GCM Grosvenor (Q1 Earnings RECORDING)

May 13, 2021

GCM Grosvenor Speakers:

- Stacie Selinger; GCM Grosvenor Inc.; Head of Investor Relations
- Michael Sacks; GCM Grosvenor Inc.; Chairman and Chief Executive Officer
- Jon Levin; GCM Grosvenor Inc.; President
- Pam Bentley; GCM Grosvenor Inc.; Chief Financial Officer

PRESENTATION

Stacie Selinger: Thank you. Good morning and welcome to GCM Grosvenor's First Quarter 2021 Earnings call. Today I am joined by GCM Grosvenor's Chairman and Chief Executive Officer Michael Sacks; President Jon Levin; and Chief Financial Officer Pam Bentley.

Before we discuss this quarter's results, a reminder that all statements made on this call that do not relate to matters of historical fact should be considered forward-looking statements. This includes statements regarding our current expectations for the business and our financial performance. These statements are neither promises nor guarantees. They involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results. Factors discussed in the Risk Factors section of our 10-k/a filed with the SEC on May 10th, 2021, and our other filings with the Securities and Exchange Commission, could cause actual results to differ materially from those indicated by the forward-looking statements on this call.

We'll also refer to non-GAAP measures that we view as important in assessing the performance of our business. A reconciliation of non-GAAP metrics to the nearest GAAP metric can be found in our earnings presentation and earnings supplement, both of which are available on the Public Shareholders Section of our website. We may also reference our August 2020 merger presentation, which is again available on our website.

Some brief housekeeping before we begin our call. As you know, based on SEC staff guidance issued on April 12, 2021 regarding the accounting treatment of certain warrants, on May 10th we filed our 2020 Form 10-k/a. We also expect to file a post-effective amendment to our Form S-1 shelf registration statement next week and will seek effectiveness as soon as the SEC staff gives us the go ahead.

As you know this restatement was in no way unique to GCM Grosvenor - the guidance issued by the SEC staff impacted numerous companies with warrants containing certain characteristics and resulted in many similar restatements. Importantly, while the liability treatment of the warrants will result in some volatility in GAAP earnings, our cash flow and key non-GAAP metrics such as Fee Related Revenue, Fee Related Earnings, Adjusted EBITDA, and Adjusted Net Income will not be impacted. Pam will discuss this in more detail later on the call.

Our goal is to continually improve how we communicate with our shareholders. In that spirit, we look forward to your feedback and will endeavor to continually improve in this regard.

Thank you again for joining us, and with that, I'll turn the call over to Michael.

Michael Sacks:

Thank you, Stacie and thank you to all of you who are listening to this call. The first quarter of 2021 was a strong quarter, leaving us on track to achieve the 12% to 15% full year 2021 over 2020 fee related revenue growth, and the 15% to 20% fee related earnings growth we highlighted on our last earnings call.

On slide 4 of our earnings presentation, you can see we enjoyed continued momentum across the business in the first quarter of 2021. I am pleased to report that for the first quarter of 2021 we raised a total of $2.5 billion as the environment for alternative investment strategies remained robust. Looking forward, our pipeline continues to be encouraging. As of March 31, 2021 our Fee-Paying Assets Under Management stood at $53 billion, an increase of 12% compared to March 31, 2020, and an increase of 3% compared to December 31, 2020.

Our Contracted not yet fee paying AUM stood at $7.5 billion as of March 31, 2021 an increase of 38% as compared to the same time one year ago and an increase of 6% as compared to December 31, 2020. Our Contracted not yet fee paying AUM now represents embedded incremental annual management fees of $36 million, an increase of 33% from the $27 million at the end of the first quarter of 2020 and 6% increase from the prior quarter.

Moving to slide 5, in the first quarter we experienced net inflows of $205 million in our Absolute Return Strategies vertical, marking a continuation of the improvement in the fund flows environment for that strategy. While pleased with this result, we continue to maintain our base case of flat flows for Absolute Return Strategies for the full year 2021.

It is worth noting that our fee rates across the firm in each of our verticals were stable and any changes in fee level were largely a result of the mix of fundraising by vertical and whether the fund flows related to primary, secondary, co-investment, or direct investment activities. Solid fundraising for specialized funds and for secondary, co invest and direct investment activities, provide support for our current fee levels and opportunity going forward.

During the first quarter approximately 73% of our fundraising came from existing clients with 27% coming from new clients, a return to a more normal split inside of our typical 50% - 80% new funds from existing clients. This was expected as we move further away from the onset of the Covid pandemic.

For the first quarter we saw our Fee Related Revenue increase by 7% as compared to the same period last year and increase by 4% compared to the fourth quarter. Drilling down a bit, our private markets management fees grew by 11% and 5% over the last year and quarter, respectively. You can see this on page 13 of our earnings presentation. Based on contracts that we have already won in 2021 and our base case assumptions regarding the timing of the turn on of fees from our contracted not yet fee paying assets under management and distributions to clients, we believe that today we have private markets fee related revenue growth, before any additional fundraising, of at least 9% for the full year 2021. It goes without saying that we have more than one half of the year remaining and will continue to raise private markets funds.

For the quarter, our Absolute Return Strategies management fees were up modestly over the prior year and quarter with gains of 2% and 3%, respectively. You can see this on page 13 of our earnings presentation. We continue to believe that the market perception of the Absolute Return Strategies vertical and its attendant market valuation are conservative.

If you look at slide 6, you see that our Fee Related Earnings increased by 43% over the same period a year ago. As expected, and mentioned on our last call, our Fee-Related Earnings were

down compared to fourth quarter of 2020 due significantly to the timing of certain expenses that Pam will elaborate on. It is worth noting that our Fee-Related Earnings margin increased to 30% from 23% over the last year and we expect continued margin improvement as we move through the rest of 2021.

In the first quarter, we enjoyed an increase in incentive fees over the first quarter of 2020. Because the majority of our annual performance fees do not crystallize until December 31st, comparisons of incentive fees between the first and fourth quarters are not relevant. We are pleased to report that as of March 31st, in addition to the realized first quarter incentive fees, there were more than $18 million of embedded unrealized annual performance fees that are eligible to be realized in 2021.

For the quarter we saw growth in the firm's investments of 15% from the prior quarter, and in the firm's share of unrealized carry at net asset value of 36%, bringing these numbers to $92 million and $181 million respectively. These numbers represent the totality of the firm's share of investments and unrealized carried interest at net asset value, before deducting the Mosaic related non-controlling interest. It is our intention to exercise our call option and acquire the Mosaic related non-controlling interest prior to the end of this calendar year. We believe that the exercise of that call option will be accretive to the firm. The earnings presentation contains information on Mosaic on page 32.

We continue to feel good about our investment activities in terms of recent performance and about the opportunity set. We remain confident in our ability to add value to our clients' portfolios across verticals.

We also continue to feel good about having gone public late last year and continue to believe that it will help us to deliver to all of our constituents. It is worth mentioning that we believe we meet the criteria to be added to the Russell 2000 index this June.

Finally, we have made and continue to make investments in our team related to our public status and also in particular, as Jon will discuss, have invested and intend to continue to invest in our business development team, which we expect will produce a good return on investment.

And with that, I'll turn the call over to GCM Grosvenor President Jon Levin, Jon.

Jon Levin

Thank you, Michael.

Michael touched on the continued growth in the earnings power of the business. That momentum is a function of the environment generally in combination with our platform's unique ability to offer investments solutions across the entirety of the alternative's spectrum. The breadth and depth of our client value proposition enhances our ability to grow and evolve with our existing clients and begin relationships with new investors.

Turning to slide 7, we continue to benefit from a strong fundraising backdrop across private markets in particular. We also benefit from our strength in customized separate accounts given the market's continued interest in heavily tailored programs. Of the $2.5 billion of capital raised in the first quarter, more than 80% of that capital was for customized separate accounts and 75% was for private markets strategies. We also had a high level of diversification with more than 50 clients contributing, of which approximately one quarter were new clients. Michael already mentioned the positive net flows in Absolute Return Strategies for the first quarter

which is a function of the more positive investor sentiment toward the strategy given the strong recent risk-adjusted returns.

Regarding specialized funds, we are currently raising or anticipate raising capital across six specialized funds. In 2021 we are in the market with four of those funds: first, our Advance fund, which is focused on investing in and alongside minority and women owned managers; second, our secondaries fund, or GSF III; third, our diversified infrastructure fund, or CIS III, and finally, our multi-asset class direct investment fund, or MAC III. All four funds will be raising capital through the end of 2021 and, of these four funds, only the Advance fund will have its final close this year, which will be at the end of the year. We also expect all four funds to each have multiple closings throughout the year. As a result, catch up management fees should increase total management fees in the back half of the year in particular. We believe this dynamic will persist into 2022.

Our existing clients continue to be a significant source of fundraising, and this quarter more than 70% of capital raised was from existing clients. More than 95% of our top 25 clients have added capital in the past 3 years, a significant endorsement of our value proposition and the strength of our relationships. We have intentionally structured our business model to evolve and grow with our clients. Oftentimes, relationships move into new strategies - we currently work with more than 45% of our top clients across multiple verticals up from 36% just six months ago.

We also believe there is significant white space and opportunity to attract capital from new clients and new channels. Therefore, this year you will see us invest in our business development team to drive client connectivity in certain regions and certain channels that are historically underrepresented in our business.

To this point, we recently announced that we will establish a new office in Toronto with two new hires. We believe we have significant opportunity for incremental growth in Canada and are excited by our new efforts there.

With regards to investment activity, we are very active and continue to see compelling investment opportunities across every area of the business. In the first quarter we invested approximately $3.4 billion of capital across more than 100 investments, making this a very active period. The power of our sourcing engine, which draws from every area of the alternative's universe in a highly open-architecture fashion, contributes to our competitive edge.

Importantly, we are generating competitive performance across each of the verticals. In Absolute Return Strategies the trailing twelve-month net performance was 21.5% as of March 31st. Within private markets strategies, we saw a 25% increase in unrealized carry from year end to March 31st, which speaks to the significant appreciation in our investments during that period. One particular highlight within the business was performance out of our Strategic Investments Group, which is a team that leverages the sourcing of our full platform to make direct and co-investments. The combined IRR of our Multi-Asset Class Fund increased from 20% to 29% in a single quarter, impressive expansion for an inception to date figure. Our Special Opportunities Fund which is a more liquid open-end vehicle has a year-to-date return through March 31st of 18%, and the fund's return over the last twelve months is 65%.

As Michael noted earlier, we remain excited about the investment opportunity set generally and are confident in our ability to generate attractive performance for our clients.

Now I'll turn the call over to Pam to address our financial performance in more detail.

Pam Bentley

Thanks, Jon.

Before we get into our performance this quarter, I want to briefly address the SEC Statement on warrant accounting and its impacts on our GAAP fourth quarter results in the amended 10-k that was filed earlier this week. As a result of the SEC's statement, we determined that based on the tender features of our warrants they should be classified as liabilities and marked-to-market each reporting period. Based on the change in the warrant fair value, we recorded a non-operating expense of $13 million in the fourth quarter. The fair value of the warrants subsequently declined in the first quarter resulting in a more than offsetting $14 million of non-operating income. These changes did not impact our non-GAAP financial measures, nor our cash position and they will not be impacted going forward.

Turning to our performance for the quarter, I'll begin on slide 8. As Michael noted, we are very pleased to see the investments we've made in recent years continue to come to fruition and benefit our assets under management and financial performance. On a year over year basis our fee-related earnings, adjusted EBITDA and adjusted net income all increased, illustrating the continued positive momentum of our business.

Fee-paying assets under management grew 12% over the prior year and grew 3% from the fourth quarter, which portends solid growth for the second quarter. Going one level deeper, fee-paying assets under management and management fees grew for both private markets and absolute return strategies. We also saw stable average fee rates across the business this quarter and expect this fee stability to continue.

This quarter, our catch-up management fees related to our specialized fund fundraising included in our Fee-Related Revenue were $1.5 million, which is approximately $1 million higher than last quarter. As we continue to raise our specialized funds, we will see ongoing catch-up management fees, and expect them to be higher in the third and fourth quarters and continue into next year.

Regarding incentive fees, as Michael noted we received $6 million in annual performance fees in the first quarter, related primarily to a specific program that crystallizes its fees on March 31st of each year. As you saw last quarter, the vast majority of our annual performance fees crystallize in the fourth quarter, and other than a few accounts we expect that to continue to be the case.

Turning to our operating expenses, as we have previously discussed they increased in line with our expectations. I mentioned on our fourth quarter call, that some of our compensation related costs are seasonal in nature. During the first quarter, the combined impact of timing of our bonus payments, payroll taxes and 401k contributions drove $2.5 million of higher expenses over the fourth quarter. Headcount was relatively stable in the first quarter. We expect headcount and compensation to increase throughout the year as we continue to invest in public company related personnel and make strategic investments in certain business development professionals.

As also mentioned on last quarter's call, in March we granted 4.8 million restricted stock units related to our public offering. This transaction related grant saw 2 million shares vest in March 2020 with the remaining 2.8 million shares scheduled to vest over the next two years. This resulted in $27 million of GAAP compensation expense relating to the restricted stock units in the first quarter.

Our general and administrative expenses increased by $2 million in the first quarter, in line with our expectations and consistent with our Fee-Related Earnings goals.

As Michael mentioned, we are on track for our target fee-related revenue growth of 12-15% and fee-related earnings growth of 15-20% for the year, with our growth accelerating through the remainder of the year. We continue to deploy capital and raise additional capital across the firm, including in our specialized funds.

As illustrated on slide 10, our embedded revenue from annual incentive fees, largely within our ARS vertical, continues to increase and provide a significant opportunity for future revenue and earnings growth. The potential value from annual performance fees has nearly doubled over the last 4 years and is now above $41 million on a run-rate basis.

Our carried interest position has also continued to grow and diversify over time. We enjoy considerable carry dollars at work, which are not yet reflected in unrealized carry and will provide incentive fee earnings power for the future. At quarter end, we had $491 million in unrealized carried interest which is a 29% increase over the first quarter of 2020. As a reminder, our carried interest pool is unique in its very high level of diversification. Our unrealized carry is spread among 121 programs and dozens of contributing investments.

Today, the majority of aggregate unrealized carry has been contractually awarded to employees or transferred as part of Mosaic, which was an opportunistic transaction completed early last year where most of our balance sheet investments and our rights to carried interest were transferred to a third party in exchange for cash. As Michael discussed, given the significant value in its rights to future carry and investments, we intend to exercise our option to repurchase Mosaic by year end. We anticipate the repurchase of Mosaic will be accretive.

Turning to slide 14, our cash balance at quarter end was $156 million. Alongside the amendment and extension of our term loan and revolving credit facility in February, we used proceeds from going public to pay down an additional $50 million of debt and in the process reduced our interest rate. As a result, our quarterly interest expense is expected to be closer to $3 million starting in the second quarter of this year compared to $4.5 million in the first quarter. We also generated over $20 million in cash from the exercise of 1.8 million warrants in the first quarter.

In summary, our strong performance this quarter demonstrates the culmination of our platform expansion efforts as well as an exciting preview of our future growth. Given industry tailwinds, a robust fundraising pipeline, and multiple avenues to grow our assets, combined with our scalable platform, we are excited about the future momentum of the business.

We're now happy to take any questions.

Operator: Thank you. (Operator Instructions) Our first question comes from Ken Worthington with JPMorgan. Your line is open.

Samantha Trent: Hi, good morning, this is Samantha Trent on behalf of Ken. The first question is just on the absolute returns business. So, Grosvenor funds have been beating the hedge fund return indices in recent quarters, and this quarter kind of looked a little bit a touch below, so we were just wondering how did the events of the first quarter like the meme stocks and even the impact of Archegos impact the absolute returns business, and then looking at the bigger picture, how was January, and to what extent were Grosvenor investments impacted by the meme stock phenomenon?

Michael Sacks: Thank you for that. It's Michael Sacks. So, we believe that whenever you have extreme volatility, you have a lot of dispersion in the market, in a way that benefits our business, it shows the value proposition of what we do. And the benefits of running a comprehensive, holistic portfolio that's diversified with no one strategy, manager or market able to determine or unduly influence your results.

So, neither the meme stocks, which were certainly exciting for a little bit there in January; or Archegos in any way, frankly, were terribly impactful to our performance, our -- and I think that the value of the approach is actually reinforced from those activities. And as we mentioned in our comments, demand and pipeline and interest levels are quite high, and the entire absolute return space has seen a pretty significant change in sentiment from the third quarter of last year.

Samantha Trent: Thank you. And then just to move to expenses, in terms of G&A, were the numbers pretty clean this quarter, and if it's a good base to look at for expenses in coming quarters? And then for core compensation costs, I think you already talked about this, but we were expecting these to grow through the rest of this year and then into next year?

Michael Sacks: So, I'll take a shot and then Pam, if you want to add in, please, but we budget carefully. I'd like to think we budget conservatively, and we manage tightly with regard to our expenses and our headcount and our comp. And I think that the expenses were in line with our expectations. They were consistent with comments that we made on our last earnings call with regard to the seasonality of certain expenses and are consistent with us achieving our 15% to 20% FRE goal this year, which we are standing by.

Pam, I don't know if there's anything to add or not.

Pam Bentley: Samantha, yes, just to the second part of your question on is this an appropriate level. Yes, we think this is an appropriate level. We could see this tick up modestly if some of the pre-COVID related travel expenses start to resume, but we wouldn't expect that in full. So again, as Michael said, this is embedded in our 15% to 20% FRE growth.

Michael Sacks: And I guess the last thing I would just mention is our FRE margin from Q1 2020 to this quarter, the quarter we're reporting on now, Q1 2021, grew nicely. And as Pam mentioned, we're looking for continued margin expansion through the remainder of the year, and we do think and we've talked about in the past that we think we have some operating leverage in the business, and so that's all relevant as well.

Samantha Trent: Thank you for that. And then just one more, moving to private market assets, the distributions of around $900 million were a bit elevated relative to prior quarters and years. Just any color that you can share here and given any other market conditions in your analysis, if you have any color on the terms of the pace of distributions going forward, walking through to the end of the year.

Michael Sacks: I think we actually touched on that on our fourth quarter earnings call. We had a pause in activity including deal activity last year due to COVID, and we anticipated that it would

tick up and be more robust and we would see more transactions, and therefore more distributions, and that is what happened.

I think activity levels remained robust and we believe there will be continued high levels of activity throughout the remainder of the year, and all of that is sort of in our -- is kind of what we've modeled, and you can see that in the carry revenue to some extent as well.

Jon Levin: And Samantha, this is Jon. I would just add that in general, over cycles, there's a strong correlation between the robust capital raising activity and being driven by elevated distributions or return of capital to clients, so when Michael talks about it being embedded, it's because the two are very much related. So, clients are receiving capital back sooner and larger because of a healthy exit environment, that would typically speed up the cycle by which they would make new commitments and potentially larger commitments, and so there's a healthy relationship between those two important metrics for the business.

Samantha Trent: All right. Thank you for taking my questions.

Operator: Thank you. Our next question comes from Adam Klauber with William Blair. Your line is open.

Adam Klauber: Good morning, thank you. You're having a lot of success, obviously, with this current round of new funds. As you know, we think about the business longer term. When we look at '22, '23, is it likely we'll see more specialized, more secondary funds? Those seem to be particularly successful. Just some general thoughts about what’s that next round or next tranche would potentially look like.

Michael Sacks: Thank you, Adam. Thank you for the question. Of the funds that are in market now, as Jon mentioned, only the Advance Fund will have a final close at the end of the year this year, so three of those funds will stay in market including secondaries into next year and will continue raising. And then we have other specialized funds that from a perspective of their cycles will come on and come into the market for the next fund.

So, I think Pam also touched on the fact that we see continued specialized fundraising through the end of the year, we see catch-up management fees for that, we see that continuing on into next year and it's kind of part of the elements of the firm that will continue and be present in '22 and in '23.

Adam Klauber: Okay, thanks.

Michael Sacks: Yes, and beyond.

Adam Klauber: OK, OK. Thanks. And as far as this quarter, I mean, quarterly $2.5 billion raised in the quarter, very, very strong quarter. Was there any unusual, I guess, hits or -- that really made it that strong of a quarter? Or was it just amalgamation of a lot of the efforts that you've been talking about?

Michael Sacks: Jon talked about the breakout between the custom separate accounts and specialized funds. We saw the flows, and we see demand, and we see pipeline across all of the

verticals. So, what was interesting and nice about the quarter was every vertical grew and had net inflows, and the interest levels and activity levels across the entire firm are good.

Adam Klauber: Okay, so it sounds relatively diverse, not some big one-time hits.

Michael Sacks: I wouldn't say big one-time hits. Infrastructure took the most capital in, but I don't know that it's like -- these are one-time hits, I think there are high levels of demand for infrastructure, and we see growth and infrastructure persisting for a while. So, it was all of the verticals with infrastructure being the largest, and I think it speaks more to levels of demand and activity levels than it does to any one-time thing that we don't think we continue to see.

Adam Klauber: Okay, great.

Jon Levin: Hey, Adam, this is Jon. I would say not only was it diverse, as Michael said, by investment vertical, but also the source of the capital was diverse. So, we saw it across geographies, we saw it by different types of investors, different investor types, and so it was pretty well-rounded in kind of all regards.

Adam Klauber: Okay. That's all helpful, that was actually my next question, I think. If I heard correctly, you said maybe 75% of the funds came from existing clients, 25% from newer clients. Could you give us some idea of the mix of those newer clients, or those new categories, or just some flavor for who are some of the newer clients you're interacting with?

Jon Levin: I would say that -- I was just going to say it would be a similar mix to the existing clients, but just new clients in those channels. I wouldn't drive particular conclusion around it's a certain type of client or a certain geography that's new. I think that in general the ability to provide broad-based solutions in different implementation styles across the different alts verticals enables you to generate new client relationships, and I personally wouldn't pull, maybe Michael has a different comment, a particular theme around the types of clients. I would say it's just more of the diversified client base that we have today.

Michael Sacks: Yes, if you're looking for a change in the market or any -- the thing that you would go to, obviously, would be the change in the environment with regard to the absolute return strategies. So, the private market strategies, very broad as Jon said, channel and geography both existing and new. You wonder -- what is the biggest evolution or change from six months ago. You'd say the interest levels and flows and activity around absolute return, which is obviously much, significantly improved.

Adam Klauber: Okay, okay. Thanks. And more on the private market, given the type of funds you are selling -- sorry, selling, you're bringing in, should we expect the fee rate to be more level, go up, down? I guess what's your expectation in the private markets?

Michael Sacks: So, our fee rates were stable and have been stable across the firm, and as I mentioned in my comments, the driver of change in fees has not really been fee rate as much as is it primary, is it secondary, is it co or is it direct. Wherefore secondary, co and direct fee levels generally are higher. It's been -- you have seen -- we have seen, and I think the industry has seen higher flows towards secondary and co, which are higher levels of fee for the solutions providers. And so that's constructive for average fee rates over time.

Adam Klauber: Okay, great. And then as far as the margin again, really, really nice pop in the adjusted EBITDA margin. You've been talking about that for a little while, so it's great to see that come through. From the seasonal aspect, are there things we should look for in the second or third quarter in particular that could move up or down the margins?

Michael Sacks: The biggest thing I think seasonally to make sure that people are aware of and focused on, is the fact that when you're raising for specialized funds and there are catch-up management fees and you have multiple closings in a year, there is a slope or a tilt to the revenue recognition for that that slopes up towards the back half of the year. And we've talked about that before and want to make sure people are aware of that.

Pam noted that in her remarks, and that's probably the biggest -- I don't know if it's – don't think it's proper to say seasonality, but that's probably the biggest thing everybody should be aware of.

Adam Klauber: Okay. Well thank you very much for all the answers.

Michael Sacks: Thank you.

Operator: Thank you. (Operator Instructions) Our next question comes from Peter Kaloostian with Morgan Stanley. Your line is open.

Peter Kaloostian: Hey, thanks for taking my question. Just hoping you can elaborate on the Mosaic purchase and walking through the mechanics of how to exercise that and just the potential impact to the P&L. Thanks.

Michael Sacks: Thank you, Peter. So, we said in our remarks that we do intend to acquire -- exercise our call option on Mosaic by the end of the year. That is something we're comfortable saying and have been talking to you about the right time to do that for a while. We have numerous options with regard to -- it's essentially -- there's some information on Mosaic, page 32 of the earnings presentation. It's an $88 million net purchase price with numerous options for funding the exercise of our call option. It will be accretive, it will be accretive when we do it, and we'll -- as we move now towards the end of the -- through the year and we -- with the commitment to call the -- exercise the option by year-end, we will look at the different costs of capital and minimize that for the firm. But it's very comfortable for us to commit to that based on both the size of the investment and the accretive nature of the investment.

Peter Kaloostian: Thank you. And just a follow-up, you spoke on increased investment and business development, and specifically with the new Toronto office. Just hoping what opportunities, you see in Canada?

Jon Levin: I would just say it's similar to the opportunity set that we see in geographies around the world, so we've talked in the past about areas where we have a very strong presence, particularly in the United States and U.K. and Switzerland, in parts of Europe, very strong presence in Asia, then some other areas where we feel like given the breadth and depth of our capabilities and the endorsement of those capabilities with institutional investors globally, that

we should be able to similarly service clients in the regions or the channels where we're underrepresented.

And so, I would say it's not necessarily different from the capabilities that we offer to clients in other parts of the world, but it's really just establishing a stronger presence there with an office with two individuals to help develop some deep relationships with investors in the region.

Operator: Thank you, and I'm showing that that's all the questions we have for today. I'd like to turn the call back to management for any closing remarks.

Michael Sacks: Thank you all very much for joining the call, for listening, and we look forward to speaking with you again soon. Thank you very much.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.