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| Adam: | [00:00:00] | So listen, thanks for agreeing to come on. I know you're always busy and you're usually on the go. You are in LA at the moment, are you? |
| Meb: | [00:00:11] | I am, I am. |
| Adam: | [00:00:12] | Any travel plans coming up? |
| Meb: | [00:00:14] | Yeah. I'm going to be in Chicago, maybe Las Vegas, Austin, Texas, North Carolina, and Colorado to Wyoming by September at some point. That sounds like a lot, but it's really not a lot. That's like one week a month. |
| Adam: | [00:00:33] | Yeah, those are all pretty reasonable places to visit too. |
| Meb: | [00:00:36] | You're going to be any of those places? |
| Adam: | [00:00:39] | I think we're going to be in Chicago at some point. |
| Meb: | [00:00:42] | Are you going to Morningstar? |
| Adam: | [00:00:43] | Someone's going to go I think. Yeah. So we should probably coordinate. |
| Meb: | [00:00:46] | Okay. |
| Adam: | [00:00:50] | We're launching this index as you know, so we'll be there and I don't know, try to talk to people about it or something I guess. So speaking of launching stuff, I figured out launching some of that scripted stuff or whatever, but I wanted to chat because you're one of the first people in the business that really went in the direction of publishing and social as your primary business development vehicle and just sort of authenticity and sincerity and sharing and that sort of stuff, which back when you started in, when did you launch Cambria? |
| Meb: | [00:01:38] | That would have been back in 06, 07- |
| Adam: | [00:01:39] | Oh, yes. So when basically you published that paper in 06 and you launched Cambria pretty soon after that, so I mean it's gotten a little bit more conventional to take that kind of content, social, authenticity approach maybe in the last few years but back in 06, 07 it was basically unheard of. You've had some time to learn some lessons. Some stuff's worked really well and maybe other stuff hasn't worked so well. What would you have done differently with the benefit of hindsight looking back over the 10 or 12 years? |

## Things Meb Would Do Differently

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| Meb: | [00:02:16] | So much, of course. It's always easy in retrospect, all the little decisions. Look, the first one is I'd highly recommend someone to write a paper directly before the |

global financial crisis, that would have helped. Write a trend following paper in 07. That's the best timing but we actually did a 10 year retrospective on that paper. It was very honest and said, look, had we published this in 2009 or 2010 people would've said, well, that's great. Thanks. This is obvious now. So much of life and everything is just timing and the randomness involved in that but the decision to publish content, I think, yes, the channels are different today. So people use Twitter. We're recording this in two different locations in North America.

The venues are different, but the fact, people have been always publishing content and asset managers, many very large ones have been built on the back of content. The two big examples I give here in the US, one being Ken Fisher, who's used content through two channels, one being magazine articles for a gazillion years at Forbes, but also probably even more direct mail pieces. I think I get one about once a week from Fisher investments, but they're over a hundred billion dollars now and an active manager that's surviving in a, they're not a traditional low fee shop. So, despite that have continued to grow and the other example is Ric Edelman, the financial advisor has certainly built a lot of his business based on radio. So yes, we've done it through some different channels.

I mean, white papers and academic papers have even changed a lot in the past decade. I mean, when I first started writing, you had to go through a peer review and then by the time he wrote it to the time it got published, it took like two years, where nowadays, the nice thing about the internet is you can find out how much of an idiot you are within about 30 seconds. So publishing a white paper online, you'll get not just a peer review of two to three people, but 2 to 3000.

Adam: [00:04:40] It's nice to push it through the gauntlet before you send it to the peer review because you know, a lot of really smart people have already had a look at it. They've already given you a candid feedback. So you're sending a much higher level of first draft than I think most people have been able to send previously, right? Without that sort of feedback channel.

Meb: [00:05:05] Yeah, and that old paper, the very first title we had, it's funny if you look back on it, the behavioral framing was originally something along the lines of a simple approach to market timing. That phrase alone has so much baggage. Today's version would probably be stock buy backs or the Fed or something else, but market timing is a phrase that just triggers people and so no one would read it. So I changed the title to something much more palatable to the institutional community, which is quantitative approach, tactical asset allocation, which of course is a mouthful but the phrase tactical asset allocation, same thing as market timing of course, but received in a totally different way. So then people actually would read it and respond to it totally differently but yeah, we did the same thing. We sent it out to a bunch of people. Couple people told us we're total idiots. A few people said, you can't time the market, case closed, but some were very thoughtful in the comments, not all positive but thoughtful and constructive but-

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| Adam: | 00:06:10 | Robert Knock got back to you, I think you were surprised about, which is pretty neat. |
| Meb: | 00:06:16 | Yeah, look, you're in your 20s, you don't have any sense otherwise to email out to anyone that would read it. So some people were super thoughtful and gave helpful, wild, harsh comments, Rob being one of them. I mean, I think he said something along the lines, so he's like, look, this is a good concept, but this paper is written and I forget what he said. Maybe it's like a C or B paper and it needs to be an A plus paper to get published. So it was like getting scolded by a professor, that old story where the student walks in with his paper, he turns it in, he comes to pick it up and the professor says, "Is this the best you can do?" And the student takes it, walks out, says, no, I've got to work on it. Does that for about three or four more iterations, every time he'd come back and turn it in the professor says, "Is this the best you can do?"<br><br>So finally he's had enough said, "Yes, this is the best thing I can do. I spent 12 hours on this last night and all last week, two weeks." Professor said, "Fine, I'll read it now." That's one of my favorite stories, but the concept of writing and putting out content, as you know, it's much, much more work ... doing the editing and the drafts- |
| Adam: | 00:07:40 | Yeah, for sure. |
| Meb: | 00:07:41 | So many times I'll have an idea and the actual writing doesn't take very long, but then the 50 drafts take six months. |
| Adam: | 00:07:49 | Yeah, exactly. I always wish that I could just send out presentation decks with charts and tables and one line titles and subtitles just to sort of provide the general narrative arc and help to frame whatever the analysis is, but it's just- |
| Meb: | 00:08:07 | No one's stopping you. You can do that. That's called Twitter. |
| Adam: | 00:08:12 | That's right and the tweet storm medium has been pretty good that way. Because essentially, it's just like sending out a slide deck, except these are little mini slides and you're constrained in a few ways, but yeah, it's analogous for sure. Then, so when did you launch your first ETF? |

## Meb's First ETF's

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| Meb: | 00:08:33 | We started the business doing private funds and then did sub-advisory, and a fun little aside, a lot of people don't know, but Forbes had actually considered moving into the ETF space back in 2008. So we actually had our first ETF filed in partnership with Forbes and back then it would have been Claymore, which then became Guggenheim, which is now Invesco, I think. I can't even remember. Then 2008 happened and our listing date was supposed to be December, 2000. Well that |

didn't happen which is a bummer because the fund would have done well and Forbes would probably be a $100 billion ETF company now-

Adam: 00:09:12 What was the theme? Was it your GTAA concept?

Meb: 00:09:16 Yeah, just very basic, original kind of trend following concept and it had a great performance 08, 09 and then depending on the timeframe after, trend following has had its moments and ... a lot of years where it's not done so well. Anyway, we started out in sub-advisory then very quickly said, we have too many ideas. We want to own our own destiny, control it. So we started launching our own ETFs in 2013, so that's coming up on, wow, five, six years now, which is crazy. So we have 11 funds now and probably plenty more terrible ideas coming down the pipeline-

Adam: 00:09:57 You were breaking new ground back in 2011, 12, when you were trying to figure out all the legals and regulatory on the ETF landscape. A lot of it's kind of quasi-templated now, but you guys spend a fortune on legal and just a lot of brain damage on that, right?

Meb: 00:10:19 It cost even more earlier. I think the first ETF was actually Canadian, but ETFs go back to the 90s. I remember talking to a friend who got their exemption to launch ETFs in the early 2000s, they said it cost them like a million bucks and it cost us I think like 200 grand and now it's like 10. So, hopefully with the SEC updating their new ETF rules, it's going to be zero, but we'll see.

Adam: 00:10:50 Exactly. As you went about launching your ETF company and filing, any lessons learned from that or anything you would've done differently? Did you launch too many? Did you launch too few? Did you ...

Meb: 00:11:04 These are good questions. Looking back, let me preface this by saying I'm structure agnostic. So all that matters to me, we live in a World Wall Street where there's a million different fund structures and offerings or separate accounts and private funds and closing funds and mutual funds and ETFs and trust, on and on. All that really matters to me is coming up with the best structure that gives the investor the biggest chance of success. So for some people that's a separate account. Some people, it's an insurance dedicated fund, whatever it may be. In general, I think ETFs are the best structure, particularly for taxable investors.

They're not necessarily the best structure in other places but looking back on it 5, even 10 years ago, it's very clear to me that ETFs would eventually, without any sort of macro, sort of major structural changes, take over the leadership of assets over mutual funds. That's a pretty big statement still today because mutual funds are five times the size of ETFs but as long as tax rules stay the same, ETFs have a massive, massive tax advantage over mutual funds. There's also a fee advantage, but that's somewhat voluntary. So mutual funds could charge a lot less they just choose not to. So yes, if I could go back and do things over, I mean, I think the ability to having launched all the funds from day one would have been nice, but there's also a very real risk.

So trying to manage the risk management of a business. So the same would be is like you could go back and buy 10 houses in a hot neighborhood. Yeah, it'd be obvious to do that, but the problem is at the time, you buy 10 houses on leverage and you're exposing yourself to the big risk of going out of business and losing all your money and getting capital calls. So yeah, I probably would have launched all the ETFs on day one, but our methodology in launching funds is quite a bit different than most of the funds and sponsors. If you look around at the investment landscape, so many of these fund sponsors or just launched whatever they think can gain assets and you look at some of these fund listings and they're the most nonsensical investor- unfriendly products that you say, why in the world would anyone launch that, and there's a thousand MeToo funds.

So MeToo, we've been copycat, not the modern MeToo version. We have a different approach and so we have kind of four criteria when launching a fund. The first being, it has to either not exist or we think we can do it much better and much cheaper, cheaper still happens but it's getting rare these days with the living in a world of Vanguard launching funds at three basis points. Second, it has to be something that has a lot of academic and or practitioner support. So it's either something we publish research on or it's a concept that goes back decades, and something as simple as value investing of course. Three is it has to be something I want to put my own money into.

So that already disqualifies like 90% of the crazy ideas that people launch as funds, and then lastly is the hardest one for us is always, does anyone actually want it? So we have a number of strategies that I think are just the smartest thing in the world and would love to invest in them, but I think I may be the only person on the planet that would want to do that. So, being a businessman that's not a great business idea to launch a fund when nobody wants it. So it's kind of that combination of all those ideas, like, would I go back and knowing what I know now, where we are now, I'll launch all of them on day one, sure, but you got to remember these funds are liabilities until they get to a certain break even of maybe, I don't know, $30 million in assets. So we kind of launch one, wait till it gets to that size and then push the next one out to-

Adam: 00:15:26 You launched a fair amount of fairly diverse strategies too, over two or three years, given, where you started. You said you've got a few ideas or concepts for ETFs on the sidelines, waiting for you to sort of perceive that there's enough interest in order to launch them. Are you able to share any of those ideas?

Meb: 00:15:51 Sure. We've had some filed for years and some that are just sitting in the queue and there's some that will never launch. In the very first trust we had, we had a currency strategies fund file, which doesn't exist in ETF format - doesn't really exist in mutual fund format. It's much more of an institutional product that there's a quantum approach to currency strategies. I think it's a cool non correlated asset class but honestly don't think anyone understands, cares or wants it. I could be wrong, but it's one that we just said, it's probably not for this world to launch this fund. I could be wrong, but that was filed on the very first filing of the shareholder yield. I'll give you a good example of one that I'm conflicted about because I think it's an interesting idea.

We published a paper that basically said, and there's very little in the academic literature about this, so we tried to do a very extensive academic survey, and just couldn't find that much. So thinking of the concept of high yield and high dividend, everyone loves income. Every retiree on the planet loves to get their dividend cheque and the challenge is that theoretically speaking, high yield, all that's happening is the company is returning cash to the investor and the problem with that of course, is you pay taxes on that distribution. Dividend rates in the US have changed over time, so we thought theoretically that a high dividend yield investing in general is a value tilt.

So really you're just getting a value exposure, not a particularly good one and my hypothesis was that if you're going to do value, you should do value, it'll give you more pure factor exposure. In fact, I said, and I didn't know this being a quant scientist, I said, I wonder if you could replicate the returns of the S&P 500 by avoiding high yielding stocks and an after tax basis, particularly if you're located like me in California that has a very high tax rate, could you avoid dividend income and end up with a higher post tax return? Well it turns out the answer was yes. You basically never want to invest in high dividend yielding stocks in a high taxable account and you could actually do much better by avoiding the high dividend yielders and doing a value tilt and you end up with a much higher after tax return.

Well you can see the problem with that, launching a fund that focuses on no or low yield. Does anyone on the planet actually want that and the thing about trying to market that to individuals, I think would be very challenging. Now, that having been said, if you're a family office that's worth 30, 300, 3 billion, you may say, I get it and that actually makes a ton of sense and then that product is viable but I mean that's an idea that - I don't know that anyone actually-

Adam: 00:19:03 Yeah, it's a good point. I mean there's such a clear dividend preference, like in a rational dividend preference, given all of the literature that shows that it's just a really inefficient way to get value exposure. You've written so much on how shareholder yield is so superior to dividends in terms of screening for outperforming stocks. I wonder whether or not there might be an interesting strategy and screening for stocks with very high shareholder yield in terms of very high buyback yield, but very low dividend yield and going for that intersection of that Venn Diagram, I suspect that would do pretty well.

Typically stocks that people prefer for some irrational or nonfinancial reason, you would expect to actually have lower returns going forward. I'm not sure that the evidence shows the dividends have lower returns than the market, but there are certainly ways to generate higher returns, at least through history generate higher returns, higher risk adjusted returns through more intuitive financial methods, but everyone just loves dividends. It is a real mystery for sure.

Meb: 00:20:24 Well, the mystery is simple is that everyone has this fantasy about living on a Caribbean island and just passive income raining on them once a month, once a quarter, just showing up a nice fat cheque and they never have to work again and that's the allure of dividends. Most people just don't realize that it's not like you're getting a cheque from your employer. It's just simply that you own a business that's returning some cash. So once the framing is, people understand that, then it's a totally different way to approach it, but it is one of the most ingrained beliefs we see anywhere.

## Generating Excess Returns

Adam: 00:21:03 Yeah. So just dovetailing off this discussion about how to generate excess returns, was noting that you were recently talking about the fact that you could generate pretty substantial out performance simply by avoiding the stocks with the largest market cap, either the largest market cap stock in the index or the largest market cap stock in each sector. You want to just go through that, what you found?

Meb: 00:21:34 Yeah. So let's rewind a little bit. Let's take it back to the 1970s, disco. This is really when a lot of the most first investible indexes were being built. So I think John Bogle at Vanguard, Wells Fargo and others, there's some other indexes that have existed for much longer but really that's when people started to understand the power of indexing and indexing meant, passive investing was that you bought the entire market. So if you think of it kind of like the S&P 500 or something where you're buying the largest stocks in the market place and the beauty of indexing, why it worked was that because it required literally no effort, you didn't really have to rebalance it all, ever. There was no turnover, so you didn't have to pay a bunch of portfolio managers, so you could offer it at very low cost.

That was really the big difference and why this just basic indexing strategy did really well, is you had very little cost embedded. Now market cap weighting, which is what people decided to do with the first version of indexing, it is the market. There's no question about that but as an investment strategy, it's somewhat curious because if you ask people, say, look, I'm going to go buy the market or the index, and you say, okay, how is that weighted? Most people will say, well, it's weighted by the biggest companies. You say, correct. Absolutely. Got it - right. Biggest by what measure and most investors, even professionals, often get this wrong and they'll say, well, it's companies like Apple who have the biggest sales and revenue and earnings and, no, the answer is actually, has no relation to fundamentals whatsoever. It's simply the price of the stock times shares outstanding, and people often scratch their head and it's puzzling to them because it's really not the size of the company.

It's the size of the stock. The problem with that is that by the time stocks get to be large, it's simply because their price has gone up. I mean that's the definition of it, how they get large and usually there's some relation to the size of the company but not always. So the problem is that market cap weighting often over weights expensive stocks, not expensive companies because the company is irrelevant to the price, but expensive stocks. So the returns do guarantee you that you'll own the winners and that's the beauty of capitalism of course, that in the market cap weighting, it's a giant trend following strategy. So you own more and more of the ones that are getting bigger, the less and less of the ones that are getting smaller but because there's no tether to fundamentals, you often end up owning expensive ones.

That's particularly problematic when markets go through bubbles and a good example would be the late 90s internet bubble in the US, where investing most of your money in some of these companies that were trading at 5,200 times earnings. So most of the research has shown historically and Research Affiliates has done this amongst others that, if you invest in the largest stock in the stock market at the time, it's the biggest. So right now, we've had a couple of companies in the US cross that trillion dollar line in the sand - I think it's Apple and Microsoft and Amazon. Those are all the biggest stocks in the US but if you just invested in the biggest, when it was the biggest, it under performs the broad market by about three percentage points per year, and it's a horrible investment strategy. The reason being, and this also applies by the way to every sector and to every country around the world.

If you invest in the largest Research Affiliates called the big dog, it would underperform that sector or market by at least three points per year for the next decade and if you think about it, that makes sense. By the time a stock gets to be the size of an Apple or Microsoft and has $1 trillion and is making billions of dollars profit, there's probably a company in Brazil or China or Russia or Japan that also wants to make $1 billion, that they would love to be successful. So it's just competition and the creative destruction and the names change over time. If you look back at the biggest stocks from the eighties and seventies and sixties, there are different names. So this is particularly important. We often say that any weighting methodology other than market cap weighting, should be market cap weighting.

It could be equal weighting, it could be a weighting based on price to earnings ratio. Value weighting, could be momentum weighting, could be weighting, the last name of the CEO, alphabetical order. It really doesn't matter as long as you break that mark cap link because you break that link to paying for overvalued stocks.

Adam: 00:26:18 It is shocking to look at the cross section of research and see how many different fairly simple and well known strategies have historically completely dominated market cap weighted indexing and yet, when you look at the live track records of funds through history, the track record is just abysmal and certainly some of that goes to fees, but I also think a lot of that just goes to investor behavior because so many of these strategies that outperform over the long term, almost by definition, will very substantially under perform in the short term. So to ignore or remove the largest market cap stock strategy, obviously the track record is just incredible, right?

3% per year in excess return over the long term but you've got to endure these, probably a full half cycle or a three quarter cycle of pretty profoundly underperforming the index and you've got this massive tracking error and most investors, if you look at the research they're holding period for stock funds is on the order of three years, bond funds on the order of four years and balanced funds on the order of four and a half years. So, people just can't tolerate negative tracking error for long enough to be able to take advantage of these really well documented and sustainable strategies to produce excess returns. It's a really neat paradox.

Meb: [00:27:52] I think you hit it spot on. We used to say, investors would ask us, hey Meb, how long should I give this strategy to work? I'd say, look, this actually applies to not just strategy but asset allocation or investing in stocks over bonds, whatever it may be. I used to say a decade, now I say 20 years. People laugh and think I'm joking. I say no, I'm serious. I said, look at something as simple as stocks over bonds. There's been plenty of periods, 20 years, even going up, if you include the 19th century about a period of 68 years where stocks underperform bonds, but everyone expects every year for stocks to outperform bonds and that's just not the way that it works. So I say, look, the investor time frame of weeks, quarters, months, maybe year or two, doesn't line up with what the time frame needs to be for success.

Imagine telling people that they had to pick their housing based on what happens the next week or quarter. They'd say, that's crazy but most people often we'll take a long term view of housing versus their investments. So, I spend a lot of time at this point in my career trying to think of ways to keep people from lighting their portfolio value on fire every day and it's tough because most of the structures, as much as I like the ETF structure for example, are not designed with the long term view in mind. By far, no question the biggest struggle for investors is dealing with their own-

## Long Time Horizons vs Short Term Performance

Adam: [00:29:28] Oh, yeah, 30 year horizon and tick by tick visibility of volatility is a recipe for disaster, right? Actually, just dovetailing on this idea of investors having long time horizons but making decisions based on short term performance. There's obviously been a lot of articles, a lot of buzz about why investors should avoid emerging markets or international stocks. Over the last two or three years my strong suspicion is this is motivated by the fact that US equities have just so unbelievably dominated the performance of international and emerging over the last decade.

So everyone now is looking for a rationalization about why they should fundamentally be able to avoid allocation to international emerging. Now they're making these claims about how you get your international diversification because US stocks derived some meaningful portion of their revenues from international operations and I guess you're digging into this a little bit. I'm wondering, have you gotten any further with your analysis? Have you got anything you could share?

Meb: 00:30:51 Yeah, look, it is so easy to become wrapped up in our own personal worlds. Everything that we do with investing is wrapped in this storytelling and it's not just in one country but also one country over time. There's so many examples as all the listeners think back to your own personal investing experience and it's very easy to extrapolate on what's happened over the past year or two years or five years. I mean most millennials for example, that haven't been through a bear market expect returns north of 11% per year and that's just because they've never known anything else. I was just over in Japan and chatting to some local investors and buy and hold is not even really a concept there.

Their stock market, second biggest stock market in the world until recently, sorry, the second biggest economy in the world and now is I think still third, at one point in the 80s, largest stock market in the world, has had zero stock returns for 30 years. Imagine that, 30 years and it's not, again, some tiny back water.

Adam: 00:32:02 I always point this out and now of course, everyone just mocks it as, now do Japan, but it's so important this perspective that how you interpret and understand the market and understand the supposed truths of how to create long term wealth and investing, is so informed by when you were born and where you were born. Those who you idolize as the most successful investors are so dominated by where you were born and when you were born and if you were in a different place, if Warren Buffett was born in Japan, would he have had the same success as an investor? Ken Fisher, right? If Ken Fisher was a value investor instead of a, buy US, uber bull growth investor, would he have accumulated this hundred billion dollars in assets? It's an uncomfortable question. People don't like to have to answer it and you end up being a bit of the jerk for pointing it out but it's-

Meb: 00:33:09 Yeah, it's so ... evident through time. The 70s, for example, huge deflationary period. Coming out of that, everyone wanted inflationary assets like gold and people almost never talk about gold anymore. You go up to Canada, all you guys buy is junior miners and cannabis stocks, right?

Adam: 00:33:09 Yeah, for my sins, absolutely right.

Meb: 00:33:30 Yeah I'm kidding. So if you look at these biases, we obviously talk about this to exhaustion, but it's the same in every country, where we talk about that for our

US listeners, but about 80% of their own assets in US stocks of the stock portfolio. In the global portfolio the US is half, and that's still a hell of a lot, by the way. Half in one country but most of US investors put 80% in their own country. So it's a major overweight and I say, look, to most people I say, look, do you want to do it? Fine, but at least be aware that you're making a massive active bet and then almost everyone I talk to is not aware of it. Same thing with y'all in Canada, I guarantee you no one has the market weight, market cap allocation-

Adam: 00:34:21 Oh, it's way worse up here. We've got 60-

Meb: 00:34:24 What is it? Like 5%, 6%?

Adam: 00:34:25 Well, Canada's equity market is about 3% of global market cap and its bond market is 2% but if you look at, I've got a good buddy who runs the retail research desk at one of the big Canadian banks. So I asked them to go through their retail book and just see what proportion of the total retail asset allocation is in Canadian stocks and bonds, and he came back with 86%.

Meb: 00:34:56 Yeah. So, everyone in their own country justifies it as to why they're totally rational, but it happens all over the world. It happens in Latin America, happens in Asia. It even happens within sectors. If you look in the US, people in the West allocate more to tech, people in Texas allocate more to energy, people in the northeast allocate more to financials and on and on and on. It's a head scratcher because people always give reasons why they think it's totally justified. The first one almost always it's like, well look, I understand these companies, I feel comfortable. In reality, that's a very false sense of security. No one understands these companies and with about three or four questions, you can demonstrate that very quickly. It becomes a source of huge uncompensated concentration risk.

We often tell people to go back through history and look at historical returns. So my favorite investing book, Triumph Of The Optimists, which has a free version online, if you go to Credit Suisse's website and search global investment returns yearbook, you can see where they take the returns of stocks, bonds, bills and inflation back to 1900 for dozens of countries and some countries, stock markets, they went to zero. China and Russia said, thank you very much. Bolshevik revolution and then of course China is shutting down their capital markets, many lost 100%. There's been other times when a hyperinflation knocked out the bond markets and other times were just normal big fat, long bear markets. I mean the US lost 80% in the Great Depression, et cetera, et cetera. So the US example, we often tell people, we say look, US has gone from 15 to over 55% in world market cap in the equity space.

Even then it wasn't the best performing market. It was one of the best, but even then it was less than 10% and if you look at all the investors surveys, almost everyone puts 10% is the minimum investment expectations. This is why people are always disappointed and always do dumb stuff, is expectations don't align …

and then they end up just building these highly concentrated, unfortunate portfolios. It's particularly important right now, going back to our earlier discussion on market cap weighting, because market cap weighting right now, US is half and what is one of the most expensive countries in the world turns out is the US. I like for my charts and long term perspective to be very obvious within three seconds and if you look at global valuations, we use long term PE ratios, but you can just as easily use dividends or any other valuation metric.

US is one of the most expensive in the world. It's not a bubble, it's not crazy like it was in the 90s, but long term PE ratios is in the low thirties and the good news is foreign developed is in the low twenties so totally reasonable, normal. Canada I think is in that bucket, if I remember correctly. Then, foreign emerging is way cheaper down around 15 and then the cheapest of the cheap, the detritus at the bottom of the ocean is down around 12. So you have most of the world is actually totally reasonable, but if you're a global investor, you put half in one of the most expensive stock markets that we expect to do about 3% a year and then it's a really foolish concentration particularly for an American investor … who has 80% .

So not only am I putting half, I'm just going to go ahead and decide to overweight it with the 80% and you can ask our Greek or Russian or Cypriot or Brazilian friends how smart it was to put 80% of in one market. They would tell you it's not a good idea. Yeah. So it's a basic mistake that we see almost everyone make, including pros. It's not just a retail phenomenon.

Adam: 00:39:02

No, agreed. I was recently talking to Larry Swedroe and he alerted me to the fact that if you go back using the Fama-French data and you just examine the equity return premium above T-bills that in fully, I think he said fully half of all calendar years since 1926, I'll go back to that, the start of the Fama-French data, that US equities have failed to outperform T-bills, right? It's just that in the other half they've outperformed T-bills by such a large magnitude that it's obviously been a very large risk premium over the very long term. There's a very meaningful risk. There've been 10, 12, 13 year periods where US equities have failed to outperform T-bills and several of those back through history.

Of course, US equities have been if not the best performing over the long term, then in the top one or two, two or three maybe, best performing markets over the very long term. So you're sort of cherry picking the market that has done the best, and still you're underestimating the potential for US equities to produce performance that is way below the long term average. The best way of course to defend against that potentiality is diversification and not just diversification across different global equity markets, but other types of diversification. You've written some books on global asset allocation. What are the main takeaways from your research in the global asset allocation domain?

## Global Asset Allocation

Meb: 00:40:50

The biggest challenge I think, and we've taken this back, we have a free book download you can get on our website on global asset allocation. When you look at all of these various allocation models and almost everyone recommends some in global stocks, some in global bonds and some in global real assets like commodities or real estate. Some don't. Warren Buffet says put 90% in the S&P and 10% in cash T-bills, which I think is horrible advice. The takeaway was that, the analogy is pretty similar, I give for making chocolate chip cookies. If you use my mom's method, it doesn't really matter. She's an old southern cook, so she doesn't measure everything out exactly. It's more of a pinch of this and this much of this and as long as you have some butter, flour, chocolate chips, sugar, it's probably going to come out just fine.

If you exclude an entire category, it's probably going to be suboptimal. So, in my mind, by far, the biggest risks to a portfolio are not what most people spend the time on. Most people want to spend the time on the sexy stuff. How much I put in gold, what are the central banks doing? Should I do this, this, this, this and this, when in reality, if you reframe investing as just savings, I think people would probably behave a lot better and then if you also reframed it and said, you put it on autopilot, you have it. So it's just kind of an automated plan. By far the bigger decision for most investors on the individual level is, did you decide to save money in the first place and when did you decide to start investing?

Obviously the earlier the better, but that in my mind is a far bigger input than the exact methodology and particularly if you're doing buy and hold ... Then fees play a big role in that portfolio. I think in a word there has never been a better time to be an investor. If you want to buy, buy and hold indexes through ETFs at this point, they're essentially free. Vanguard and State Street and these guys are fighting it out over whether their index is two or three basis points at this point, which is amazing. It's awesome. You can buy a portfolio that's basically zero cost but that's also the kind of buy and hold default where investing has become a commodity. So I obviously think you can improve upon that but I think as a base case, using that as your starting point is a pretty good idea.

Adam: 00:43:39

So you mean just sort of in general US equities, international developed emerging but also an asset class that is perennially ignored by most domestic North American investors ,is actually the largest asset class in the world. Do you want to enlighten people on what that-

Meb: 00:44:02

Yeah, so our starting point we always say, is the global market portfolio, and that's if you just go out and bought the world of public assets. So it excludes a little bit of private assets, like single family homes and farmland because most of those are almost entirely privately held, but public assets, you could buy and exchange. Stocks, bonds, REITs all that good stuff.

Adam: 00:44:23

Yeah.

Meb: 00:44:23

That gives you a portfolio. If you just bought the world, it's about half stocks and about half bonds, roughly speaking. Of that, the US being the largest economy is about half of each, roughly. As you alluded to, one of the biggest assets in that portfolio is, X US bonds. So foreign bonds, not just sovereigns, but also corporates, and almost no US investors ever, ever have exposure to foreign bonds. Now, I can sympathize with them right now for the sovereigns because we live in a world of some of these countries, particularly in Europe, having zero to negative yields, which is a bit odd. That's something that I think is one of the bigger surprises of my career to see, that you start to get into a discussion of currencies as well, but excuse me, but it's clear, it's a diversifier and it's something that everyone should have in some amount.

How you do it of course is the million dollar question the same as with any asset class. We have a fund that tilts towards the higher yielders. So that's essentially carry, which essentially right now puts you in a lot of emerging markets because those were the higher yielders. Ironically, also enough, also puts you in the US, as one of the higher yielders in the world, which is weird as well. That's a good starting point and then you can tilt away from that to your heart's content but to me, I always say that's the place that everyone should start at, as a good starting-

Adam: 00:46:01

Yeah, that goes all the way back to Sharpe in 1962 where he mathematically demonstrated that the global market cap weighted portfolio is the maximum Sharpe ratio portfolio under the assumption of equilibrium in efficient markets. So, certainly I agree. It's an interesting place to start and at least it forces you to acknowledge that there are a lot more markets out there than just US equities and one of the things that I like most about that first paper that you published in 06 was that, you don't just talk about trend following on US equities, which seemed to be such a focus. Everyone seems to be focused on how to time US equities, but rather start with a diversified global asset class universe and then apply long, flat trend following to that, you know. So-

Meb: 00:47:07

It's easy to say, hard to do, I think for people to become asset class agnostic. Everyone wants to have their own little approach where they say, no, no, no, I'm a high dividend guy, or I'm a gold bug or I'm a crypto, whatever. So people, they have their own little approach and I say, look, if you wouldn't have this approach when it comes to any other assets, but we all know that after we buy something it becomes much more dear than before we owned it. So, you just say, look, we live in a world of, every day on Twitter, everyone's obsessed with Tesla. Last year was crypto, year before it was who knows what. It's probably cannabis now but I say, look, we live in a world of 20,000 plus securities and you mentioned this earlier, but my favorite ones are the ones where I'm looking at some hedge fund holding it or whatnot, and I've never heard of before.

They make like iron screws based out of Arkansas or something but they just spit out cash flows of 10% a year, 20% and price earnings ratio is five. Those sort of ideas and so it's hard to not become emotionally attached to what you have in a portfolio. A good example we give is we say listeners, print out your portfolio. Also pull out a blank sheet of paper - on the blank sheet of paper write, what would your ideal portfolio be today if you were to design it from scratch? So, go through that exercise, write it down and take five minutes, compare it to your current portfolio, would you go back and buy all those same funds? Of course not, no one would, but they become, the way that most people build portfolios and professionals are just as bad.

The average financial advisor that's been in business for a long time in the US owns like 2 to 300 mutual funds for his clients. So people just cobble together, this what we call a mutual fund salad. It just looks like a bowl of soup of random investments over time. There's a reason that this kind of happens and we do all these office hours calls where we chat with people and people always think they have a unique investment situation in their criteria and goals and everything is totally unique versus everyone else. It turns out for most purposes it's not, and most people they want to gamble, they don't say it that way, but they have a very binary view of investing and all this is made worse by the fact that almost no one has a written investment plan.

So if you end up looking at that portfolio, your ideal versus your current, if it doesn't match 100%, there's something wrong. Now this excludes the off rare chance of, taxable events that would cause the portfolio to look different but in general, we tell people to start at zero. If your portfolio doesn't look like what you want it to be. Sell it all, okay? It'll cost you a couple of bucks in commissions but it's better than having some emotional attachment to some stock you bought at a hundred that's now at 60, that you're waiting to get back to a hundred to sell, for totally irrational reasons. So it's frustrating, but it's,-

Adam: 00:50:28 It's everywhere. It's omnipresent.

Meb: 00:50:32 It's omnipresent all the way up through the top institutions. It's something we see, a lot of our institutional friends like to look down on retail, but they're just as bad in many cases.

Adam: 00:50:42 … is a hell of a drug, like Philbrick always says, of course, you always sort of look back and you wish you'd done this or that five years ago or 10 years ago. So he says, when's the best time to plant an oak tree? Well, 10 years ago. What's the second best time? Today. Let's just get it done. Don't sit on a suboptimal or ineffectual portfolio, just because, that's what you happen to currently have and maybe there's some very small marginal costs in having to make a change. So many people make that implicit decision by just doing nothing. So listen, you've been doing this for a really long time ... at least since 06 but I know it goes back much further than that in terms of your thinking about the markets and interest in markets.

I know my thinking has evolved very substantially. I essentially have two completely different phases of my career where my thinking completely had a quantum shift. I think you've been a little more consistent, but I bet there's still some things, some dimensions of the market or dimensions of your thinking that have evolved very substantially over the years. Can you put your finger on any? What are some things that you really thought-

## Thought Evolution

Meb: 00:51:54 Oh, I got a bunch. I got a bunch. I'm very transparent with kind of how I invest my money. It's always a surprise to most investors that the vast majority of funds, public funds in the US that the portfolio manager has nothing invested in the fund. Some cases it's as high as 80% of the fund managers have zero. Not 100,000, not a million, zero. That's a strange conflict of interest in my mind. Now I get it. In some cases you can make arguments why that's not. If someone's managing an Arizona Muni bond portfolio and they live in Texas-

Adam: 00:52:29 Yeah, for niche strategies for sure.

Meb: 00:52:31 I get it but often, I like to say I have skin in the game and we invest most of our money in our own funds, but I like to be transparent about it and my evolution over the years. If you were to ask me and say Meb, design the single best system that you think is the best portfolio. I would say it's a combination of global momentum and trend and we prefer long flat over long short because I won't get into why, but long short in general is a better diversifier but I think long flat is a better outperformer over time, if you're just trying to build wealth. That having been said, this cycle is a particularly good example of this, but many cycles over the years and it's not just trend following, it's anything.

You mentioned value has been in a sort of 10 year, winter, but after the recent Game of Thrones episode, who knows, maybe value also, as you see the end of that, not just in the US, but globally. I kind of understand that almost any asset class or strategy has its time in the sun and there's other times when it just doesn't do well. So while I love trend following and momentum, I also understand that, that's hard for a lot of people to follow. There's an institutional study that queried these big institutions that said, how long of under performance would you go without firing your manager? It was like 99% said two to three years. That's just a fundamental misunderstanding of how our entire business works.

It's so depressing, but most of the academic literature backs it up. These institutions do that much to their detriment. So look, buy and hold is a perfectly fine investing strategy too. It's done great over the past, as long as we can measure markets. The biggest problem with buy and hold is traditionally the drawdowns. So the drawdowns usually occur with recessions and bear markets happened during the same time. So it's kind of everything happens at once. People lose their jobs, the economy's poor, the news was bad. It's a bear market. Your reality is down, your house, everything kind of happens at once. So it's hard for people to sit on their hands and that creates the behavior of selling at the bottom and never getting back in, and how many investors listening to this have had that experience?

They sold in 09, didn't buy back in maybe ever, maybe till 2015 or 2018. So trend following, awesome strategy, has its own behavioral challenges. So those being you look different and so it's usually not the risk of a long bear market, because usually it will be sitting in cash and bonds or other investments that are going up. It's really the risk of not being able to stick with it when people are making hay in stocks or what other investments that are romping stomping bull. So my evolution has been all right, let's behaviorally find a way that lets most investors, even if it's not the optimal portfolio in my mind, that it's the most optimal chance of success.

We call this Trinity Portfolios, launched it a few years ago, but basically is, you put half in buy and hold, half in trend following and within those you have tilts towards value and momentum, and we're not using the market cap weighted indexes exclusively. So, that way you have one foot, the fundamental anchor in the buy and hold world so you'll never look too different, but you also have the ability to be tactical and try to improve and protect yourself during bear markets and everything else. So far for me, that's been a big change but also an ideal way to think about it and we obviously continually refine and think about these things.

To me it goes back to the old John Bogle quote, granted he would roll over in his grave if he heard me talking about it this way, because he was talking about stocks and bonds, but he says, "I put half in stocks, half in funds. That way I spent half time worrying, I have too much in stocks and half time worrying I have too much in bonds". My modern analogy would be buying a hold and trend. So the long wind take away from this was, the optimal strategy may not be optimal for your chance at success and ability to stick with it.

Adam: 00:56:59 Yeah. So the Trinity idea really is, I guess a way to marry these two concepts of what's optimal from an investment standpoint and then what's optimal from a behavioral standpoint, right? So it's a really practical way to systematically harness best practices but in a way that investors are most likely to stick with, right? So how's the reception been to this line of thinking?

Meb: 00:57:30 It's good. I think the sad reality of our world is, we have 11 funds and we see this behavior, even though I'd like to think our investors are more rational and understand our funds and the strategies. The reality is public funds, it's tough. You see people wash into what's working and doing well and wash out of what's not working and not doing well. We used to do calls with people and they say, Meb, what's Your best fund? I just shake my head, put my palm on my face and say, "I know this is going". They say, " no, no, no, I'm not some newbie - what's your best risk adjusted returns over the last three years". I say, " well, I assume you're asking that because you want to know what's the best so you can avoid it and so you can invest in the worst one".

They just kind of like blank look. It's quiet and they say “no, why would I want that”. It's a struggle to avoid, because as an asset manager, it's really easy to go raise money in funds that are working, the five star funds, the funds that have done great over the past few years, but it may not be necessarily in the investor's best interest to be pushing them into those. So I think the Trinity design is meant to work well in almost any market environment. I think it will particularly distinguish itself if you ever have a long bear market again and also if the US versus foreign spread in equities reverses the trend of the past 10 years, which is the US outperforming everything else in the world.

So those two kinds of big themes haven't really played out. I thought they might have at the end of last year, but 2019 has been the mirror image of the last quarter of 2018. So who knows. I think that's when it would probably really distinguish itself and I believe that it will at some point in the future. It's done absolutely just fine. Then we have some other comments that, like everything we do is quantitative, but I managed to trigger everyone on Twitter the other day when I said I invest my entire 401k and son's 529 in emerging markets, and everyone lost their mind. My point being, I said, look, I invest all my money in funds, but I can't invest in our own funds and a 529 and the 401k because they just don't have access to Cambria funds.

So I invest in the best opportunity that just dollar cost averages in, and my timeframe for my son is 16 more years till he goes to college. If they even have colleges in 16 years. So what's the best opportunity? In my mind it was the opportunity … the cheap emerging markets and I'm very happy with that decision. Anyway, people always find something a little bit to be outraged about.

Adam: 01:00:19

Yeah, that's for sure and I know there's a lot of thoughtful globally oriented firms and managers out there who've got a strong grasp of history that have been waiting a long time for some kind of reversion to the historical norm. That 10 or 11 years of singular US equity outperformance has been a real head scratcher for a lot of-

Meb: 01:00:46

Well, I gave an example in the book I said or on Twitter. I said, if you look at the global market portfolio, which we talked about earlier, which is a beautiful allocation that almost any investor should prefer over say investing entirely in US stocks, but I took it back to the 1920s and I said, look, there's been three times where this portfolio, diversified stocks, bonds, real assets globally, way less volatile, better risk adjusted returns, lower drawdowns than US stocks. It goes through these cycles of under performance, including six years in a row, not six years total, six years in a row of underperforming US stocks and this has just happened.

So all the advisors listening to this, were thinking back to, oh my God, fielding all those questions last summer about why don't we just put all our money in, why do we own emerging markets and commodities and real estate and bonds and everything else? Why don't we just have more stocks? So that's probably a little close to home but I think we're at the longest stretch in history right now where that portfolio has underperformed US stocks. It's not the biggest under performance, but it's the longest in terms of years in a row.

Adam: [01:01:59]

Yeah, we published a report, if it wasn't this past year, it was the year before went back to 1900 and showed the relative performance of the US equities versus developed foreign developed and then a separate analysis versus ??iffy?? and over the past 10 years, I think we were at the 85th percentile for relative performance relative to ??iffy?? and the 90th percentile in relative performance relative to emerging markets. So it's certainly been unusual. It's not the first time, but it's unusual in both magnitude and duration for sure and-

Meb: [01:02:46]

That's the thing about markets, we love as advisers telling clients, it's okay, this has happened before, but we always joke that we're going to write a piece called, it's okay, this has never happened before. Never in … where markets are always going to surprise. I mean the big surprise to me over the last few years was 2017 where for the first time in history, at least in the US stock market, the market went up every single month in the calendar year and markets have a way of always surprising people, which makes our job interesting. Never boring.

Adam: [01:03:22]

That is true. Speaking of that, what are you working on right now? What's your next project?

## The Next Project

Meb: [01:03:30]

We always have a bunch of crazy ideas. I think we've been noodling on some research topics where we're thinking about rolling out an instructional Youtube channel. So I know you guys have done a little bit with videos, so that may be in the works this summer, maybe a summer project. We have a handful of new funds that we may put out. I've been waiting to launch a lot of them because some of them are long equity and US equity and I say at this point in the cycle, last thing we're going to be adding is more US equity, but I could have said that at any point in the last four years. So who knows. We have some ideas, right now for example, I think private equity is an area that gets a ton of attention and a lot of the research has shown that a lot of the outperformance of private equity has come from the fact that these companies buy underlying targets at low valuation multiples.

Because there's so much money going into private equity, you have a scenario where a lot of the private equity valuations have risen to be in line with public equity markets and you could go back and replicate a lot of private equities simply with the small cap value with some leverage or inherent leverage in the balance sheet. If you put an ETF structure, it's a much more tax efficient structure. Same thing with venture capital and all of a sudden you have this concept of what we like to call an investible benchmark where you can compare the entire private equity industry to something that you could buy in an ETF, that's going to be way better on taxes. I think that's a concept that we tried to roll out with an asset allocation fund we have. It's done well, but it's not huge.

It's about 60 or 70 million, but it's not 7 billion. So I think a lot of institutions, and you've seen this happen with Harvard, are having a really hard time justifying their traditional way of allocation in a world where, it's tough to beat the quants. I think if you look at the hedge fund rankings this year, is like eight of the top 10 were quants. So, we're trying to think about how to deliver that in the public markets in a way that investors would be interested in. So, I'm open to ideas. You guys got anything good you're working on that you can talk about?

Adam: 01:05:58 Yeah, really the last couple of years for us have been digesting the launch of products in different regulatory environments and then going through all the opening audits for SEC and NFA and all that kind of stuff, and building all the internal pipes and connective tissue to make sure that we're not offside on 40 Act rules for concentration or leverage rules or what have you. We're just in the exercise of trying to figure out the right way to deliver a strategy that you believe in that best benefits the client. I know you spent a huge amount of time on that, but the regulators don't make it really easy for managers to be able to create and deploy strategies in ways that are likely to most benefit clients in terms of the client's ability to maximize the diversification of their portfolio.

Just capital efficiencies are really interesting one, right? So you've been in all these ETFs, you've got these 40 Act mutual funds. There's only so much diversification that you can achieve without taking on a little bit of leverage and yet the rules make it really challenging for investors to access leverage in 40 Act products, right? So really if you want to generate the returns that you want, anything above 3, 4, 5% in current markets, you are forced to drive almost exclusively to equity risk. Of course everybody ignores the fact that US equities are levered between two to one to three to one. So you're getting this sort of implicit leverage just by getting access to US equities but everyone fears leverage and the regulators make it impossible. So we chose capital efficiency, but we trade off market access for capital efficiency. So some of those things, anyways, we're just sort of coming out from under a lot of that stuff and focus on it-

Meb: 01:08:00 I think you highlighted a good point for a lot of the younger listeners who think the money management job is basically Bobby Axelrod on Billions where you're just waking up and they're taking your helicopter and shorting gold and deciding to put all your money into some new stock and trading and the excitement, and realize that you spend half your day signing forms and-

Adam: 01:08:22 Absolutely. It's shocking how much of an operational burden and regulatory burden that this business inflicts, but yeah, that's the business we've chosen. So I'm not complaining, just sort of excited to get started again on the backlog of fundamental research that we've got to explore, which I'm really excited to put to work. So that's where we are-

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| Meb: | 01:08:45 | Well, I look forward to seeing it. |
| Adam: | 01:08:46 | Thanks. So, I wanted to leave off with something fine. I know you're one of the most widely traveled people that I hang out with and I was just wondering if you wanted to share some of your favorite places or experiences in a few categories. I know, for example, your favorite place to ski is Japan, right? |

## Leisure Time

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| Meb: | 01:09:09 | We have a group of guy friends that goes on a trip every year and it's been all over. It's been up y'all's way in western Canada. It's been across the US. We've done Japan a handful of years and Japan is unique in that it has the nice mixture of a totally different cultural experience paired with some of the best snow in the world. It's interesting that the change we've seen over the past five years where the main resort in Hokkaido, which is Niseko, it's evolved to be now it's kind of like the Aspen of Japan, and as we all know with development, there's good and there's bad, it comes with that. You no longer have problems finding some of the best restaurants that are open late and yada yada, but also would recommend that if anybody goes over there, definitely want to get out in the countryside in Otaru and Ferranto and even down on Honshu and ski all over the country.<br><br>There's a lot of great resources. We used a guide service called Le Grand. There's a great website called … that gives you a lot of details into the little tiny towns, but it's such a fun cultural experience. Look, I'm a Colorado guy. I grew up skiing in Colorado and there's plenty of great mountains that are world class close by here too. I'm hoping my year isn't over. It's May and I think I saw that mammoth is open until July this year. So hopefully I can get in a few more days before I trade it in for sunshine and sand and surf boards and volleyballs and everything else here in Los Angeles. |
| Adam: | 01:10:54 | Well, it's pretty cold spring up here, so I wouldn't be surprised if some of the hills were open a little longer than usual. Could use a little heat and sunshine, to be honest. What about hiking? … getting outdoors? I don't know, do you kayak or camp or where do you like to go just to get outside? |
| Meb: | 01:11:11 | Yeah, man. I love the adventure. I'm very impressionable based on who is around dragging me to do certain things. So I love camping. I love biking. Any sort of outdoor adventure. I'll even get sucked into golf and other sports if people are optimistic- |
| Adam: | 01:11:32 | Long grueling nights near Philadelphia, I know. Are you doing that again this year? |
| Meb: | 01:11:41 | Man, I hope so. I currently have a trip that's overlapping, so we'll see but 28 mile, one day hike, that was a long one. Wes marketed that to be much flatter, much less altitude change than I found out it was true but what a lot of fun. Awesome trip, but yeah, I love hiking. I love camping. One of the best trips I've ever done was |

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| | | a mountain biking trip that went from Telluride to Moab, where you get to stay in huts every night. So you don't have to carry anything. It's called the San Juan Hut System. That was a really cool trip, but yeah, I'm game. You come along some adventures, let me know. I'm all yours. |
| Adam: | 01:12:22 | Yeah, I've noticed that about you. What do you like to go for food? |
| Meb: | 01:12:31 | I'm pretty open there too. I'm kind of an omnivore and I'm willing to try weird and different. If I had to pick one cuisine, it would probably be Japanese. If I'd take number two would probably be Mexican but LA is a world class food city- |
| Adam: | 01:12:51 | Yeah you're spoiled rotten- |
| Meb: | 01:12:51 | No, you can, what's that? |
| Adam: | 01:12:53 | I said you're spoiled rotten in LA for ... |
| Meb: | 01:12:55 | So you can find pretty much anything here and that's the constant battle, is trying to keep my waistline down from all the good food here. Although that's pretty easy in LA. LA tends to be a pretty, exercise, activity focused city. |
| Adam: | 01:13:11 | Well, as long as you can squeeze into your wetsuit, you're in pretty good shape, right? |
| Meb: | 01:13:11 | Yeah. Yeah. |
| Adam: | 01:13:16 | All right. Well look, I don't have anything else I really wanted to cover. So this has been a lot of fun is I knew it would be and I appreciate you getting up early and chatting. This is great. |
| Meb: | 01:13:30 | All good man. It's been a blast. Let me know when next you guys are in town. We can get out in the water and take out, where's home for Rodrigo's jet board. |
| Adam: | 01:13:41 | Yeah, well that travels with some of the guys from Catalyst, so we'll have to figure out where that's going to be next, but I know Rodrigo and Mike are going to be in LA in mid July, so hopefully you're going to be around and I might tag along. We'll have to see. They're in town for some meditation specialist or something with Sam Harris, which I don't typically need to get into but, this thing, LA is always a trip. |
| Meb: | 01:14:11 | I've tried the meditation. For me, I just call it napping. |
| Adam: | 01:14:15 | I'm more in that camp as well. |
| Meb: | 01:14:17 | I'm a world class napper, so meditation has been tougher for me, but I think I might end up in the same place. |

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| Adam: | 01:14:25 | Yeah, I agree. All right, man. Well listen, it's been a blast, thanks again, and I'm sure we'll chat soon. |
| Meb: | 01:14:32 | All right, bye. |
| Adam: | 01:14:33 | All right. Have a good one. See you. |
| Meb: | 01:14:36 | Take care. |