

Rodrigo: 00:00:59 Hello, hello. All right.

Perth: 00:01:01 Hi.

Rodrigo: 00:01:01 Happy hour on the go.

Perth: 00:01:03 Yes

Rodrigo: 00:01:03 Hey, Perth. How are you?

Perth: 00:01:05 I'm good. How are you? Thank you for having me.

Rodrigo: 00:01:07 Thank you for coming. Thank you for coming. What's everybody drinking today? I know Perth you had a big bottle of vodka, right next to you and a little bit of rosé. Are you going to prime your vodka drinking with that tiny bit of rosé?

Perth: 00:01:24 Yes.

Adam: 00:01:25 There's got to be a name for a drink that combines vodka and rosé, I don't know, but let's name that.

Perth: 00:01:31 This is Rodriguez favorite rosé.

Rodrigo: 00:01:33 It is. La Vieille Ferme is my favorite rosé of all time. There's a spot in Toronto called *The Local* that used to have that as their special, like half price, basically buy the bottle at the same price you would buy at the LCBO, which is a Canadian version of a communist liquor store.

Perth: 00:01:54 Nice.

Rodrigo: 00:01:55 And so, I wouldn't ...

Perth: 00:01:56 Yeah, that's right. It's the opposite, right? Like, this is actually a perfect segue to the Freedom ETFs because indeed in Ontario, there's one place to buy liquor, and it's the Liquor Board of Ontario, the LCBO. And there were, you know, you have to drive 20 minutes to go to that one place to have a limited supply. And I guess the advantage is that they had purchasing power. They're one of the biggest purchasers of alcohol in the world, so that the government could maximize or minimize their cost and then maximize the cost to the end client,

because the taxes are outrageous. For the user, it is the most expensive in the world, but for the government, it's the cheapest purchase you can have. Let's rage about that today.

- Adam:** 00:02:50 We actually did a separate disclaimer for Rodrigo's rant there on the LCBO. There's only like, maybe 20% of those facts are true. So, okay, Rodrigo, give us the full disclaimer.
- Rodrigo:** 00:03:04 You know what, because of that you're doing the disclaimer today. Calling me out on my facts.
- Adam:** 00:03:12 This is for entertainment purposes only. You should absolutely not take anything that we say as investment advice. And we hope that everyone has fun and joins in and asks us questions. And, and thank you very much to Perth for joining us today. So, Perth, it's been a while since we've actually caught up in person. I think the last time we got together was for the *March for the Fallen*. And what year would that have been? Like, it was 2019 I guess, right?
- Perth:** 00:03:38 2019 or 18?
- Rodrigo:** 00:03:42 It was four years ago.
- Perth:** 00:03:42 Was it 19 or 18?
- Adam:** 00:03:43 Wow. What happened in 2019? There was no there was no ...
- Rodrigo:** 00:03:47 No, wait. Hold on a second. It was you, were in the ... Were you there when Carmen was there? Like, there was -- I remember there was a bunker for like four ladies.
- Perth:** 00:03:59 So, 2018 I did the March. 2019 I was there but I didn't actually march so I just showed up for the pizza.
- Adam:** 00:04:05 Okay. Well, that's fair.
- Perth:** 00:04:09 That wasn't planned to be that way. But yeah, kind of happened.
- Adam:** 00:04:15 Well, I see Rod abdicated in 2019. So, we'll let it go.
- Rodrigo:** 00:04:20 Did I? I don't even remember. It's all a blur.

Perth: 00:04:23 He abdicated.

Adam: 00:04:24 Right. All right.

Rodrigo: 00:04:27 It's all a blur.

Backgrounder

Adam: 00:04:28 Yes, his role at the top of the heap there. He always ran at the very tip of the call or column if you recall with all the keeners. Anyway, we probably dwell too long on that. Since that time, Perth, what have you been up to? Tell us your story, I guess before that and since, what have you been doing?

Perth: 00:04:47 So, 2019 we launched the fund based on the *Freedom Weighted Strategy*. And so it's been a fun ride. We just hit 100 million in AUM. We basically isolated the *freedom factor* with emerging markets. So, because emerging markets, I'll just give a little background in case anyone's not familiar. Emerging markets funds typically have about 40% allocated to autocracies, about 35%, currently to China alone. So, we saw a lot of concentration risk there in the current strategies out there. So, we launched the *Freedom Weighted*, the *Freedom 100* product, to basically address that issue. And so that also investors don't have to allocate so much money to autocracies in their emerging markets allocations.

So, the *Freedom Weighted* product, we isolated the freedom factor, we looked at both personal and economic freedoms, 76 variables, quantitative third party metrics, and basically that's all we use on the country level. It's 100% freedom weighted, it's not an overlay, it's not a tilt, it's 100% freedom weighted versus market cap weighted. So, excited to see how people responded to it so far.

Rodrigo: 00:06:06 So, let's just -- I want to even like even before we talk about ... I want to know how you even thought about doing -- Like, tell us a bit about your history, where you started, what you were interested in when you got into the industry, and then what led you down this very unique path?

Perth: 00:06:23 I see why we need wine for this. Okay.

Rodrigo: 00:06:25 Yeah, that's right. This is catharsis at its best.

Perth: 00:06:30 Yeah. So, I grew up in both China and the US. I was born in Beijing. I grew up there until I was about nine. My parents came to the US. My dad came when I

was one, my mom came when I was four. I came when I was nine. I was living with my grandparents in the meantime.

Rodrigo: 00:06:45 What year was this?

Perth: 00:06:45 What year did I come over?

Rodrigo: 00:06:48 Yeah.

Perth: 00:06:45 1988.

Adam: 00:06:48 You know it's rude to ask a lady her age.

Rodrigo: 00:06:50 Oh, my God. Is that a bad thing to ask?

Perth: 00:06:52 No, no, no, 1988.

Rodrigo: 00:06:55 Okay. I immigrated to Canada in 89 so I'm just trying...

Perth: 00:06:58 Yeah, it was three days before my ninth birthday. So, I say nine because I think of being nine in the US. But yeah, I was technically eight. So, it's 1988.

Rodrigo: 00:07:09 We're the same age and immigrated at the same time.

Perth: 00:07:12 Really?

Rodrigo: 00:07:12 We drink the same wine and those hydrangeas behind there are like my favorite of all time.

Adam: 00:07:19 I'm just going to sit back and let you guys mind meld.

Rodrigo: 00:07:22 Okay, go on.

Perth: 00:07:22 No, wait. Remind you where you came from.

Rodrigo: 00:07:25 I came from Lima, Peru. From South America.

- Perth:** 00:07:27 That's right. Okay. That's a very free emerging market, by the way. Just not liquid enough.
- Rodrigo:** 00:07:33 Yes, indeed. So free that they actually burned through COVID completely without any vaccinations and now they're down to nothing. They're very free.
- Perth:** 00:07:44 What?
- Rodrigo:** 00:07:44 People did. People just did whatever they wanted to. And now it's like COVID is over.
- Perth:** 00:07:47 I didn't know that.
- Rodrigo:** 00:07:48 They're just starting to ramp up vaccinations. Yeah. Very cool. We'll talk about the freedom of Peru in a second. But go on. Sorry, I interrupted it. Nine years old came from China from Beijing. And where in the US, did you guys land?
- Perth:** 00:08:00 I grew up in the Dallas area. Plano, if you are familiar with that. It's a suburb in Dallas. And after college, I went to college in Texas as well at Trinity. And then after college, I went back and lived in Hong Kong. I had never shared on a podcast before the last one I was on with James Warner in Austin. But the reason I was in Hong Kong was not to like reconnect with my background, but it was to reconnect with my dad. I found him. He wasn't around growing up. I found him the summer of 2003, and he said come to Hong Kong. And so I came to Hong Kong, and that's why I was there.

So, when I was in Hong Kong, I traveled a lot to Beijing, Shanghai, Shenzhen and other cities. And in China, as you tend to do when you live over there, just travel around. It's only in the US that we tend to stay in one place a lot. I mean, not you guys, but a lot of people tend to just stay in their -- it's very insulated. But over there, everybody travels. So, I traveled a lot throughout China. And I saw the difference that freedom had made in my life and also in the markets in these places. So, one story that I commonly tell is I had a friend who we called Maggie who didn't have an official existence on paper. She didn't have a birth certificate or school records or hospital records or Social Security benefits because she was born the second child and her parents registered her brother for school. This is during the one child policy.

So, I was born in the beginning of the one child policy which lasted for 30 years, and then they went to two and then three. So, now they're allowed to have three children. But that's just an example of the kind of policies that affect

demographics, affects society, affect markets for generations. So, that's when I realized, okay, policies matter, made a difference in my life. It changed the whole culture of my generation in China. So, that was like the seed of it. But of course at that time, I was 23. I didn't know anything about ETFs or anything like that.

So, when I came back to the States, I worked at Fidelity as a financial advisor, and had clients who at the time, a lot of clients wanted to invest in China, emerging markets and so forth. But I also had clients who, like me, came from, like Saudi Arabia or Russia. I had a Russian client tell me, hey, I don't want to invest in Russia. It's like funding terrorism. So, I had clients who had that mentality of where, like, I do believe in the growth in emerging markets, but I believe in the free people to drive that growth. And I want to invest in the freer ones, or just support those markets more. So, that's kind of eventually, with the growth of ETFs, the growth of passive, the idea solidified. And I actually left Fidelity not because of this, but because I had a young child and I had to stay home with her. But in the back of my mind, this was always there. And so eventually, when my kid got old enough to be in school, and had a little more time, I started this.

Investing in Free Societies

Adam: 00:11:01 Okay. So, what does it look like to start this, right? So, I mean, you had this idea of wanting to express your views on investing in free societies. How did that turn into or crystallize into an actual product?

Perth: 00:11:21 Yeah. Well, it went very slowly because I was a single mom to a young child at the time. But the first thing that needed to happen is we had to have quantifiable metrics or quantified metrics. And at the time, there were not human freedom metrics that were quantified. So, by human freedom I mean, the combination of personal and economic freedom. And so along with some quant friends of mine, we actually created a system of quantifying human freedoms called the *HRQ* and we had a -- human rights quotient, and we had a provisional patent on this.

And then one day, when I went to start scoring countries, this is after I left Fidelity, I went to start scoring the countries in preparation to create this index. Which by the way, scoring the countries using that system takes about four or five months out of the year, because you're looking at a lot of countries, a lot of qualified data, not quantified data, and turning it into quantified data. So, it's a lot of work. And there's a lot of inputs, a lot of data sources. So, there's of course, 26 countries in the emerging market, so it's a lot of work. So, I went to score the countries or start the process. And when I went to our economic freedom data set source to their website, which was Fraser, out of Canada, I saw that they had

something on their website called The Human Freedom Index and data set. I was like, oh, human freedom. So, I thought they were only good for economic freedom. So, I went and went there, and I checked it out.

Remember, we had a patent on a system of doing this at the time. And I contacted my contact there, Fred, who -- I was like, hey, Fred, what is this? And so we compared notes, and it was almost identical, like the two systems. They use the same like, ordinal scale system that we use, it was almost identical. So, I was like, Fred, can I just use this system? And that would save me like four or five months out of the year, and give me third party objectivity. And he was like, yeah. So, that's how we -- that was the first step is having that dataset that combined all 76 of those metrics, and I'm talking about like, civil freedoms, or you can call it social freedom, political freedoms and economic freedoms, so like civil freedoms, things like terrorism, trafficking, torture, women's rights. They have a missing women proxy that accounts for things like the one child policy, because there's 30 million missing women in China due to that policy.

- Rodrigo:** 00:14:00 Right. Okay. So, similar policy to what you described about your friend?
- Perth:** 00:14:05 Yes, that's the same policy that caused 30 million missing women. So, she's one of the lucky ones. She's not missing. She's there. But there's 30 million missing women, right, according to Chinese official estimates, and some people have it at 60 million, but Chinese official data estimates from Chinese sources, it's 30 million. So, that's a lot, generations lost. Right? So, that's a very inefficient use of human capital. Right? That's one of the things we try to avoid by investing in freedom markets is that very inefficient use of capital. So, that's basically how this started.
- Rodrigo:** 00:14:47 Can we dig -- Okay. So, I got a good idea of the first one, there's three components. Go through the second one and what that means, and maybe some examples.
- Perth:** 00:14:54 Yeah. Thank you. So, yeah, political freedoms are things like civil procedures, criminal procedures, judicial independence, freedom of speech, media expression, religion, internet, so on and so forth. And then economic freedoms are things that we're all familiar with, like taxation, business regulations, freedom to trade internationally, money, things like that. So, all of those combined together, we equal weight every single variable, and we use the composite score, and then turn those into country weights.
- Rodrigo:** 00:15:29 You equal weight all of the variables.

Perth: 00:15:31 All 76. So, missing women, right, it's one variable, freedom of speech one variable, number of journalists ...

Rodrigo: 00:15:38 Are those variables from zero to 10? What's the ...

Perth: 00:15:43 It depends. Some variables are zero to 10, some are zero to five, some are zero to 100, it just depends on the variable. But they're all, normalize it all and it's -- in score it is zero to 10, but then we turn it to zero to 100, for the sake of our -- for it to work in our algorithm.

Rodrigo: 00:16:02 And then, so we're talking about countries. Do we also get into regions? Like, for example, if India has got, a single state will have the population, the United States similar, China like -- I guess China is more uniform. But are there, is it country-based or is it state-based?

Perth: 00:16:20 It's country based, country level only. And that's a good point. Because yeah, in a lot of these countries, there are variations regionally. But yeah, we are looking at the country base. And the reason we look at country versus security level metrics, because most ESG is security level metrics. Actually, all ESG except us, and we don't claim to be ESG, is security level. We don't look at security level because the countries that -- the governments in these countries are best positioned to protect human freedoms, not companies.

Rodrigo: 00:16:56 Right.

Small Countries – High Scores

Adam: 00:16:57 How do you address the potential issue of, and I'm sure you get this all the time. But I mean, you could anticipate a situation where a slew of countries with very small market caps end up with very high scores.

Perth: 00:17:13 Like, yes, so we do have ...

Adam: 00:17:17 You've got liquidity issues there, right? Yeah.

Perth: 00:17:19 Yeah. So, we have a -- So, if you look at the process, right, the first step is actually not freedom weighting. The first step is we exclude countries that have too low market caps and too low liquidity. So, the minimum market cap and minimum liquidity comes first. And that brings the 26 country universe down to about 18.

So, countries, like Peru are very free, but don't have the liquidity, the minimum liquidity that we need.

- Rodrigo:** 00:17:47 Oh, man. We're not in your index?
- Perth:** 00:17:50 No, it's so sad. Almost though, like you're almost there. It's the liquidity ...
- Rodrigo:** 00:17:55 Come on, Peru. Oh, this commodity boom cycle is going to be so good for us. We're going to be in there in no time.
- Perth:** 00:17:59 I've actually been to Peru and I love it. Yeah, I want that country in there.
- Rodrigo:** 00:18:04 Just make an exception. Just break the rule once.
- Perth:** 00:18:06 Oh, yeah. You guys know how that goes in a rules based strategy. So ...
- Rodrigo:** 00:18:13 I thought friends backed up friends, what's going on? All right. Go on, sorry. Liquidity ...
- Perth:** 00:18:18 Countries like Czech Republic are too small, right, but they're very free, so we actually exclude those. Yeah.
- Rodrigo:** 00:18:26 Okay. So, is there a threshold by which the freedom quotient is so low that you exclude them altogether? Or are you weighting all countries and keeping them in at whatever freedom weight they deserve?
- Perth:** 00:18:44 This is a great question. We look at the relative freedom, the relative absolute freedom level. So, that sounds weird, right, relative absolute. So, we don't look at the change in freedom or the anticipated change in freedom. So, like Argentina, when they -- a couple years ago, we expected a lot of good changes on the economic freedom front, but it didn't actually happen. But they were expected. So, if we had looked at the trajectory, we might have included a country like Argentina, which we did not because we look at the absolute freedom level. If you look at the expected trajectories, then you're going to include like Venezuela, the worst freedom countries, they have nowhere to go but -- right. So, we don't do that.

And also, we don't look at like a line in the sand, like what you're talking about where you have to be, let's say like there's 162 countries you have to be number 81 or above. No, we don't do that because it's all relative to their peers. A lot of

emerging markets are autocracies, and they're coming out of autocracies. There was a time when Thailand was in the index of. They're a military ruled country so they're not in there currently. But as the freedom weighting, the freedom scores change, a country's decline in their score could push another country who didn't change in their score into the index. So, it's all relative to their emerging market peers.

- Adam:** **00:20:02** So, you said earlier that you don't claim to be ESG. I mean, this seems to me to be squarely in the domain of environmental, social and governance, right? This is sort of governance at the highest level. So, why have you shied away from claiming to be ESG?
- Perth:** **00:20:20** So, the reason why I try to distance ourselves from ESG is, first of all, we don't look at the country level ESG metrics that *Sustainalytics* uses or whatever. Second of all, emerging markets ESG is kind of a joke. Like, if you look at iShares product, emerging markets ESG it's got 40% in China, like the parent index. It can only deviate 1% from the parent index, it's basically like greenwashing. So, it's a bit of a joke in emerging markets, and I have come out with a piece and I can send you guys, so you can read here, if you'd like in one of our investors updates, that talks about this, where you have to have a basis of freedom before you can talk about company level ESG. Because if you don't even have freedom of speech or freedom of media, then there is no independent verification for the data that a company or a government puts out. So, that data becomes less meaningful as a way to measure the impact of your investments. And so you have to have...
- Rodrigo:** **00:21:19** So, that index is whatever market cap weight plus an ESG tilt, that's as far as they've gone on, just the tilt enough to call it ESG?
- Perth:** **00:21:30** They exclude alcohol, tobacco, this is the iShares product, excludes alcohol, tobacco, weapons, whatever other ESG stuff is excluded, with the caveat that it cannot deviate more than 100 basis points from the parent index. So, the parent, non-ESG, market cap weighted index. So, it is market cap weighted. Yeah.
- Adam:** **00:21:51** So, I guess maybe I'm not understanding how indices and products come to be labeled as ESG. Is there a hard like neon, bright lines around the definition now? Because it seemed to me like it was always very fuzzy. And you could create whatever narrative you like? I mean, from your comments, it seems to me that your approach is far more true to the idea of ESG, than the expression of ESG, in some of the more popular products, right? So, why not sort of try to elevate the

definition of ESG with your *Freedom Index* and your freedom concept, rather than shying away from the category as a whole?

Because it just seems like you're sort of sidestepping what is a huge fire hose of capital flowing in the direction of ESG. I think your assertion is, at least when it comes to emerging markets, many of the products are misguided in their construction. Why not sort of elevate the conversation? Say, this is what you should think about when you think about ESG in an emerging market context, rather than saying, we're not ESG because the other ESG products don't really express the values that we're trying to express?

Perth: 00:23:16 Yeah, I mean, that's a good point. Like, I would love to hear from the audience if we started calling ourselves ESG. Let's say that, and by the way, there's a lot of scrutiny on that now from the SEC. But let's say we use -- we add ESG factors, okay, let's say we exclude the two companies, we have that our bottling companies, which would be excluded based on alcohol, right? Then, if we called it ESG, would investors think that's a more true kind of representation of our product? So, I would love to hear what people think about that, because that's ...

Adam: 00:23:46 Well, help me out because I'm still -- I really -- I'm now curious, because I don't -- So, do you need to exclude companies that are considered to be non-ESG in order to be like -- Just how clear is the definition? You mentioned the SEC, so...

Perth: 00:24:01 Yeah, I actually don't know. I think the way that most emerge -- most ESG, not just emerging markets, will use some kind of industry standard exclusion or whatever metric to exclude, like alcohol, tobacco gambling, porn, and stuff like that. So, yeah, most would have to do some kind of company level metrics, I think. So, if we wanted to call ourselves ESG first, we'd have to add those company level metrics, which we've experimented before, because there's actually a firm that licenses our index for ESG SMAs, and they add their own ESG on top of it, and what happens when they do that is they exclude like two or three countries every year. So, it's like, very little change. ESG. So, yeah.

Rodrigo: 00:24:53 It's been interesting for me and again, this is I guess, something we all need to educate ourselves more on is that ESG tends to be whatever the ESG buyer deems to be important to them, right, as this particular SMA provider has done. So, the idea that you couldn't present your case to be, as Adam alluded to, the gold standard of ESG on the G side, and that be enough, seems like, that's something you can definitely do and claim and actually be one of the least greenwashed things on the ESG team right now.

- Adam:** 00:25:33 I agree and without eliminating companies that don't meet traditional ESG standards. Like, I think you could sort of say, no, we don't believe ESG -- an expression of ESG needs to eliminate certain companies for the reasons that you just described, which I thought were really reasonable.
- Perth:** 00:25:51 No, but also, the other thing is like there's so much of this anti ESG buzz going around, and maybe that's just because I'm on ... or something. But you know, and ESG has a lot of buzz but not a lot of asset flow.
- Rodrigo:** 00:26:04 No, I see what you're doing.
- Perth:** 00:26:05 You know what I mean?
- Rodrigo:** 00:26:06 It's a takeaway close. I don't want to be -- I don't even want to be labeled ESG, hint, hint, nudge, nudge, wink, wink. You know, that's a great like, don't even know, I'm so ESG, I don't want to be part of this group. It's great. I love it.
- Perth:** 00:26:22 Okay, that's a good point because like, yeah, some people are like, okay, you're actually ESG, so we don't care what you call it, we're going to put you as ESG. But I think there's a lot of our clients that at least most of the ones that I know, don't use us as part of an ESG portfolio, they use us as part of their core emerging markets, which is the bigger asset pool.
- Rodrigo:** 00:26:42 Well, listen, for what it's worth, I think you're, you definitely should take a position in that space. It's a growing space. The reason for wanting to be ESG, this generation pushing for a better world is a good thing. It's something that's noble, and we should try and do better for society and the next generation. And of course, what's happening is that everybody's finding a way to call themselves ESG for the pure purpose of profit, rather than actually doing good. I think you can position yourself without feeling bad about it as a fund that's actually trying to do good, and not feel any shame for being part of that growth in that space. I think you would actually add to it. So, 100%, I endorse the ESG label. You got the official Gordillo stamp.
- Perth:** 00:27:32 Sweet. Thank you. The official Peruvian emerging market stamp.
- Rodrigo:** 00:27:38 That's what it looks like. Yeah.

Adam: 00:27:40 Well, we want to do the maximum amount of good, right? I mean, and if you want to do the maximum amount of good in this industry, sadly, oftentimes, you need to conform to whatever the industry nomenclature is, right, and you've got to fit into a category. And I mean, it seems to me that if and it's a tremendous success, to get any fund do \$100 million. So, I'm absolutely, I'm celebrating that huge success.

Perth: 00:28:06 Thank you.

Adam: 00:28:07 And I think you would get to multiple billions, if you would, if you position yourself squarely in the ESG column because I think you'd be able to redefine what ESG means in an emerging market context. And I would just love to see you elevate the conversation there and take a leadership role. So, here's to that opportunity.

Perth: 00:28:28 Maybe we should test that. You guys should do my marketing for me from now on.

Taking Offense to Taking Offense

Rodrigo: 00:28:35 You're in. That's fine. You know us in the FinTwit community. We all help each other in one way or another. But let's, I'd like to discuss perceptions here. Because I think if we're going to be fair with regard to the ESG conversation, and the idea that E, S, and G are in the eye of the beholder, I would say that possibly people in power, in China, in Venezuela, in Iran and the like, might take offense to you taking offense to their lack of freedom.

Perth: 00:29:07 Oh, yes.

Rodrigo: 00:29:08 We see lack of freedom a certain way as in, you get to do whatever you want. You got the freedom to do anything, but then you're taking away from society by not keeping them disciplined and focusing on what's most important. The thing that comes to mind for me is China making it illegal for kids to be gaming as often as they are. A lot of people in the West were like, you know, I don't love everything that China does, but that's pretty good. That's probably a good thing for society long-term. That is up there for me in terms of like the freedom of the mind to explore and do something great. So, how do you feel about pushback there and your definition of what freedom is versus a ...

Perth: 00:29:49 You're going to get pushback regardless of what you do. So, what I found, though, with and actually recently has some really weird pushback from, actually, people in Hong Kong from a random comment I made on Twitter. And

I love Hong Kong so much. I mean, it's part of the inspiration for me doing this. So, these are people who don't know me, so I don't care. But that wasn't even market-related comment. So, but I think two things I learned from the pushback, one, is what this most recent case, there's been a lot of trauma in these countries, especially with Hong Kong. And people are worn thin. And so anything you say that's -- could be perceived the wrong way. And that's just the way with social media.

But the other thing is that I learned throughout the time of doing this fund is okay, we do get some pushback, we also get a lot of encouragement. And what I've noticed is that the pushback from -- depending on the country, country per country is very different by country. So, for example, I was in New York, in a subway. At one point, we were all waiting for this train that just wouldn't come. I'm talking to these other people next to me, and they were human rights lawyers from Brazil. And at this time, Brazil wasn't in the index, they are barely now. But they were like, hey, so is Brazil in your index? And I was like, no. And they're like, ah, that's about right. So, they, like, totally agree with me. But China, which has never been in our index, when this launched, I got so much hate from China, you know, internet. And I can understand that. And the only people that can speak out in China are pro-government, pro-CCP, so they don't have the single voices, and almost have to take that side. So, yeah, ...

- Rodrigo:** **00:31:45** What were their arguments? What were their arguments for them being free?
- Perth:** **00:31:51** There were no really great ones. But the best one that I heard, and this was actually a huge favor they did for us. The best one that I heard was somebody actually was like, hey, why do you, you know, this is stupid, but you know, ... Naspers, which is a South African company that invested a lot in Tencent back in the day, and they made a lot of money on that investment. Right? So, they're like a media private investment company. So, they, they invested a lot in Tencent, and Tencent became their entire market cap, and it became so big, it was too big for the -- It was taking over the Johannesburg exchange and so they had to like, spin off a piece of it to this company called *Prosus* listed in Amsterdam. And so they were like, this is a fraud, because you have a company that is all Tencent. And I was like, that is a good point. And so --
- Rodrigo:** **00:32:44** That's a good point ... got to get the fundamental hat on, right?
- Perth:** **00:32:48** Yeah. So, we actually made a rule at the next rebalance because I can't just exclude Naspers, right? It's a South African domiciled company. They don't answer to the Chinese government. The Chinese government can't come in and say, oh, you're a nonprofit now overnight, like they can with Chinese companies,

right? So, I couldn't just exclude that one company without a systematic rule. So, we made one, and it was if a company has over 80% of its assets in the stock of another company, of an excluded country, then it's excluded. So, we applied that rule across the board to the entire list of holdings, and only Naspers met that rule and got kicked out. So, that was a huge favor. I want to thank those people on Twitter who pointed this out, and also then it was picked up by some journalists who brought it to my attention. So, I actually really appreciate the dissenting voices sometimes, and they have ...

- Rodrigo:** 00:33:45 Who says Twitter is not -- yeah, Twitter is evil.
- Perth:** 00:33:49 No, I didn't -- I actually didn't take that very well. No, I didn't take it very well at first. And I was like, wait a minute. So, they were right. And I just, of course, I wasn't happy about it at the time. But then I was very happy about it afterwards, because that was a -- it did us a favor. So, yeah.
- Adam:** 00:34:08 So, I'm a little confused. So, maybe you can help clarify. The way I understood it is you -- the index is constructed by first kind of instituting a liquidity threshold. And if you're above the liquidity threshold, then you go into the ranking mechanism. Right?
- Perth:** 00:34:23 Yeah, country level.
- Adam:** 00:34:25 At the country level. Yeah. So, obviously, China would exceed the liquidity threshold, right?
- Perth:** 00:34:33 Yes.
- Adam:** 00:34:33 So, wouldn't it go into your ranking mechanism, and it would just rank very low in many categories, therefore, have a very small weight but not a zero weight?
- Perth:** 00:34:42 No, our algorithm actually assigns negative weights to countries that, yeah, so it assigns negative ways to the worst countries and then it's an iterative strategy. So, we do iterations until there are no countries that are assigned negative weights. We don't short, it's just right we don't take them in.
- Rodrigo:** 00:35:02 I don't think you could short, I don't think it would be a good shorting strategy necessarily.

- Perth:** 00:35:07 It's long only.
- Rodrigo:** 00:35:09 This is a values-based ETF, right, rather than an alpha-based ETF. Yeah.
- Adam:** 00:35:14 Okay. So, you're ranking all of the countries on these 76 variables. And then it's not an ordinal ranking, or it's a rescaled ordinal ranking. So, that ...
- Perth:** 00:35:28 So, you're talking about two things, one is the freedom scoring, one is the freedom weighting. Okay. The freedom scoring does use ordinal scales sometimes to turn qualitative data into quantitative data. So, that's ordinal scales. By that I mean, okay, if there's 20 journalist killings in one country, in a particular year, we give it a score of zero. If it's 15, we give a score of one, if it's 10, we give a score of two and so forth. That's one of the scoring mechanisms. Once we have the overall score, then we throw that score into our freedom weighting algorithm. And that's a totally different algorithm. And that algorithm is the iterative strategy that applies weights to the countries. And that's how we get the country allocations.
- Adam:** 00:36:18 Would you indulge a nerdy quant by sort of walking me through the weighting methodology? Or is it really complicated and would bore everybody to death
- Perth:** 00:36:25 No, that's basically all it is. It's very simple.
- Adam:** 00:36:31 What you just said. No, but I don't -- So, I still don't understand. So, you've got all these ordinal scores or are they just ranked? So, like, you've got all the difference ...
- Perth:** 00:36:37 No, no, no, Okay. So, there's 76 scores, some of them came from ordinal scales, okay. So, don't worry about the ordinal scales. They all come out with a metric, a quantitative score for countries. So, let's say Taiwan scores 8.7 out of 10. Okay. So, we use that 8.7. And that 8.7 is the combination of the 76. So, we use that 8.7, put it into our freedom weighting algorithm along with the other countries in the eligible universe. And that algorithm, then turns them into weights.
- Rodrigo:** 00:37:15 And they're all, at that point, they're all zero to 10, I would imagine.
- Perth:** 00:37:19 Yeah, all the scores are between zero and 10. And they're typically like, it's not -- Let's say this is zero to 10, they're typically like this, like between four and eight.

Rodrigo: 00:37:29 Right. Before four and eight and you weigh them accordingly based on their final score, that normalized score then.

Perth: 00:37:36 Yes.

Rodrigo: 00:37:37 So, okay, just out of curiosity, which country is the most free?

Perth: 00:37:44 Out of the emerging markets?

Rodrigo: 00:37:46 Yeah.

Perth: 00:37:47 Taiwan. Out of all markets, it's like New Zealand.

Rodrigo: 00:37:52 That's awesome. That's, like, so controversial, it's not even funny on so many levels.

Perth: 00:37:59 And like, with COVID, and all the things happening in New Zealand and Australia, everybody's like, oh, my gosh, like, how are you -- how is this going to affect the scores? And first of all, I don't do the scores. Fraser, Cato, Friedrich Naumann, Freedom House, those guys do the scores. Okay. So, ask them that, but also, they already have things that account for this, like freedom of assembly, freedom of movement, freedom of, I don't know, like vaccine choices. Yes, freedom of speech. So, there are things that will be affected by ...

Rodrigo: 00:38:36 So, I actually missed it. What was the lowest scoring country again?

Perth: 00:38:41 It's Venezuela.

Rodrigo: 00:38:44 Okay, so Venezuela is in.

Perth: 00:38:47 Venezuela and Syria are typically ... Sorry, the lowest scoring country in the dataset or in the index?

Rodrigo: 00:38:55 In the index.

Perth: 00:38:58 Okay. So, in the index, even the lowest scoring country is relatively freer than its peers. All right. So, right now it's Malaysia. Yeah. So, it's still a relatively freer country than like China, Russia, Saudi Arabia, those types of countries. But it's the lowest in our index, because we had the freest country set.

- Adam:** 00:39:18 Gotcha. I would love for you to tell me because I know, or at least if I recall, Rob Arnott was one of the first people that you met with about this concept, right?
- Perth:** 00:39:28 Yeah.
- Adam:** 00:39:28 So, I'd love to hear, like, how did that come about and what did you guys talk about?
- Perth:** 00:39:33 I love telling this story. Thanks for asking about it. So, basically, when I first started this, I had no idea what's going on. I just wanted to try to get an idea of the ETF ecosystem, try to figure out what's going on. So, I went to Inside ETFs, right, like the most -- the biggest ETF conference in the world. And that year, I believe it was 2016. What is happening with Rodrigo?
- Adam:** 00:39:57 He's got a ...
- Rodrigo:** 00:40:01 About to lift off.
- Perth:** 00:40:04 So, this is like way before we even had anything, but I went to this Inside ETFs 2016, and shout out to Inside ETFs for letting me go that year for less than the rate I was supposed to pay. And so they were like, yeah, we think you can learn a lot, so come on over. So, I went there, and that year there was an inter-conference app where you can kind of tweet people within the conference and somebody who was in China talk tweeted out, I can't believe this guy is talking about China and not once has he mentioned the one child policy and its implications and I'm like, hey, somebody here knows and cares about the one child policy. And so I talked to him, ended up meeting him and he's like, hey, I am the president of a couple of really small CFA societies in Tennessee, would you come and speak.
- And so I go and speak at these like small societies. It's literally like 20 people. I think it was Chattanooga. And the guy's name is Ralph Wanger. So, Ralph invited me to go speak there. And they ended up liking the talk. I was talking about, like, basically new metrics for emerging markets, China being the inspiration. And then they recommended me for a Tampa society. So, you know, the societies like recommended speakers. And Tampa was a forecast panel dinner, so it's bigger, and it was like, 300 people. I was on the panel. Remember, it's my first year doing this. I had no idea what's going on. I was on the panel ...

- Adam:** 00:41:41 Wow, that's huge.
- Perth:** 00:41:42 Yeah, it was on the panel with David Kotok, BlackRock and Morningstar. I was like, so ...
- Rodrigo:** 00:41:49 Wow. That's amazing.
- Perth:** 00:41:50 So, we get through that. And then David Kotok, it goes well, and David Kotok afterwards, he and Sharon were there and Sharon Prizant who runs Camp Kotok invites me to Camp Kotok. And I'm like, Who does this? It's like 50 economists that go fishing. Yeah, like apparently, it's like -- I didn't know that it was like a super exclusive thing, and it's like 50 -- I'm like, there's 50 economists that go fishing in the middle of the woods, by Canada with no Wi-Fi, like, who does this? And so I was working with Christian Magoon of Amplify at the time, Christian's like, dude, you should go. You can meet Barry Ritholtz because Barry goes to this thing, you know, masters and business guy. I was like, oh, yeah.
- So, I was like, okay, I'll go and you know, meet Barry Ritholtz and all these other people. So, I was supposed to take a car from the Bangor airport to the campsite which would be a two and a half hour drive in the woods like this because I didn't want to take a seaplane. But then I was so tired when I headed in, I was heading in from Boston, New York and meetings there. And I called from LaGuardia Airport. I was like, hey, I called the seaplane company, I was like, is it too late to get a seaplane, I'm coming in today? And they're like, no, it's fine. You can share with Rob Arnott, he doesn't have anyone to share the seaplane with and it's two people per plane. So, if I didn't go, he would have to pay the full price for two people. I was like, okay.
- So, they're like, they give me his American Airlines Flight number and I intercept him at the airport. I'm like, hey, did they tell you we were going to be riding together? And he was like, yeah. So, we ended up riding together. And by the way, Rob doesn't go to this thing every year. He went like previously seven years prior, and then to this day, he hasn't gone back. So, he was only there that year, because he lost a bet to Barry Ritholtz and he was there to pay his bet. And thank you, Barry. Yeah. And then by the way, when I left Fidelity and I wanted to start this, I called Research Affiliates, because I was such a fan because you know, they do non-cap weighted indexing. I wanted to do non-cap weighted indexing. And I was like, hey, do you guys want to work together? And they were like, no, please go away. And so I actually tried ...
- Rodrigo:** 00:44:07 You don't understand. I was in a plane with Rob Arnott. I thought that was all...

- Perth:** **00:44:10** That was before that happened. That was before Rob and that plane. So, then, like a year after that I was, or maybe two years after that I was in a plane with Rob Arnott. And he heard the idea, we fished together for four days, three days with these 50 economists and finance people like Barry and then he became our first seed investor. He's like -- Well, basically, oh, I asked him to be on a call with me. I was like, since you like the idea and I could use the credibility boost, why don't you get on a call with me? I'm trying to convince these people to invest. And he's like, sure. So, he gets on the call, people didn't end up investing.
- After the call, he writes me and he's like, hey, I'll put in a million. So, that was like before we had a fund. The fund didn't exist and the index didn't exist in its current form. And he decided to invest and so that was huge.
- Adam:** **00:45:00** That's huge. Yeah, that's really cool.
- Perth:** **00:45:01** And then that investment grew over time. Now he owns basically 9.9% of Life and Liberty Indexes. So, he's an LP now in my firm. And I could not have orchestrated that, like that -- I tried with Research Affiliates. They were not interested. So, that's not something I could have orchestrated. And that's just one of, you know, that's one of my favorite stories to tell. But also, this is one of many, where I had these confirmations along the way that this is a product that was -- This is something that was bigger than me. I couldn't make it happen on my own, and it needed to exist.
- Rodrigo:** **00:45:37** Yeah, so it needed to exist, I find almost everybody in this industry is in it to find the right wave. And whatever that is, you're going to put your whole effort into and try to grow it from a perspective of growing your own private wealth. There's more to it than that for you I see in this ETF, given your background. And it's like I said earlier, it seems like it's a value-based investment, right? There's a group of individuals who care deeply about this mission. It's a mission, right? You found your tribe? And so is there like a community of people that, like, have you created your own sub-Reddit and like what's the bobblehead crowd that talks about this stuff? Like, how are you finding the community in this space? She is --
- Adam:** **00:46:30** Did we lose her?
- Rodrigo:** **00:46:33** I think we lost her.

- Adam:** 00:46:36 She's been a little bit jittery throughout.
- Rodrigo:** 00:46:38 Yeah. Well, we'll get her back.
- Adam:** 00:46:41 I really feel like it's a missed opportunity.
- Rodrigo:** 00:46:43 How is Thailand, because you lived in Thailand a couple years ago -- more than a couple years ago.
- Adam:** 00:46:48 20 years ago, yeah.
- Rodrigo:** 00:46:50 I'm always curious about Thailand as a society and how did you -- How was Thailand at the time? And how do you think it is now from a freedom perspective?
- Adam:** 00:47:03 Yeah, I mean, it seemed like an extremely free society when I was there. But then I wasn't really paying much attention to the political context. And I mean, yeah, I was there sort of teaching and enjoying the beaches and traveling Southeast Asia. So, it wasn't a top priority for me to evaluate the social and political landscape. Yeah, that's right.
- Rodrigo:** 00:47:29 Sorry, Perth. We lost you there. And we're talking about the ...

Building a Community

- Adam:** 00:47:33 You were going to tell us about how you built your community. Yeah.
- Perth:** 00:47:37 Oh, no. I mean, I think the community -- So, when I left Fidelity, it was really hard because you know, your co-workers when you're working for a big company, and you can bounce ideas off, you're talking to each other. Like, there's office banter, right? I didn't realize how social media would become office banter -- Like, Twitter, it's like your office, basically. And that's one of the things that surprised me most is how much that kind of built our culture and our community. So, really thankful, probably everyone listening to us now is from...
- Rodrigo:** 00:48:13 Yeah, I mean, you certainly find your tribe on Twitter. I think we definitely found that ourselves. What I'm interested in with regard to your concept of what freedom is, and I guess it's not yours anymore, but it's the Fraser Institute that's creating this quotient. You were excluding certain -- You're excluding certain nations. I think one of them was freedom of religion, right? And I imagine there are categories there that a liberal group might find, not welcome, right, that they

might feel like, if freedom of religion is this, that's conflicting, let's say, with women's rights, over having the ability to be free about your religion or the women's rights that that religion infringes on women?

Perth: **00:49:05** So, like in Saudi Arabia, for example, they're saying, okay, it's my religion to not let women drive or whatever. So, in that particular instance, that would be captured in both women's freedoms. So, there's women's freedom too of movement, there's women's rights to children after divorce. There's FGM, there's missing women, right? And there's women's rights to an inheritance. Those are the five women's freedom proxies. So, all of those would be deemed in a country like Saudi Arabia, Qatar, UAE, which are all emerging market countries. So, those would all be deemed there but freedom of religion would also be deemed there because just because you have one religion, doesn't mean they're allowing other religions.

So, they're not going to allow Christianity, Jewish religions, those types of -- or Hindu or Buddhist, it's only Muslim. Or as in China, it's like no religions are allowed, especially not Muslim right now. And it's just there's absolutely no religious freedom whatsoever. So, I think China and Saudi Arabia type of countries would be similar in that respect, because of the -- And actually, China would probably rank a little better on women's freedoms. So, yeah, maybe much better on women's freedoms. But yeah, that would be captured in the overall.

Rodrigo: **00:50:31** In the overall. And that's a bit of what becomes an echo chamber in Twitter, because it's your tribe. When you're talking to people that have never heard of you, and you tell them about your idea, do you get the vast majority of people being really excited about it? Or do some people find it a little off putting that you're creating this type of what could be seen as exclusion index?

Perth: **00:50:53** Yeah. I mean, it's just a weighting mechanism. So, we -- Yeah, I mean, I'm sure there's people who would find it off- putting, especially ...

Rodrigo: **00:51:06** But do you get anybody being like that generally people -- Do people perceive it as a general thing? I'm just curious whether you get any pushback, the percentage of pushback you get from the average person that hears it for the first time.

Perth: **00:51:21** I think the average person doesn't care how you weigh emerging markets countries. But the average person in finance they're like, what? Like, I literally the other day I was like, right? The other day I was like...

Adam: **00:51:33** What a breath of fresh air Perth, you're so right.

- Perth:** 00:51:36 You know, I have like this multiple mom groups that I'm in that -- the text groups, right? And the other day I was like, oh, my gosh, like, literally not one of these guys, who I consider my friends, know what I do at all. And so I was like...
- Adam:** 00:51:51 My wife doesn't know what I do. So, you know, I don't think you're alone.
- Perth:** 00:51:56 Yeah, so I'm really thankful for you guys. But also, I think with something like this, we're going to probably offend some people, and even sometimes the wrong side will offend because we don't have certain countries but and yeah, so in places that had blackouts of the internet, in places that had protests, they had media issues, coercing of journalists by the government, and they have ... their score dropped slightly, not slightly, their score dropped last year, and it kicked them out of the index, and it kicked Brazil into it. So, all of our fans in India, and we have a lot of fans in India, and I love India, nobody said anything. And they're still supporting us. And they're like, well, we hope it gets back in. And I do -- but it's like, it's so close.
- Adam:** 00:52:59 It's not your personal vendetta, right? Like you're expressing your personal views here, you've got an extremely comprehensive ...
- Perth:** 00:53:07 My subjective opinion doesn't go into it at all. Like, there's no room for my opinion.
- Rodrigo:** 00:53:13 I want to continue to pull on this thread one more time. And then I actually want to learn a little bit more about opening up an ETF and working with ...
- Perth:** 00:53:22 You're really good at pulling the thread.
- Rodrigo:** 00:53:26 That's because I'm not getting the answer I want. I actually, okay, so you do -- It's not like you do have a personal interest in a freedom index clearly. So, it's not like -- but once you have it, there's an algorithm and you can say, look, whatever happens in the future, it's preset, don't blame me for India being out. That's cool. But your views of wanting to put life's time into this thing, I would imagine a lot of people that talk negatively about China, for example, are afraid of traveling to China, for instance. Do you find any pressure there? Do you find yourself questioning whether you're going to go visit Hong Kong or are going to travel to Beijing because of your message?

Perth: 00:54:18 No, I've fully accepted that I cannot travel to Hong Kong or China anymore. I absolutely can't. So, that's actually kind of sad. I love Hong Kong. Yeah. But the Hong Kong today is not the same while I was there, but still I love it. And I wish I could still go back without fear of, being turned back would be the best case scenario. But yeah, no, I don't. And I think a lot of people in this work, like our data providers, used to go to Hong Kong and present at the Lion Rock Institute all the time and now they don't. I think it's just accepted around the world now that Hong Kong is different, and China has become more authoritarian. And you got to be more careful if you're doing any kind of freedom related or human rights related work.

Adam: 00:55:11 Before we get into, we get into Rodrigo's mechanics of ETF creation...

Rodrigo: 00:55:21 For you.

Real Life Metrics

Adam: 00:55:22 I want to talk about what a lot of people, I think, are going to be interested in that watch this broadcast, which is what is the sort of expected investment performance? Like, if you go back through time and sort of see how this selection mechanism has manifested in terms of choosing countries that have gone out on to outperform while they're highly ranked in the index? Can you give any guidance or sense of what that has looked like, over time, either sort of, hypothetically or and/or in live trading?

Perth: 00:56:01 Yeah. Well, we launched the ETF in 2019 in May and have a lot of really good ..., all of COVID drawdown and all good recovery so far, and it's our premise was, okay, free markets, they have more sustainable growth. It's less like government mandated debt-driven growth like Evergrande. Right? It recovers faster from drawdowns. That was a premise we had and then it uses capital more efficiently. So, we got a chance to test that in 2020. We did underperform the drawdown and that's because we had no China. China outperformed everyone globally in the drawdown, COVID drawdown. And then we outperformed the recovery. So, we outperform emerging markets, broad emerging markets, emerging markets and emerging markets ex China.

So, we outperformed everyone in the recovery. So, I'm glad it turned out that way, because that was the premise that we would outperform in the recovery environment. And if you zoom out on that, on that period of underperformance in that period of outperformance, it turns out about the same. So, it was like same as the benchmark in 2020. And in fact, if you zoom out over the two and a half years, the fund has been live, it is very, like almost identical. So, it's the

same, it's a little higher, but almost identical. So, it's the same and that's due to periods of both underperformance and outperformance. Of course, this year we're outperforming because of China underperforming.

So, it should, I think, be a pretty good reflection of emerging markets as a whole. And kind of almost reflect that benchmark, even though we don't have a much freer country set. And that's really what we're going for. We're not going for, we're not promising alpha, although, obviously, in the long term, I believe that freer countries will provide alpha, especially if Wall Street continues to misprice autocracy risk, like the ones in China. And I believe Wall Street will continue to misprice that, because of the feedback loops that go on, people are trying to get licenses there so they have to say good things because the government grants those licenses. So, that's going to continue. And as long as that continues, there will be alpha to be had in the freer emerging markets. And I believe that. But that's not what we're promising. We're just promising a diverse, you know, 10 country emerging markets country set that is much freer than your benchmarks out there.

- Rodrigo:** 00:58:27 And do you have any interest for a freedom bond?
- Perth:** 00:58:32 I do have interest in that. We have interest in that frontier, a lot of other ideas; ESG version, a security level. So, there's a lot of different ideas that we have in mind. To be honest, right now I'm like, I don't know what we should do next. There's so many options. There's so many great people that are willing to help us. And I'm very thankful for that. But honestly, like I'm like, I don't know what we should do next as our next product or even ...
- Rodrigo:** 00:59:02 There's something to be said about focusing on this one thing and getting to a couple billion, right?
- Perth:** 00:59:07 Yeah, I'm really enjoying focusing on this one thing right now. So, I don't know. I don't know when or if or what the next product will be at this time.
- Adam:** 00:59:19 All right. Well, now we can maybe talk about your partnership with Alpha Architect and how did that come about, and what is your current working arrangement with those guys? How have they helped you out and how have you helped them out?
- Rodrigo:** 00:59:31 Did you know what you're getting into when you decided to get into it?
- Adam:** 00:59:34 Yeah. That's a good question.

- Perth:** **00:59:37** Yeah, so that's a great question. You guys know Wes really well, so definitely you can understand that. Those guys are great. So, obviously they're freedom fighters, so obvious choice of partner. But before I thought about working with them, I was trying to license this out to like iShares and SSGA. And I met with all those firms and of course they weren't interested. There were a couple of midsize firms that were interested and we had talks and didn't work out each time. And then eventually, I was like, great. Well, we have to -- I guess we have to launch this on our own. That's when I talked to Rob and Rob was like, okay, I'll invest such and such amount. I want to own this much amount of the firm, whatever. And I was like, okay.
- So, then I talked to Wes. Actually, I talked to Rob afterwards. But first, I talked to Wes, I went to their Democratize Quant Conference. And I had known Wes for a couple years at this point. And I was like, hey, do you guys want to partner with us and launch this together? And at this time, they didn't have their ETF Architect white label platform. They hadn't thought about doing that, apparently. And they're like, no. He was like, "Nah, dude." That's exact -- You know, what I mean?
- Rodrigo:** **01:00:54** Yeah. Totally Wes.
- Adam:** **01:00:55** That sounds great. Yeah.
- Perth:** **01:00:59** So, he's like, you should do this on your own. And so then through the rest of that year, this was democratized quantum, like March-ish, throughout the rest of the year until like Thanksgiving time, he's teaching me to do it on my own like he does, because that's what he does. He just mentors people. Amazing. And so I was ready to do it on my own at that point. And at the time, he still needed an exemptive relief, mine was being drafted by US Bank. And he had helped me negotiate deals with US Bank, things like that. Like he's been great all this time. And then around Thanksgiving, we're on the phone. He's like, great idea. He's like, you should do this with us. And I'm like, did we not already have this conversation? And he's like, oh, yeah, blah, blah, blah. So, now, so I said, yes.
- Rodrigo:** **01:01:44** I got a win-win idea for you. Totally win-win. It's a classic Wes.
- Perth:** **01:01:49** Exactly. So, yeah, so that's how it happened. And now he does it for like 20 other people, including now ARK.
- Rodrigo:** **01:02:00** Well, he talks about you as an example of how to launch an ETF, right?

- Adam:** 01:02:05 Totally.
- Rodrigo:** 01:02:05 So, one of the things they talk about is that you have to have a following, you have to have a passion project, knowing that you're going to get into this and it's going to be a grind for the longest time. You need to reach, I don't know what to break even for an ETF these days, I don't remember.
- Perth:** 01:02:22 It depends on the... Usually, it's 50 million, but depends on the expense ratio. Right.
- Rodrigo:** 01:02:29 Right. So, you got to ramp up to 50 million fairly quickly. And when you got into it, what was your view on that? You're like, I'm going to be in 50 in six months. What level of commitments did you have when you were going into it? And then the rest of ...
- Perth:** 01:02:47 I was expecting two years. I was planning for two years.
- Rodrigo:** 01:02:51 And when did you launch it?
- Perth:** 01:02:53 May of 2019.
- Rodrigo:** 01:02:56 Wow, good for you.
- Perth:** 01:02:57 But then of course, COVID happened. You know, so then all bets are off.
- Rodrigo:** 01:03:01 It doesn't matter you raise money, if you get a 50% or 30%
- Perth:** 01:03:05 I was literally like, are we going to survive? I remember Lauren Templeton of the Templeton's, right, reached out to me was like, hey, I love this, how can we help? I was like, hey, you're on the trustee at the Templeton Foundation, do you guys want to help us, like literally asking for charity? And they're like you're actually a for profit organization. I was like, oh, yeah. I mean, literally, I didn't know what it was like. So, thankfully, for people in our community and that was a scary time for product issuers, and providers. So, yeah, there are times when I didn't know if we would survive. And I'm glad but you know, now coming from the other side of that, but you know, you guys know, there's many times like that. So, it's all part of the adventure.
- Rodrigo:** 01:04:03 It's called being an entrepreneur. That's right. If you're not terrified every other quarter, you're not doing it right.

- Perth:** **01:04:07** Yeah. And not only that, I mean, there's people like, oh, you cry every night, because you're terrified. But now like, I'm at a point where I came to a point where I was like, crying because I was exhausted. I was like I'm just so tired.
- Rodrigo:** **01:04:24** Because you're growing so much right? We're feeling a little bit of that here as well, 150 and we're like this, we wanted this right? This is the dream, this is the heaven that we all spoke of.
- Perth:** **01:04:37** I'm so tired of living the dream.
- Rodrigo:** **01:04:40** Can I go back to mediocrity, please?
- Perth:** **01:04:44** No, but I love it, obviously,
- Adam:** **01:04:48** It's a really, really good story. It's a huge success story. And you've forged your own way in what is traditionally an extremely challenging industry and to come out the other side with \$100 million in your fund in the first year and a half or so is just a tremendous success.
- Perth:** **01:05:08** Well I want to say thank you. I appreciate that.
- Adam:** **01:05:13** Love it. Well, listen, Perth, thank you so much for coming on the show. This has been really interesting. And it was great to catch up with you again.
- Perth:** **01:05:22** I want to say though ...
- Rodrigo:** **01:05:23** Tell us where people can find you.
- Adam:** **01:05:25** Yeah, where can we find you?
- Perth:** **01:05:26** Okay. Hey, I could not do this alone. So, thank you for that congratulations, and I appreciate people to celebrate it with. But I didn't do it alone, and you guys know that. You know, so they can find us on FreedomETFs.com is the ETF. LifeandLibertyIndexes.com is the index. I'm on Twitter, Perth_Tolle and on LinkedIn.
- Rodrigo:** **01:05:50** And then in the next major economic forum with the top economists of the world doing some further speeches, right? Have you been invited since?
- Adam:** **01:06:03** She'll be in Davos next year.

Rodrigo: **01:06:05** That's right, Davos.

Perth: **01:06:09** Back home.

Rodrigo: **01:06:10** Awesome, Perth. Okay. So, we'll find you there and just anybody who's still here, just don't forget to smash that like button, the subscribe, share this amazing knowledge that Perth has bestowed upon us today to the world if you can, and let's have you again once you're -- the moment you hit a billion in a couple of months we're going to have you here and we're going to pop some champagne this time.

Perth: **01:06:33** All right. Cheers to you guys, too. Congratulations on all of your success.

Rodrigo: **01:06:37** Thanks. All right, Perth. Well, have a great weekend, and we'll chat soon.

Perth: **01:06:42** You too. All right.