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Private Market Talks:

Scaling Founder-Owned Businesses with Lincolnshire Management's Matt Nacier

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On the latest episode of Private Market Talks, we dive into the world of private equity with Matt Nacier, principal at Lincolnshire Management and member of the firm's origination team. Lincolnshire Management is a middle market-focused private equity firm and an owner-operator in the truest sense.

During the discussion, Matt shares how Lincolnshire's approach to growing founder-owned businesses means seeing what others may not, rolling their sleeves up on things "that necessarily wouldn't survive an elevator pitch" and creating flexibility for themselves, their LPs and their business management teams. He also touches on the relationship between private equity and private credit, the impact an economic swing will have on portfolios and why there is no such thing as a perfect business.

Peter Antoszyk: Welcome to Private Market Talks, a Proskauer podcast. I'm your host, Peter Antoszyk. Today, my guest is Matt Nacier. Matt is a principal at Lincolnshire Management and a member of the firm's origination team. He oversees the growth of several of the firm's portfolio companies and works closely alongside management teams to scale their businesses.

Founded in 1986, Lincolnshire Management has over $1.7 billion under management and has completed more than 110 acquisitions across the lower middle market. Matt speaks to us today about Lincolnshire's investment strategy, where they see opportunities and how their portfolio companies are weathering challenging economic headwinds.

You'll find a transcript of this episode at privatemarkettalks.com, as well as links to other useful information. And please: don't forget to subscribe and click like after listening. And now, without further delay, my conversation with Matt Nacier.

Welcome, Matt. I appreciate you joining us on Private Market Talks.

Matt Nacier: Thank you. Happy to be here and thank you for hosting me.

Peter Antoszyk: Absolutely. It would be great if we could start off with you telling us a little bit about Lincolnshire Management and what their focus is.

Matt Nacier: Yeah, happy to. Lincolnshire Management has been around since 1986. Our middle market private equity firm is focused on companies in the $10-$25 million EBITDA range. It's not really a hard and fast range. We've invested in a number of industries, over 110 investments in our history. It's a great place, wonderful people work here, a relatively flat organization. We've grown a lot in the past few years and currently investing out of our fifth fund. We are focused as a generalist, but we still have a bias towards consumer businesses, business services and industrial services and lastly, specialty and niche manufacturing. That's not hard and fast. We have done things outside of that. But where I think we set ourselves apart is we will take the time, we'll roll our sleeves up on things that necessarily wouldn't survive an elevator pitch and we put the effort in to learn about that. And then we create the flexibility, and we are flexible ourselves to help meet the need of founders, because most of our businesses are founder-owned.

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Peter Antoszyk: Great. And describe your approximate deal size, generally speaking, your equity check.

Matt Nacier: On the low end, $50 million enterprise value, but we have done deals north of $250 million. So it's quite a large range and the reason for that is in some cases and in certain markets, the best asset may not be the biggest one. And we will buy something, downsize on a lower size range to then work that way up to getting it to something that's more comparable to some of the companies in our portfolio currently. In terms of equity check, on the low end, you'd see us probably write a $20 million check, and then on the high end we could feel as comfortable as doing $80 million, maybe even $100 million.

Peter Antoszyk: And how much leverage are you typically utilizing?

Matt Nacier: Great question. We are pretty conservative when it comes to leverage. There's a responsibility around what we do and how we work for our companies, not to over-lever them. We are also value investors. So as value investors, we're not in those nosebleed-high multiples and in most cases, we have reasonable levels of leverage. Kind of more akin to 50%, maybe 60%, that of the total value of the transaction.

Peter Antoszyk: Yeah, it's actually pretty good compared to some of the upper market points, which I guess is kind of the point.

Matt Nacier: Yeah, the gravy train has left! The days of doing $2.00 down and everything else, are the long gone. Well before my time too, so I think that's pretty standard.

Peter Antoszyk: Absolutely, absolutely. And what's your exit horizon?

Matt Nacier: We have instances where we've been able to exit incredibly quickly. I look at one of our exits, Schumacher. We had that company for 18 months total – that includes the sale process and that was roughly a 5X return for us. Great transaction, great management team, great work here internally to help grow the business and doubling EBITDA as quickly as we did. But in some instances, we've held companies longer. The basis for that is sometimes you need a little more time to right the ship and work with management and really roll your sleeves up and get into the weeds to get things where they need to be, because we have a responsibility to protect our investors' capital. So in instances where we've held companies longer, we can say that we're proud that we've returned the capital and brought the money back to our investors. We're not touting those as successes and not necessarily failures either, but just as a responsibility to return every dollar that's been given to us. And that's something I think we take pride in.

Peter Antoszyk: Yeah. And what's your target return on your investment?

Matt Nacier: The standard is probably that 20% IRR to stay in the dance. That's kind of how we underwrite. We also look at multiple investible capital as, some would say, with kind of an expectation of three times. That's really what you need just to tread water, I think, in this industry. You're really shooting for anything better than that.

You're taking a tremendous amount of risk in some cases, and you need to be compensated reasonably for that. And our investors need to be able to justify why they trust us and why they expect us and require us to perform. I think on a floor, though, 8% is the minimum. If you're doing less than that, I think it's very hard to justify being trusted by your LP's.

Peter Antoszyk: Yeah. And as you mentioned, your LP's have to trust you to make the correct investments which is even more challenging right now given the economic circumstances you're in. So I'm kind of curious, what are, or have been, the factors that you've looked at in management or the company to distinguish one opportunity from another?

Matt Nacier: I had a really good conversation with one of our managing partners yesterday. And we were discussing this exact thing. And I will say so many deals really need to start off with a resounding excitement of yes. As the more you dig into it, the more you learn, the harder it is to just be a blanket "yes." And I think as deals get done you learn more and more risk and you got to get comfortable with those things. How do you mitigate those risks and what are the things that you have an unfair advantage to fix? Or where can you bring in your expertise, or your operations and operational expertise, for being able to support management to succeed? But to the specific element about what we look for in management teams, it's a partnership. So the ability to trust and have faith that this person can be aligned with you and want to grow the business, in a way that is consistent with the expectations we have from our LP's. So we have to be moving in the same direction.

It actually harks on a story that I remember from a class in college that stuck with me. A professor of mine was working on the moon mission, and they went to a site visit and JFK was there. And he basically told the story that, he asked the janitor, "What are we doing?" He says, "We're trying to get a man on the moon." And I think all the way up and down the chain of command. Everyone needs to be aligned as to what the goal is. And figuring out how quickly you can be aligned on that, as soon as possible, can tell you how successful you're going to be in the long run.

In very rare instances that has not been the case. So aside from trust, I think there’s also the basic things of the ability to lead, execute and speed. Speed is the second thing that I think is most important. Because we are on the clock. Although three to five years sounds like a lot of time, these companies are relatively large. Sometimes, it can be like moving an oil tanker or, making a cultural shift to become more sophisticated or implementing a growth mindset. It can be challenging. And let alone, also managing integration of add-ons that are likely happening. And also managing the debt levels and meeting your obligation to lenders.

Peter Antoszyk: Right. And those are not easy things to discern. As you said, trust, a shared sense of mission, speed, the capacity of management to execute in an expeditious manner, in the time frame that you have. How do how do you figure those things out?

Matt Nacier: You can ask questions all day. But it really comes from face time, right? I think about how much time we spend at companies doing diligence, post diligence. And also trusting our advisors in our network. We have a lot of people who can come in and learn in the short period that we have. And you have to lean on that. Trust me, we do get smart fast. But there’s nothing that can beat experience when someone’s been doing it for 10, 20 years. On the younger side of the equation here, I think there has to be a lot of humility to trust some people’s experiences. And this is extremely relevant today, more so even in the past few years as we enter a really precarious economic environment. A lot of investors in my peer group haven’t really lived through a real recession. I think we’ve had to go go times, as some people are calling it, of just zero interest rates, and everything’s just been up and to the right. I don’t think you’re going to see that in the next few years, and we have to brace for that. So to your question about asking questions, we ask to build trust. It’s really not so cut and dry. There’s not one thing I could ask that gets the answer. You kind of learn through experiences and understanding that no company is perfect. And that’s one thing that’s pet peeve of mine, is when you go to a management meeting, and you sit across with someone and you talk about their business and they basically say, “My business perfect.” There’s no such thing as a perfect business.

Peter Antoszyk: Right.

Matt Nacier: Even our best performing companies are far from perfect. It just doesn't exist. And it's troubling because as a partner and as a sponsor coming in, it's okay to have problems because we want to help with that. We understand you've got to run a business. Sometimes receivables aren't coming in as quickly as you'd like, or you may have someone who's leaving for parental leave or something is going to take an extra week when you thought it would take a few days. And it's okay. We like to roll our sleeves up, come in, help management and have reasonable expectations that at the end of the day, we're all human and we're trying to move towards the same North Star.

Peter Antoszyk: Yeah, no, that's right. I think you hit upon the art of it. I think there is a lot that goes into analyzing investments in terms of metrics and numbers and projections and spreadsheets and data. But what you're touching upon, which may distinguish one opportunity from another, is your innate sense of the ability to measure the capacity of the team on some of the factors that you just mentioned. Which is trust. You know, a sense of shared purpose.

Matt Nacier: Absolutely!

Peter Antoszyk: Their ability to execute, yeah.

Peter Antoszyk: One of the things you mentioned in, you know, in this current environment, it certainly has changed from what it has been over the last any number of years. So, I'm kind of curious, you know, how's your deal flow in terms of what you're seeing, number of deals and more importantly, the quality of the deals?

Matt Nacier: I think a lot of people can speak to Q 1 2023 was pretty slow. Especially when you look at the past few years and the volume of deal flow. Going into this environment, we're all picking the downside cases in a little more detail. I think these past few years, with zero interest rate environments, money was cheap. You could do a lot of things. The ROI calculation was pretty simple to do. I think going forward, we're going to see an environment where not only are you going to have to really kind of be in the driver seat and making sure that things are being done and executed properly. But you have to be open minded to opportunities that otherwise don't exist. Like if competitors are struggling or there's new partnerships or ways to think outside the box. That's going to be important. But when it comes to deal flow, we have to originate from more sources. I think right now we probably see anywhere between 1,000 - 2,000 opportunities a year as a firm. And we're probably transacting like half a percent of that. Or we're probably doing a few deals every year. I think this environment is going to call for not just the traditional leverage buyout down the fairway. I think they are going to be opportunities to source deals from nontraditional sources, either through carve outs, good companies with bad balance sheets that would/could be perceived as distress. And then also, looking within your industry to do add-on acquisitions. If the evaluations for platforms aren't right – when I think about the LP environment, I think this is a good environment for us. Largely, because we are value. We are a value investor. We're very disciplined on price and we are going into companies and helping management to really drive organic growth and also supplement inorganic growth through acquisitions. So this is an environment that we will succeed in, and we feel pretty good going into it.

Peter Antoszyk: Those are different kind of opportunities than you were looking at before.

Matt Nacier: It's also an interesting time when you look in the broader horizon of COVID, right? So COVID in 2020, a lot of companies, whether for a short period or for long period, were materially impacted. Unless you're like selling toilet paper or something. But you really had a correction and then in 2021, you're still dealing with that, I think in 2022 you might have had some of the benefit from things that were delayed in those two prior years. And I think this year has really been like the first real, normal year for a lot of companies that we see. And even then, they can't catch a break because now interest rates are rising at a clip that no one could have guessed. And you're looking at cash interest rates that are very, very challenging for a fast growing or even moderately growing company when you're worried about cash. I mean, we get the cash report from our businesses on a daily basis, and we have a lot of sympathy for anyone in the middle market that's trying to manage this environment. So when I looked at the budgets for our companies for this year, I think there's a lot of sensitivity in how I look at the first six months. And as we think going into the middle of this year and we approach our reforecast there's a lot of uncertainty. And uncertainty is the worst thing that you can deal with in our industry, because we're trying to make investments for a long term.

So how do you alleviate that? I think it's about a time scale. So we've made investments consistently over the past few years. We'll continue to perform, and we'll continue to deploy more capital at a pace that can hopefully give not only just us, but our LP's, some peace of mind.

Peter Antoszyk: I do want to come back to what you're hearing from your management at your portfolio companies. But before we get to that topic, just staying on the investment strategy for a minute, in terms of how you're approaching the opportunities today, has your approach to deals changed in terms of the speed at which you're doing them, the diligence that you may cover?

Matt Nacier: Absolutely. We almost successfully focused on founder-owned companies now. The bar for something that is sponsored-owned is much higher. In those instances, too, we're trying to move quickly –as quickly as we can get things signed up faster, to get to a point of exclusivity even faster for opportunities that are the right fit. So going back to what I was saying, you have to start with a resounding yes. Because the more you learn, the more you can get concerned about and the more you have things you have to get comfortable about, because you're never going to know everything as much as you want to. There are factors at play that are just always outside of your scope, on the horizon.

It makes me think of that quote, "Smart people hit targets no one else can hit. Geniuses hits targets that no one else can see." So, when I think about some of the members of Investment Committees who have the foresight to ask the question that youthful exuberance might have missed, it's always great to have that and those are really wonderful learning moments because they turn into opportunities for us to create value. Other people may, they look at something and say, "Hey, we don't want to touch that," or, "That's not a right fit for us." But we can see something that other people may not, and really get in there and know it's going to take a lot of work to be transformative and grow this business. I think about one of our larger portfolio companies, where the performance has been solid, and it's continued to grow. But what's really special is the way we've been able to change the quality of the revenue for that business from a one-time, project-based revenue to something that's more recurring or re-occurring in nature. So that's the type of work we're doing here to improve the quality of these new businesses and hopefully be rewarded for that effort in the up.

In addition to speed and exclusivity, it's coming with value to the seller. Private equity is a quite a mature market now. A lot of people are getting deal flow and very rarely you're the only one calling someone to present them with an incredible opportunity. So, you have to bring a lot of value to the table, which is where I think Lincolnshire, in our ability not only to be a flat organization but a resourceful one wins. You have the three teams I had mentioned before being able to work with management in ways that help make their lives easier. In often cases, the management team is probably the previous owner, and they see a vision for their business and they want to get there but it's really hard. It's very hard to take a business, when so much of your net worth and your life is tied into it. The resources around you are tapped, you have ten different directions and you're not sure which one you should take.

Peter Antoszyk: Can you give an example of what you're talking about?

Matt Nacier: Yeah, I think of one of our companies in the Midwest, which was growing quite nicely under the previous owners, had opportunities to grow the business inorganically, but there were so many places you could go geographically with that business. As partners, we came in and we helped them. We did an acquisition in six months on the West Coast to help grow that side of the business because it was too difficult to grow organically and enter that region. So with the acquisition, we took that off their plate – dealt with all the docs, sourced it and helped with getting the deal closed and to the extent possible, helped with the integration by having one of our now operating partners slot in a CEO for a little bit. I spent a lot of time at that business personally, so did some of my other colleagues trying to just create value where we can. And it's not having an ego. I mean, they can ask for something as small "Hey, can you help draft something to help us find a person for this role," to something as significant as, "We need to figure out what's the proper direction to go," or, "Creating a value stream for the company." There is not job too small, no job too big when you're sitting in the project role, because you have to think like an owner. And I know that's how they think. They go to bed worrying about the little things as much as the big things. And you got to be right in lockstep with them and supporting them and having that mindset. So there are so many instances I can think of where people at the firm, anyone at the firm, has had to go to the business and fill in a role. We're trying to do that for our current partners and our future partners and present them with the value that we can bring. And it's more than just capital. We want to be genuine partners.

Peter Antoszyk: Where do you see, either in terms of sector or industry, the exciting opportunities for investing over the next 6, 12, 18 months?

Matt Nacier: You're asking me to give away all my secrets. [Laughter] I think we have a lot of excitement around manufacturing right now and consumer. I know discretion in consumer is a little bit more challenging. But certain aspects of consumers, we find attractive right now. We think they will be able to weather a recession quite well. When I think on the manufacturing side, I think some of those businesses actually have recovered from COVID a little bit sooner than my earlier statement about 2022 being a normalized year. So you can look at some of those businesses and have a good sense of how they'll perform. And they also tend to fall within how we perceive value. So as value investors, we're looking for companies that fit that threshold in terms of multiples for us. Not to skip over business services, just when I think about our broader portfolio, we have a couple business service companies in the portfolio right now. And we will continue to look at them and we're excited about those opportunities when they come. But when you ask me what I think in the near term, it's going to have to be a great opportunity for us and anyone in our peer group. I lean towards manufacturing and non-discretionary consumer.

Peter Antoszyk: So, there's been a lot in the paper obviously about the failure of SVB, the takeover of First Republic Bank and just general concerns about the banking industry. And I think there's a general sense that banks are pulling back from lending and that has led to a concern about the availability of liquidity to fund deal activity. So, I'm curious from your seat on the private equity side are you seeing a pullback in liquidity from available liquidity from banks and you know who's filling that gap?

Matt Nacier: No, we haven't really had any trouble getting liquidity. It does put Treasury management more front of mind than I think it initially was. We didn't have any exposure to those banks, which is great for our companies. But it has led us to some thinking around that. In terms of doing deals, we're not concerned; we think our LP's will be there when we called upon and our relationships with lenders remain strong. We've been a good partner to lenders in the past and we continue to do that. I think this is a people business and like I said earlier, it's a trust business. So that when you have an obligation to do something, and you do it and people will tend to come back and work with you. What's the saying? "Relationships aren't worth much if they're only done when convenient." And so, in environments like this where there's a lot of uncertainty, we have a lot of faith in our network and our in our relationships to help us continue to do what we're expected to do. And that's put the capital to work. So, no, it hasn't been too much of a concern.

As value investors, we haven't been playing in the overlap. We haven't been overlevering companies, we're not in the nosebleed multiples. We have good companies with good balance sheets. So, with that mindset, this is a great opportunity because we're kind of playing in the ballpark where they want to play. And so, we haven't had any trouble with lender relationships and getting deal flow.

Peter Antoszyk: Yeah, especially since you said earlier, you're writing 50% or more equity checks. That's got to give a lot of comfort to the on the debt side of the balance sheet.

Matt Nacier: Yes.

Peter Antoszyk: We want to turn a little bit to what you mentioned earlier in terms of your comments about how your portfolio companies are doing, and what you're seeing are seeing in your portfolio. Not every deal is a home run, and I'm sure you know everybody's portfolio shows some cracks and falters every now and then so, what are you seeing and what are you talking about with your management teams.

Matt Nacier: Default rates are rising. We are aware of that, we are sensitive to crash levels and covenants as we approach substantial slowdown. I don't think anything is trending in a downward direction as much as I think things are shifting out a little bit further to the right in terms of where we expect them to be. So are some of those exit timelines. They move a little bit and some of the growth trajectories, the headline number will still be the same. And what we're looking to get on in terms of EBITDA basis? It just may be a quarter out than what we initially expected.

Peter Antoszyk: That's pretty good. If it's only a quarter.

Matt Nacier: In the event that it's more, there's always things we can do, right? We can always put the put the pedal to the metal in terms of working with management to grow faster, so to what I was saying before, we're all working towards the same thing. I think our management teams, a lot of those guys are really hard on themselves in instances where they're not where they want to be. That's where our partnership mindset is very important, because they know they're not taking Saturdays or Sundays to not think about the business. They're on all the time, trying to push a rock up the hill and it's just about putting your shoulders to the boulder alongside them. So, in instances where things are not moving as quickly as we'd like, we're aware and we're working with them and we're working through it. We very much have a growth mindset.

I think private equity has built a reputation of going in and ruthlessly cutting costs and getting rid of jobs. But in environments like this, more so than ever, you have to think about your responsibility as investors to grow businesses and having a growth mindset. But in the broader economy there are families that are depending on these jobs and in these companies to succeed, and we have a responsibility to make sure that they do. That's a tremendous privilege that you cannot take lightly, and we work very hard with our management teams as to make sure that they succeed. So, I don't go into these next few months, and potentially even maybe longer, lightly, nor do I think my colleagues or anyone in the middle market is.

Peter Antoszyk: You said something I think that's really important, that I actually don't think private equity has done a really good job of explaining, which is your commitment to the growth of businesses but not necessarily at the expense of jobs. That you feel a responsibility to the entire enterprise and the goal is to have the entire enterprise and all of the constituents succeed with you. I think that's a story that it doesn't get enough publication because it gets drowned out by the by the easy criticism of private equity.

Matt Nacier: That's never the fun part of the job where things don't go well and you're trying to right size and to move things where they need to be, that's hard. No one ever looks forward to that, no one ever optimizes for that or wishes for that. I think you're always hoping that you can grow a business and you can create more opportunities for people to do what they want to do and create an environment or a company that allows people to have a location and succeed. Sometimes it's easy when you're looking at Excel in your ivory tower in New York to get lost in the just the numbers. But that's why I think it's incredibly important that people spend time with businesses and hear people's stories and understand what they're worried about and it's probably not always the business and it's important to have those conversations and think about that.

Peter Antoszyk: What is your prediction for defaults? It doesn't necessarily have to even be in your portfolio, just generally speaking, when you look across the industry and your sector of the industry, what do you think default rates will be over the next 12 to 18 months?

Matt Nacier: Yeah, I'll, probably talk about the ingredients that go into the soup before I tell you what it tastes like. So there's kind of a perfect storm brewing of over the past few years, you've had incredibly cheap money. You had an introduction of a lot of capital in the private credit side. Deals that were going for incredibly high multiples, were getting done on the assumption of some of those being recurring revenue. I'm kind of looking at the tech side here within our peer group, although we don't do a lot of tech, we do tech-enabled, but I think this is important in terms of how we look at the default rates. And then lastly, you also have the kind of the loosening of covenants and the heightened pace of diligence. So, going into the next 12 to 18 months, I think you're going to see that all kind of come to a head in terms of if you're a business that was somewhat underwritten to the idea of recurring revenue or paying high multiples for that, you might have logo term where companies are just going out of business and that revenue isn't there. It's not even that it went to someone else, it's the company's just gone. Or you might have companies start to cut back on expenses so there's less people to sell to, or less headcount on the company to service, or people are consolidating offices or getting rid of offices if you're on the business services side. There is going to be some form of correction for some businesses. Even on the value side where we play, on the business services side and the manufacturing side, there may be a slowdown. When supply chains were low, people stocked on inventory and now they're working through that, and you might see orders slow down. So, yeah, that is a big concern of mine.

Now what’s different, unlike before, in this environment is, although interest rates are coming up, it just requires you to kind of up your level of growth and innovation to justify the interest. But also there is a tremendous amount of dry powder on the sideline and the growth of private credit and the sophistication of private credit has led me to believe that a lot of situations in the past where the keys would not have been taken in the business – and what I mean by keys for the listeners, when the lender lends to a business if it does not perform, the lender has the right to take that business. So, I think you’re going to see a lot of cases where the lenders are prepared and are going to be equipped to run these businesses or have the third-party resources to help in terms of getting things turned around. They are smart and they are sophisticated counterparties and, and you’re going to see opportunities like that. So, because of that and all the dry powder, I don’t think you’re going to see pennies on the dollars opportunities like you had in the past that hark back to 2008-09. I think you’re going to see a higher floor in terms of what valuation is going to look like because a lot of these companies are really good businesses, with just bad balance sheets. Maybe they’re over-levered, maybe the growth expectations were a little too lofty, or maybe the need to get the deal, win the deal and get the business was better, was more front of mind than the diligence. I think you’re going to see that and in these next few months. I’m just hoping that we can come out of it relatively clean, unscathed, protect as many jobs as possible and save as many companies as we can, with all the things that I mentioned that are at our disposal and continue to grow and the get into the next growth cycle. So, as to an exact number, I couldn’t tell you, but it’s not going to be insignificant. You’re definitely going to notice that.

Peter Antoszyk: I think one of the things that you’ve highlighted is the resilience of these companies that you’re working with that they’ve been able to manage through very difficult economic times. Inflation, increased interest costs and other factors that you’ve highlighted. But they’re not out of rough waters yet.

Matt Nacier: I don’t think anyone is.

Peter Antoszyk: I think it will be interesting to see how it plays out. I think those companies that you mentioned that are well positioned as either market leaders or simply able to pass on, pass through costs and continue to do that with customers and are prudent in their cash management, cost controls will hopefully we'll be able to navigate these more difficult times.

Matt Nacier: I was talking to one of my peers, who is a lender, and their portfolios are massive. They have so many more companies in their portfolio that they're lending all over the place. And the resources that they have to manage their portfolio is finite. And so they really do want the sponsors to kind of come early with bad news and they know we're doing our best to help companies and things will go well and they will partner with us and help where they can. So that's one thing I think will be interesting in the next few months. Lenders who have that mindset will set themselves apart and similar with sponsors who are proactive and working with lenders. You know the saying, "I want bad news before it happens and you can tell me good news on Monday"? That's what they're looking for, and we're going to see that.

Peter Antoszyk: This has been a great conversation. I just have a couple of a few questions to wrap up. So I'm starting to ask this question of all my guests because I just think it's a fascinating development and could be revolutionary. But I'm not exactly sure how and that is, I'm kind of curious from your perspective what the impact, short or long term, will AI and check GPT will have not only your business, but on the businesses that you invest in and why?

Matt Nacier: I'm really excited about generative AI. When I look in terms of the ability to increase people's output and the efficiencies that it gives is, it's going to be great. But we're also like early, early innings, we might even still be at the tailgate. That's how early we are of this thing. I think of the time I spent in crypto, that technology was so nascent back then and it's what everything goes through. The fanfare and excitement, it's just going to take some time for it to level off. But when I think about what Microsoft is doing specifically in implementing it and putting it into a thing I use every day, personally and professionally, you're really going to see an ability to just do so much. It's going to help our analysts.

Peter Antoszyk: Harkening back to where you started and what you talked about in terms of your assessment of companies, you know, in terms of the trust and the expertise and management and the art of private equity investing. And I don't think that can be substituted by AI.

Matt Nacier: No, I don't think it will. But it it'll maybe help get out of the office a little bit earlier and spend more time with the family. But I don't think it's going to take anyone's job in our field. Not too soon. Or at least I hope not.

Peter Antoszyk: Quick question. What nonbusiness book or podcast would you recommend to a friend?

Matt Nacier: That's really tough because I do a lot of business books, but I think an interesting book that I encourage a lot of people to dive into is The Metaverse. And I still think that kind of falls in the category of a business book. That was a great book for a couple reasons. I think it brings together all these technologies. That that we're hearing about and seeing and tells us how they come together, and the author is Matthew Ball. book. My favorite podcast, I think is one called Memory Palace by Nathan Mail. It is truly special. The way he tells the story and really brings you to a time and a place is unlike anything else, so I want to make a shout out to that podcast. I think it's great.

Peter Antoszyk: I think the art of storytelling is just that an art and it's very difficult, and someone who does it well is very special. So, it's a good, good recommendation. So, listen, thank you for joining me on private market talks. I've really enjoyed our conversation Matt.

Matt Nacier: Thank you. I'm glad you did, I did too.

Peter Antoszyk: Okay. And for my listeners, I appreciate you listening, and you'll find a copy of the transcript of this conversation, and other helpful links at privatemarkettalks.com.

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