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LAUREN FOSTER: Hi, everyone. Welcome to Take 15 podcast. I'm Lauren, and in this episode, we're tackling a big question, is the 60-40 portfolio dead? But before we go into that, the conversation begins with the importance of asset allocation and diversification. And I'm excited to introduce my guest today because he thinks of these topics as part of his DNA.

Sébastien Page is a CFA Charterholder and head of the global multi-asset division at T. Rowe Price. He's also the author of a new book on asset allocation titled, *Beyond Diversification,* which is why he has a lot to share on this topic.

Sébastien has co-authored award-winning research papers for the *Journal of Portfolio Management* and the *Financial Analyst Journal* and is also the co-author of the book *Factor Investing and Asset Allocation,* published by the CFA Institute Research Foundation.

We cover a lot of ground in a short time, including key takeaways for advisors and individual investors, why Sébastien believes diversification is a flawed concept, and whether he thinks the 60-40 portfolio is dead. His answers go into a lot of depth. So you may want to have a notebook ready or a notes app open on your smartphone so you can jot down some key points. Well, let's dive right in. I hope you enjoy my conversation with Sébastien Page. Sébastien Page, welcome to the show.

SÉBASTIEN PAGE: Thank you. Thanks for having me.

LAUREN FOSTER: Well, it's great to have you on today. And I thought a fun place for us to start would be on a topic that you are very passionate about and that is the importance of asset allocation and diversification. In fact, you've even said it's part of your DNA, and so much so that you wrote a book called *Beyond Diversification.* So tell us about that, what prompted you to write the book?

SÉBASTIEN PAGE: I've had a lifelong passion for research and for investing. And as you said, I like to think it's part of my DNA. My father was a finance professor for over 40 years. So he's now retired but Lauren and I grew up around finance. I remember from a very young age hearing debates about topics like the capital asset pricing model at the dinner table between him and his friends who were also academics.

So there was true passion. And after a nice dinner and a couple of glasses of wine what do you talk about with your friends, I'll bet it's not the Modigliani-Miller theory of dividend policy, but they would. And I was there 10-years-old not knowing what this was all about but certainly getting the idea that finance is just endlessly fascinating.

So fast forward three decades later, and I've spent most of my career at the intersection between investment research and practice. So in the book, I just published a book recently, I essentially want to change how our industry thinks about asset allocation. So I know this sounds grandiose but my goal is to reconcile what we as an industry I believe we still haven't reconciled. I think it's the most important question in investment management, how to combine numbers-driven quantitative approaches with investor judgment.

So to do this I've reviewed over 200 academic papers, I rely on the experience of my colleagues at T. Rowe Price, amongst the best investors in the world, and my own 20 years of experience. And also of course, wisdom I've learned over the years from my father. And I've tried to do this in an accessible way, so for a broad audience. I was thinking like Malcolm Gladwell, although I'm clearly no Malcolm Gladwell but the idea was take complex research but make it intuitive without sacrificing the rigor.

So I made an effort not to use equations. There's no equations in the book, minimize the jargon. I will let my readers decide if I've succeeded but my ideal audience is someone who already knows about investing, maybe like a CFA Charterholder or an advisor, people with finance knowledge who essentially want to step up their game.

LAUREN FOSTER: So I definitely want to spend more time drilling down into the book but before we go there, I was surprised to read that all the proceeds of the sales of your book are going to the T. Rowe Price Foundation. Tell us what motivated that?

SÉBASTIEN PAGE: So all the proceeds go to the Foundation and it's a foundation that's working really hard to-- we have issues in Baltimore as a city, and that's where our headquarters are. The Foundation's working really hard to alleviate poverty and hunger and homelessness, but also proactively contribute to projects for youth empowerment for example. So we do a lot in Baltimore but the Foundation also participates in initiatives in communities where we do business around the world. I do think that as an industry financial companies can and should do more in these areas. So if you buy the book, you're contributing to several good causes.

LAUREN FOSTER: Well, I applaud you for doing that. That's a worthy cause to be supporting. So let's go back to your book for a few minutes now. What are some of the key themes that you think both advisors, as well as individual investors, can learn from the book?

SÉBASTIEN PAGE: So the book covers the state of the art on how the pros do asset allocation. So as I mentioned, my audience is an advisor, a CFA Charterholder, who wants to learn not just what to do, not just be told do this, invest in this portfolio that way but also how and why to do asset allocation. What's the process and the theory behind asset allocation decisions? So the book is sort of, it's aimed at people who want to do it themselves if you will.

I have a lot of really good reviews on Amazon from investment people but I also have a couple bad ones from individuals who thought the book was going to be like a guide for beginners, like one of those for dummy books. That's not the case. I do think individuals can learn a lot in the book about how to decide how much risk they're willing to take, that's a big decision.

What their stocks versus bonds allocation should be. How to take advantage of tactical opportunities should they want to in markets? How to interpret financial data, valuation ratios, macro data like GDP and inflation, what do all these data points mean, and a lot more. The last section on portfolio construction even shows some actual model portfolios. So if you want to skip the foundations and get the precooked solution you just jump to the last section I suppose.

LAUREN FOSTER: Well that's cheating.

SÉBASTIEN PAGE: Right.

LAUREN FOSTER: So let's just spend a minute or two on the title of your book *Beyond Diversification.* So why should investors go beyond diversification and really what's wrong with diversification?

SÉBASTIEN PAGE: Yeah. The two most important pieces of advice you can give someone who's saving for retirement. Say, Lauren, you have two floors to give someone advice, you're in an elevator, you're on floor two and they're going to get off at floor four, what do you say? I would say diversify, number one, and stay invested for the long run.

So in theory when you diversify you manage your exposure to loss. That's what we learn when we study the CFA exams but diversification is a flawed concept and the title of my book is *Beyond Diversification,* first, what do you diversify across, right? Here's an example from academic research, this is from Richard Thaler, who won a Nobel Prize, a lot of behavioral type research. And he studied defined contribution plan and he found that when people were given a list of funds to invest across they systematically overweighted stocks. In other words, they built really aggressive portfolios if there were more stock funds on the menu than bond funds. So if people are presented with choices 8 out of 10 funds being stock funds, they'll end up with a stock-heavy portfolio. And when there were more bond funds on the menu people systematically overweighted bonds. So he just showed that the asset allocation decision, this diversification decision, it's self-evident but is sort of entirely driven by how the menu is presented, not by people's risk tolerance.

Second issue, we all know that correlation across asset classes spike when markets sell-off. If you have a big stock market sell-off it's very likely that corporate bonds are not doing well at the same time. But here's what's perhaps underappreciated about the failure of diversification, when does it work the best? We know when it fails but when does it work the best? It turns out diversification, and I've published articles on this, works the best exactly when we don't want it, during rallies on the upside. So it works the worst on the downside and the best on the upside. Very undesirable asymmetry.

So if you use the average correlation like you learn in your CFA curriculum, it's like having your head in the freezer and your feet in the oven. It's an analogy I like to use, right. You can claim you're-- oh, you can claim on average your body temperature is perfect. That's what you're doing if you're using average correlations to assess diversification.

So to estimate your exposure to loss with average correlations with the way a lot of investors think about diversification is highly misleading because correlations are an average of two extremes, hence the head in freezer and the feet in the oven. But the good news is that there are many, many ways of dealing with this issue with a variety of portfolio construction techniques and analytics. So there are ways to get around these issues.

LAUREN FOSTER: So Sébastien, let's take this down to a practical level. So how can investors determine their own stock-bond mix?

SÉBASTIEN PAGE: Yeah, that's a tough question. And it's actually probably the most important investment decision you can make, how much stocks versus how much bonds. So you need to answer two questions at least, at the very least, probably more. What's my goal? Am I trying to save enough so that I can generate income that will replace my salary once I retire? That's the goal for most investors.

OK, that's fine. Second question, how much short-term volatility am I willing to accept along the way in order to attain this goal over time? With these two questions, you begin to think about how much stocks you should own. One way to think about it is to calibrate your stock-bond mix based on your age. So this is clearly a simplified approach but it's a good starting point. Then you need to add factors such as how much you already have set aside, how much do I expect to contribute over time, and so on.

One of the toughest questions around this how much stocks should I own, even if you calibrate it to your age is really to understand your tolerance for risk. It's a tough question. If I asked you, Lauren, what's your tolerance for risk? If you ask me what's my-- I don't really know. How do I quantify that? So about a third of my book is about better understanding investment risks. For example, I talk a lot about so-called fat tails. Those are financial disasters, low-probability events with disastrous consequences on portfolios like the sell-off of Q1 2020.

So in one of the chapters I have a story when a client asks my old mentor that same question, what's the best way of determining my risk tolerance? It's a tough question. So my old mentor, he had a really dry sense of humor so he responded-- and this is true. He responded that there's research at the MIT, that was done out of MIT that showed that depending on the level of specific hormones that a person has like through blood tests like testosterone or something, their willingness to take investment risks will be different. And then he said to the client well, of course, we've tried to use this research with our clients but they tend to consider a blood test a little bit too invasive.

He said that in jest of course, but the bottom line is that risk tolerance is a subjective thing. And that's why people who work with financial advisors use questionnaires. Like, OK, to try to grow your retirement pot by say 20% more over the long run, are you willing to accept occasional losses of say 10% in a single year? And those types of questions can draw out some measure of quantifiable risk tolerance and then you end up with a stock-bond mix that's appropriate for you.

LAUREN FOSTER: So sticking with the stock-bond mix, let's talk a little bit about the 60-40 portfolio. And I just want to share with the audience a few headlines on the topic because I was like, let me just see what's out there. So in November last year, *Kiplinger,* had this to say, "R.I.P. rest in peace the 60-40 portfolio." Then PIMCO came along in December with, "The 60-40 portfolio is alive and well." Fast forward to March of this year and *Forbes* weighs in, "Time to rethink the classic 60-40 portfolio?" May 2021, Morningstar proclaims, "Long live the 60-40 portfolio." So which is it? Is the 60-40 portfolio alive or is it dead?

SÉBASTIEN PAGE: You know, Lauren, it's such a great question and my book was already in production when the media started talking about this question, is the 60-40 dead? I tried to actually get in and change the title but it was already in print so it was too late. Instead of *Beyond Diversification,* I might have titled the book Is the 60-40 Dead?

Look, I've been talking about risk aversion and it sounds pretty theoretical, but very practically, should investors for example, if you are in an elevator giving someone advice hold a 60-40 portfolio as a pretty well-diversified portfolio? Well, the issue, based on what we were just talking about, is that 60-40 is a specific risk profile. Not everybody should have that risk profile, depending on how far they are from retirement, for example. So as generic advice people have different goals.

So there's nothing magical about 60-40. It's way too generic. People need to account for their time horizon. And given how low expected returns are going forward and increasing longevity risk, which by the way, this is a good thing, people live longer. We tend to say-- it's a good thing. Longevity risk, the answer to the question, how much stocks should I own, is often actually probably more than you think.

And I talk about this in my book, people live longer. Interest rates are near zero, what does it mean? If you look at our target date strategies, someone who's 15 years from retirement. So is someone who's 50 years old, we think should hold about 85% of their portfolio in stocks.

And even when people reach retirement, the equity weight in those strategies is about 55%, which may seem high but if you think about it, at 65 you need your money to last for a long time, you need a compound rate of return. Bonds are going to give you zero after inflation. So at 65, you can expect to live for another 20, 25 plus years. So the answer sometimes is more than you think.

The other issue with 60-40 as the generic advice you give someone in the elevator, is that risk is actually not stable through time. On a rolling one-year basis, a 60-40 portfolio can deliver as much as 20% volatility and as little as 5% volatility depending on the market environment. That's the same asset mix, same asset mix, very different risk profiles depending on prevailing market volatilities. 60-40 can look very aggressive when markets are volatile, it can look very conservative in quiet times.

So our industry's evolving towards more dynamic risk management to stabilize risk. Think target risk rather than target allocation. Which requires managing the risk profile of the portfolio dynamically, so beyond the 60-40. Then we also need to take into account the fact that as mentioned, capital markets have changed. Interest rates near all-time lows. This means that for the same expected return people need to take more risk if they want to keep the same expected return. It's not just the search for yield.

Lauren, you hear a lot about the search for yield, it's actually the search for returns. You need a compound rate of return over time after inflation. The Barclays Aggregate right now has a yield of about 1.5%, it's essentially 0 after inflation. Our solutions team estimated that in order to reach a 6% nominal expected return given current rate levels, you need about 80% in stocks, 80% to reach a 6% nominal expected return. Over the last 20 years, you could have achieved 6% with basically less than 10% allocated to stocks.

So let's just pause and think about the implications here. Last 20 years I could have reached 6% return with less than 10% to stocks. Reasonably given where rates are using simple models you can improve on that but basically to get the 6% going forward you go from less than 10% to 80% stocks, huge implications. So practically, it just means that there are huge implications for what investors should do.

Earlier in my career, I mentioned this mentor who had a dry sense of humor. One day I was in his office, I was complaining about my career, I was complaining I'm not getting promoted fast enough. And he would generally listen to me but one day he got impatient and he said, Sébastien, do you know the secret to happiness in life? So I got to the edge of my seat, I don't know if you can guess, Lauren, what he said. It was very philosophical, he said the secret to happiness in life is to lower your expectations. And when we talk about rates at the zero bound, investors have to lower their expectations or lower their risk profile but there's no free lunch.

And to make things worse, bonds no longer diversify stocks as much as they did in the past because there's only so much bonds can rally at the lower bound. I was just looking at what long Japanese government bonds did during the COVID sell-off. They actually went down a little bit. And while long Treasuries in the US rallied 20%. So the question is, rhetorical question is, are Japanese government bonds showing us the future for Treasuries? But of course, understand the spirit of the question is more about the role of traditional asset classes, is 60-40 dead, stocks, bonds, beers and burgers, simple stuff, is there more to do? Are there asset classes we don't know about we should discover?

My view is that the 60-40 portfolio needs to be re-optimized, I call it a modernized 60-40. So there's an example in my book where I move 12% from traditional bonds towards an allocation to liquid alternatives. So those that allow long-short investing. We also have a 5% allocation to a risk premium or factor strategy, in particular, it's the volatility premium, a dedicated long bond allocation of 3% to 4% to get more diversification out of bonds. And also you can swap about 10% of your equity exposure to risk-managed equities.

I talked earlier about dynamically stabilizing risk in portfolios, you can embed tail risk hedging strategies in equities strategies. And those are now available on advisor platforms. So the goal is to avoid being too exposed to markets during turbulent times.

In the book I have an example of that, there's an actively managed strategy that has 50% in active core equity and the other 50% is a dynamic sleeve that switches between stocks and bonds ETF to manage to risk more dynamically. So Lauren, sorry, that was a really long-winded answer but if you want to get an asset allocator talking ask them if the 60-40 is dead. That's a big question.

LAUREN FOSTER: I can see. So earlier on you mentioned you cover risk in your book, you talk about fat tails, so let's spend a few minutes talking about risk, which is a central theme in your book. In the risk forecasting section you talk a lot about these fat tails, the financial disasters if you will, like the COVID selloff in Q1, 2020. So as an industry do you think we're paying enough attention to fat tails?

SÉBASTIEN PAGE: Here's the thing, it's a well-known issue. But I don't think we pay enough attention to it and even quantitative analysts, those that know very well, they know about fat tails, they don't pay enough attention to them I think. Especially when quantitative analysts run backtests for factor premia, for example, they tend to look at just a Sharpe ratio, which is not a very good measure if you have fat tails in your returns.

Someone once told me that the only people capable of generating a Sharpe ratio of 3.0, so three times the return divided by the volatility in excess of cash, were either Bernie Madoff or quants running backtests. In other words, there's no free lunch in markets. And sometimes when we run backtests that don't account for fat tails and measure things in terms of Sharpe ratio, we missed some of the risks, including the failure of diversification I mentioned earlier.

Andrew Lo is a professor at MIT, he has a fascinating case study on this issue of the fact that volatility doesn't capture fat tails very well. He uses monthly data. This is in the paper he published in 2001, the data goes back to '92 and it ends in '99. He simulates an investment strategy that requires no investment skill whatsoever, no analysis, no foresight, no judgment. It's a strategy so simple, Lauren, a monkey could do it. But in his backtest, because it is a backtest, the strategy doubles the Sharpe ratio of the S&P 500. So over that time period, it goes from 0.98 to 1.94, nearly doubles. The strategy experiences only six negative months compared to 36 for the S&P over that period.

So Lo says, OK, this is clearly an enormously successful hedge fund with a track record that should be the envy of most managers but then he reveals what the strategy is. Lauren, can you guess what it is, how you double the Sharpe ratio without skill? In a simulation what he did is he sold out-of-the-money put options on the S&P 500. So essentially, he was selling insurance, loading up on tail risks, on exposure to rare but devastating losses.

A lot of people like to call this picking up pennies in front of a steamroller. The risk of which was not captured in the Sharpe ratio over that time period. So many risk premia, those are very popular in our industry right now. I'm sure CFA candidates those days it might have made its way into the curriculum, those risk premia focused on carry, credit, volatility, liquidity, they are essentially short an option and you can't really measure their risk with volatility, which is the measure of risk that's embedded the very popular Sharpe ratio.

And by the way, it's not a matter of just avoiding all of these, it's a matter of making sure you get paid for the tail risk you're taking on. Getting paid for selling the insurance in the markets. So the portfolio construction has to be tail aware. Our industry's known this for 30 years but we still focus way too much on the Sharpe ratio.

LAUREN FOSTER: So these are obviously very long-term important questions for strategic asset allocation. In your book, you also talk about tactical asset allocation and you describe that process which focuses on a sort of a six to 18-month time horizon. What are your tactical views on capital markets?

SÉBASTIEN PAGE: Oh, thanks that's a good question. So I was on CNBC recently and I was explaining that we're positive on the economy. So I'm bullish on the economy, cautious on stocks but long the recovery trade. So obviously, I was asked to reconcile those views, how can you be bullish on the economy and the recovery trade but cautious on stocks?

Look, the macro picture right now is quite solid. We have had over 2 trillion in excess savings over the last 12 months, 2 trillion. This is about 30 years' worth of annual excess savings in basically one year. All this money is ready to be unleashed into the economy. A lot of it will continue to be saved but there's a lot of built-in pent-up demand. We've just sent 130 million checks of $1,400 or more. We are dropping money from the helicopter and there's more stimulus coming.

At the same time as we speak today, 63% of people 18 and older have received at least one dose of the vaccine, and US virus cases and deaths are coming down fast. And the trend is our friend here and let's hope that trend continues. So all this money, a large portion of the population getting vaccinated, this has to translate into continued pent-up demand, not all of it has been unleashed on the economy in the economy yet. So we're bullish on the economy.

The problem-- and this is where you start to reconcile why we're cautious in stock, is that basically at this point everyone else is bullish on the economy. So while stocks are-- I don't think stocks are in a bubble, they're starting to look expensive. Stocks are up 90% since the COVID bottom. The price-earnings ratio is in the 99th percentile of its long-term historical range. And now even relative to bond yields, stock valuations are say top 15% of their 10-year range. So stocks are not in a bubble, but they're quite expensive.

So throughout the recovery liquidity has been flowing and it's OK to overweight stocks because they've looked expensive for a while and we've just started underweightng stocks, we've taken about 1% away on the margin over the last couple months. So we were long stocks for quite a while, while stocks looked expensive but liquidity was flowing. And the impulse in liquidity was very strong and sentiment was still somewhat muted.

But now we're facing peaks. There's a peak in the liquidity impulse because you can't sustain, Lauren, 30% year-over-year growth in money supply. You cannot sustain this impulse and now the sentiment indicators show that expectations are now pretty high. If you look at the level of cash in equity mutual funds right now rock bottom, even retail investor surveys, they've normalized a little bit but they still show that people are very, very bullish.

So we believe in the role of stocks in the long run, we're merely taking some profit. I've got to be careful, sometimes I talk about our views on stocks versus bonds and the headline becomes, sell all your stocks, or value versus growth and move everything from growth to value. It's not like that. It's not how we do things. Stay invested, stay diversified, going back to my elevator advice at the beginning of our discussion.

But we bought-- we have large portfolios for many clients, we bought about 12 billions worth of stocks around the bottom, we didn't time the bottom perfectly but around the bottom. And we've been riding the recovery. So we've just sold 1% of our exposure to stocks relative to the strategic target while remaining long the recovery trade where relative valuations are still attractive.

Value versus growth, being long value gives you cheaper exposure to the recovery trade. Small versus large, bank loans versus investment-grade credit. So in our asset allocation committee, and the views I'm discussing today are the views of our asset allocation committee, we don't really have a house at T. Rowe Price different portfolio managers have to use but in our association committee, one member described what we're doing right now is the art of gliding down risk.

So we're bullish on the economy, we're long the recovery trade where we can get cheap exposure to the recovery trade while pulling back on stocks. So that's broadly speaking, Lauren, how we're positioned tactically in our portfolios. We've talked a lot about portfolio construction, strategic stocks-bond mix but tactically, with a 6 to 18-month horizon that's how we see the world.

LAUREN FOSTER: Great. Thanks, Sébastien. So before we go to my usual three closing questions, I have one more question if I may, and that is I was scrolling through LinkedIn fairly recently and up popped a video and it was and your daughter. And you were teaching her, I believe she's 10-years-old, about the basics of investing. And when last I checked it had something like more than 60,000 views. Tell us the story behind that video.

SÉBASTIEN PAGE: I was surprised by the reaction because LinkedIn is a professional network so I took a little bit of a risk in posting this. It's a short video I teach her about basically what I describe as the foundation of everything. I want this to be a series of video but the foundation of everything about money and investing. I am trying to teach her the time value of money.

So you notice I offer her $100 and so she obviously gets really excited. Then I clarify it's a hypothetical example, but then I tell her, I'll give you the $100 next year. And I ask her how do you feel about that? So this gets us into a discussion on whether she would take $110 next year or $100 now, the time value of money. I didn't have the heart to tell her that interest rates are at 0, this will be for another lesson. But she chooses 110 next year.

Now I think that's because she was on camera and trying to make a point. I suspect in real life she might have taken the $100. But the whole idea is to introduce her to the time value of money. And then we talk about the interest rate, and then we talk about how the interest rate is awesome because you basically earn money while you're sleeping, while you're playing with your friends, while you're doing nothing. She describes it as you earn money by doing nothing. Just by investing, which doesn't require hard physical labor, you just-- the time value of money works in your favor. So we talk about the interest rate.

This is a short video. It's the first of a series. As I said, her grandfather was a finance professor for 40 years. I'm an investment professional for 20 years, there's no way she's not going to learn about these things early.

And with the post, the post struck a chord I think because schools really don't teach this to kids. And I don't know why. So I kind of wrote in the post I'm worried kids aren't learning about money and finance and so Olivia and I wanted to do our part. It's been a lot of fun.

LAUREN FOSTER: Well, you certainly struck a niche. I'll have to keep my eyes open for the next in the series. So on to our closing questions. And I ask all my guests the same three closing questions. And the first one is called the ray of sunshine question, and I just ask you to think about one positive, long-lasting change that you hope to see as a result of the COVID-19 pandemic.

SÉBASTIEN PAGE: So I need to think about this a little bit. So one positive. I think that the pandemic has forced everybody to rethink work-life balance. And for some people, it's gone way off-track and it's gotten worse. And for others who have kind of made the effort to develop habits where even when you work from home, at some point I had this realization that work-life balance was going to be challenging. We surveyed our teams, it was becoming a challenge. I started thinking, well am I working from home or do I live at work? And the latter way of describing it's not as fun. And that's how most people feel.

So positive lasting change would be for all of us in our industry and society to manage work-life balance better because this pandemic has just forced us to think about it. I've had to think about when I shut my email off at night not opening it up again and going out for a walk. Having it I call it the parking habit someone gave me this tip, build a parking habit, something that you do at the end of the day that is the threshold between your workday and your home day.

So probably not a very original answer but I do think that we ought to figure this out, work-life balance. And I tell my team all the time, you will be more productive over time if you have a better work-life balance. In other words, there's this intuition that the more you work, the more you can do, the more successful you'll be. And anybody who trains in athletics and sports as runners for marathons, they have a week where they train down and they relax their training. Really long-term and I've learned the hard way you become more productive when you have a better work-life balance.

LAUREN FOSTER: I absolutely agree. I am a runner and I love those weeks when you have to sort of train down and I often say that resting is part of your training. So you have to take that time to restore and recuperate and re-energize. I think it's really important I think lots of people are thinking about the future of work now. So I think in a year's time if we had the same conversation it would be quite interesting to see what companies have done.

So the second question is the NASA question, you have a young daughter, this was something I'd seen on, I think it was a middle school NASA worksheet. And it's simply this, you're about to go and take a long-duration space flight and you can take one item with you, what do you take?

SÉBASTIEN PAGE: Those are the hardest questions of the whole podcast. Easier to talk about capital markets. Look, I think you think about what's on the spacecraft. So let's assume there's communication equipment and food and kind of it's a planned trip.

So the way I would answer or frame it is what do I bring that's maybe not already taken care of. And maybe-- I love my Kindle. It took me years to convert to Kindle but now that I've converted, I would bring a Kindle loaded with a thousand different books, or if maybe and can cheat and give another answer, we just talked about running, a treadmill. Assuming it's a big spacecraft. I don't know what answers people give to these but.

LAUREN FOSTER: We get all sorts of answers.

SÉBASTIEN PAGE: So I think that something for the mind like a Kindle fully loaded up or for the body like a treadmill I think could be really especially if you're in confined space, really useful for me. I need to I need to exercise for mental equilibrium.

LAUREN FOSTER: So speaking of flights, this is our final question. This is where you get to pretend you have superpowers and the question is going to be flight or invisibility? And whichever you pick, you're the only person in the world that has that particular superpower. So you can either pick flight or invisibility, Sébastien, which do you pick, and what do you do with your superpower?

SÉBASTIEN PAGE: So flight would be fun and enjoyable. I think from a-- with invisibility, with great power comes great responsibility. I think there is more you can do from a defense, military perspective with invisibility. We have machines to fly. Invisibility could-- you know, I would nominate an ethics board and I would make it a-- I mean, there's just unlimited military applications to it. Not in a bad way, in a peacekeeping way. And preventing things like terrorism. And so I think there are more applications to that one. Dangerous but potentially just preventing a lot of bad things and catching a lot of bad actors in the world. So with an ethics board overseeing it or something, something like that.

LAUREN FOSTER: So an invisible ambassador for peace. I like that.

SÉBASTIEN PAGE: Right.

LAUREN FOSTER: Well, Sébastien, it's been tremendous having you on the show. Thank you so much for joining us today.

SÉBASTIEN PAGE: Thank you.

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