in equities, not just polycom, they're investing in equities. And if they can now translate that to from just a trading and flipping account into a long-term investment strategy and be an owner of those over this, over long horizons over your lifetime, you're going to do really well. And another interesting point, I think I've said this before, but over a 30-year cycle, if you earned an extra half a percent, over 30 years, a half a percent, your retirement pool of money is up 15% more. Just a half a percent. So the virtue of compounding over 30 years, there's nothing more important. And Jim, you write about this all the time. This is what it takes. It's about being in the market, being focused on this over a long horizon, and the young people who are worried, they're not going to have much to worry about. America still is the best place in the world to invest, and I would be continuing to invest here today.

Jim Cramer Totally agree. Obviously, it's the long term. We don't want trading. Trading is the bane of our existence. The people who traded do not have anywhere near the return that you just mentioned. And they're fooling themselves. And that's why I think if they just give it to you guys, they can't flip. Owning and compounding are the greatest things in the world. Now, one day I asked how my friend Scott Kapnick's doing. HBS, you made a fantastic acquisition. He stayed on, and you know, he was a killer when I knew him at Goldman. He's doing great stuff with you guys now.

Larry Fink But that's another example of how we integrate organizations like really fine people like Scott and his team, also Bayo and his team. In both cases, they took the majority of the consideration BlackRock shares. They're large BlackRock shareholders now. They want the entirety of the firm to be part of it. That is part of our integration process, and that's how we build one firm, one organization. And I would say our quarter also shows so importantly that clients want to talk to firms that can bring the completeness to them from equities to private credit to infrastructure, passive, active, and now crypto.

David Faber Yeah, are you worried at all though? I mean, I think privates and all $660 billion in AUM for you guys. It's not an insignificant business anymore. You've built it pretty quickly.

Larry Fink We're in the top five in that business now.

David Faber But there are starting to creep in at least some concerns, the first brands, bankruptcy. It's maybe a one-off or Tricolor, which Jamie Dimon's talking about. But in general, Larry, the idea that so much money has come into this and that the underwriting standards perhaps are not what people hope for. Any concern there?

Larry Fink I'm always paranoid and concerned, but actually, credit trends recently are actually improving. So let's think about the private credit market, because that's what you're referring to, David. Outside the banking system, private credit is about $2 trillion, of which about $200 billion of that $2 trillion is asset-based finance. And then you have receivable base. Both Troy Kohler and First Brands is really receivable financing. So that's a very small, small component. Most private credit is no different than the type of lending that you do at a bank, or they're just, they may be companies that want to remain private longer, but the underwriting would be no different than a public underwriting. And so we're not seeing any really remarkable changes in credit trends across the board. But you're always going to have an idiosyncratic risk all the time. And by the way, that is capitalism. Capitalism is not meaning 100% successes. There are going to be failures. And with failures with bad leadership, who are with questionable accounting practices, whether there’s fraud or not fraud, that ultimately shows up. And but that's the power of the markets. You can't hide that long. And I actually believe this is a gratifying thing, you can't hide long. Now, obviously there's losses in these two examples, but there are more and more companies that are seeking access to private markets, and right now we're not seeing any alarming trends.

David Faber As you undertake that effort to bring the private markets to retirement savings of Americans, you don’t have concerns necessarily that you’re introducing a higher level of risk with less liquidity?

Larry Fink You are introducing instruments that have less liquidity. Let's be clear. Everything you invest in has some types of risk. If you start incorporating more private market products in a portfolio, they will present you with less liquidity. So that's a risk parameter that one has to measure. So that means you should not be investing in 20 or 40 or 50% of a portfolio that, but I getting back to this, if you could add an extra 50 basis points in a portfolio over 30 years. So if you can invest 5% in these products, could that be additive over a long portfolio composition? And so that's how I look at it. But one other thing, you know, we did another acquisition in Preqin, which is the largest private market data company. We believe for the Department of Labor to allow the insertion of private markets in 401ks, it's going to be hard for them to really move the fiduciary standard rule. And the fiduciary standard rule is a very strict rule. You better, you have to be considered a fiduciary in everything you do. So you're not going to put an excessive amount of amounts of money and privates in these funds. But more importantly, you have to justify every investment. Therefore, we believe one of the great growth engines of BlackRock will be the Aladdin system with Preqin and our e-front business, because you're going to have to justify every investment you make, and that's going to be through data and analytics, and we are going to be the engine that powers that data and analytics.

Carl Quintanilla It's a great report out of Goldman today looking at the split between employment and GDP. And they argue that could be normal for a while, that we might based on productivity gains, but you might have robust GDP growth and troubled or challenged labor. You think that makes sense?

Larry Fink Well I think if you look at BlackRock's growth, we're growing, we're adding anywhere from a thousand employees a year right now. But that being said, we're growing faster than the growth of our headcount growth. So we're doing more with fewer people. I think that's a generalized trend. Technology is making us more productive, and we're able to do more things using technology. So I don't think technology substitutes humans, but they augment humans. But that means we probably need fewer future hires to the scale of business that we may be operating. And I think that's going to be with everybody. We have just better information at our fingertips. We're going to be able to do much more coding.

David Faber Well, AI is already taking care of a lot of coding, for example, and there's so much more to come. Larry, I did, because we're going to run out of time, I did want to just get your take on the broader AI picture. I mean, the amount of money that is being committed by OpenAI, for example, is what we have been talking about to companies, and just the enormity of this capital. I don't know if you've ever seen anything like it in your career. And I'm curious as to how you view it and whether you think that those who use the word bubble are correct in in in that usage.

Larry Fink Well, there's a bubble in investing, but are we inferring a bubble means a bad thing, but there is certainly a skyrocketing amount of capital that's being put to work. If you put it in a framework of geopolitical positioning, we as a country need these investments if we're going to be the leader in AI technology. So as an American, I'm pretty happy that we're investing this much money. I want us to be first. So let's start there. Does that mean is there going to be some failures within the confines of these investments? Absolutely. But I do believe we are going to have to invest these huge sums of money. If you think about it, investing in AI does not just mean investing in GPUs and chips. It means investing in HVAC and investing in power grids and power supplies. It means employing a lot of people too to build this out. So we are talking a trillion and a half dollars, we estimate just on data centers and power and all that. But if you see the rapid need in advance, I could say at BlackRock, the amount of information that we are trying to generate ourselves and the speed in which we want to generate, we're spending more and more on it, and we're getting good results on it. I believe every major company is going to have to be spending more and more on this. I think some of the investments that we've seen so far is not on AI, it's more on cloud and the power of the cloud. So I don't believe this is a bubble, but I believe this is capital that in most cases is going to be well spent. That being said, will there be one or two failures in that? Absolutely, and that is capitalism. We're going to have some big winners, and we're going to have some big losers, and obviously we have to, but if you have a diversified portfolio, you're going to be fine and all that. And if you're a stock picker, you better be picking the right ones. I'm pretty constructive on our big hyper scalers, though. And I do believe the Metas, the Alphabets, the Microsoft's are in really good position to be winners. And you're seeing the transformation out of Oracle, what they're doing, and how Larry is trying to transform it. Broadcom, what Hock Tan is trying to do. I actually am proud of the U.S. footprint in this, and I do believe we're going to need to spend this money to win on a geopolitical basis.

David Faber All right, I want to give Jim the last word here, last question to you.

Jim Cramer Yes, well Larry, when you've been on, I think when you've been on the last couple times you've talked about public-private partnership, the need to be able to have something bigger to be able to attack the deficit, which continues to grow. Are you seeing that? And is is this administration helping that?

Larry Fink Well, this administration is very open to all businesses to talk to them to try to find ways that we could build our economy. So there are many conversations going on with this administration. That being said, I mean, you're right in noting that the greatest risk we have for the U.S. economy is our deficits. And if we do not grow our economy by 3% a year over the next 10 years, our deficits are going to overwhelm this economy, and we all know it. If we can grow our economy by unlocking private markets, if we can unlock private capital, and we could grow our economy by 3%, I'm not worried about the deficits. That's a big leap for our economy, our scale to grow at 3% a year for over 10 years. That's a big issue. And so, you know, we need to be focusing on how do we unlock this capital. We need to focus on how to build this out. This is why I love this AI build out, why I believe we need to be building out our grids, building all this out. This is the type of stuff that could power a 3% economy. If you look at the second quarter results, 3.8% GDP in the second quarter, 50% of that was capex on technology. You know what? But if you compare that to Europe or other places in the world, we're the only country that has this type of capex, that gives me confidence that we're going to win. And I when I go around the world and talking about other economies, when I don't see that capex happening in their country, I worry about that future.

David Faber Well we have the capital markets to support it and I guess they don't. Larry, we'll always continue the conversation we hope as well, but appreciate your being here today. Thank you.

Larry Fink Thanks everyone.

David Faber Larry Fink, Chairman and CEO of BlackRock.