

**GCM Grosvenor 2024 Second Quarter Results**  
**August 8, 2024**

GCM Grosvenor Speakers:

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

**PRESENTATION**

**Stacie Selinger:** Thank you.

Good morning and welcome to GCM Grosvenor's Second Quarter 2024 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, our financial performance and projections.

These statements are neither promises nor guarantees. They involve known and unknown risks, uncertainties, and other important factors that may cause our actual results to differ materially from those indicated by the forward-looking statements on this call. Please refer to the factors in the Risk Factors section of our 10-K, our other filings with the Securities and Exchange Commission and our earnings release, all of which are available on the Public Shareholders Section of our website.

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 our website.

Our goal is to continually improve how we communicate with and engage with our shareholders and in that spirit, we look forward to your feedback.

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

**Michael Sacks:** Thanks, Stacie.

We had a strong second quarter, building on our recent momentum. During the quarter Fee-Related Earnings increased 20% and Adjusted Net Income increased 29% over the prior year. Our Private Markets strategies continued to grow, with second-quarter management fees

growing 11% year-over-year. Private markets now comprises 71% of our total Assets Under Management.

Our Fee-Related Earnings margin was 40% for the quarter compared to 31% at the end of 2020. We continue to believe that we have opportunity for further FRE margin expansion in the future.

The fundraising environment continued to improve in the second quarter. We raised \$1.8 billion, a 26% year over year increase, and that brought first half new capital raised to \$3.4 billion, a 45% increase from the first half of 2023. Our pipeline has grown nicely throughout the year, and we expect fundraising in the second half of the year to exceed that of the first half.

We've spoken often about the strength of our diversified platform and recently about our confidence in demand for infrastructure and credit strategies. Infrastructure was again the greatest contributor to our quarterly fundraising, with over \$600 million raised for the strategy in the quarter, followed by private equity and private credit. Year-to-date we've raised \$750 million for dedicated credit programs, and we expect our credit platform to see significant growth going forward.

Our private markets specialized fundraising of \$1 billion so far this year is a great start and we are well on pace to see materially higher fundraising levels there than we saw in both 2022 and 2023.

All of our private markets strategies delivered competitive performance and we believe clients remain appreciative of our value add.

Absolute Return Strategies investment performance was again strong building on the very solid first quarter. Our multi-strategy composite generated a 2.4% gross return in the second quarter, outperforming indices and peers. Gross returns for our composite are 7.4% year-to-date and 12.3% over the last twelve months and we realized \$10 million in performance fees so far this year. As a result of the good performance, our ARS pipeline has expanded meaningfully over the past year, during which we've raised \$1 billion for the strategy.

We did have net ARS outflows during the quarter which resulted from the partial restructuring of one client portfolio. The outflows were at a lower than average management fee, leading to an uptick in our average ARS management fee rate. We expect total ARS management fees for Q3 will be roughly flat compared to the third quarter of last year.

The recent volatile markets are the type where Absolute Return Strategies typically show well. Having been through a number of market cycles over the past 35 years, I have great confidence in our ability to add value in difficult market environments.

Over the past three years we've raised \$1.8 billion from the individual investor channel. Earlier this year I told you that expanding our products and distribution in that channel was a strategic priority. We made good progress in that regard this quarter. First, we are excited to share that we will serve as core independent manager for a private equity interval fund focused on private equity co-investments and secondaries.

In addition, we secured a \$300 million anchor commitment that we expect will seed an infrastructure product targeting the individual investor channel. We look forward to telling you more about these efforts in the future.

Whether the strong long-term demand outlook, our history of high re-up rates, our expanded pipeline or our operating leverage, there are a number of factors that lead to our confidence regarding the back half of this year and our longer-term goals, which Jon will address now.

We have a lot of ways to win and are confident in our value proposition for clients, shareholders, and team members.

And with that, Jon, take it over.

**Jon Levin:** Great, thank you, Michael.

This quarter I will address our previously stated goal of doubling our 2023 Fee-Related Earnings in 5 years. For historical context, from 2020 to 2023 we grew our Fee-Related Earnings at a 14% compound annual growth rate, and our platform is stronger, and the opportunity set is even more compelling now than it was back in 2020. There are five pillars to our growth: capital deployment, expanding with our existing clients, new client acquisition, scaling new initiatives, and margin expansion.

Starting with our embedded growth from capital deployment. Over the last three years, on average, \$3 billion of our annual FPAUM growth has been simply from turning on fees in existing programs where the capital had already been raised. Going forward, embedded growth will come from converting our \$7.3 billion of contracted not yet fee-paying AUM into fee-paying AUM. We are particularly excited about putting client capital to work in what is an increasingly compelling investment environment.

Turning to our existing clients, we have a proven track record of expanding our existing client relationships through successful re-ups and through the broadening of the relationship. Last quarter, I spoke about how re-ups provide embedded growth, as they occur at 90% rates and at an almost average 30% increase in size. In addition, we've consistently had success earning our clients' trust and expanding with them into new areas. Currently we're seeing great traction with our existing clients around high-growth areas, such as infrastructure and private credit and into direct-oriented investment strategies. Approximately 50% of our top clients work with us in more than one investment vertical.

Third, we are entering harvest mode on strategic investments we've made over recent years. One example is our private markets specialized fund franchises, as highlighted on slide 17 of the presentation. Since 2020 we have grown these private market specialized fund franchises by a 23% annualized growth rate as measured by capital commitments, and the opportunity persists going forward in both the more mature and the newer fund series.

We're fortunate to have such great loyalty from existing clients. More than 80% of our fundraising each year typically comes from those relationships. However, we also have success with new client acquisition both in markets where we already have a presence and over time in markets and channels where we are seeking to build our business. We've invested in our teams and seen early success in Europe, Australia and Canada, but we have only scratched the

surface of the opportunity set in those regions. Additionally, insurance and individual investors represent a massive opportunity for the alternatives industry, and we're in an ideal position to capture share in both of those channels.

Finally, while revenue growth will be a key driver to reaching our 5-year FRE goal, so is margin expansion from the operating leverage embedded in our business. Achieving our goal assumes continued FRE margin expansion, extending the margin enhancement we've enjoyed since going public.

Beyond our FRE growth potential, we also have massive incremental incentive fee opportunity. It is unique in that it's twofold – in both annual performance fees and through carried interest. Both of these earnings streams have been suppressed over the past couple of years, and while the exact timing is hard to predict, if we are successful in achieving our FRE growth targets, our growth outcomes in Adjusted EBITDA and Adjusted ANI should exceed that of FRE.

We enjoy industry tailwinds and a platform which has the breadth and flexibility to compete effectively in this exciting market.

With that, I'll turn the call over to Pam.

**Pam Bentley:** Thanks, Jon.

We are pleased with our strong results in the second quarter.

Assets under management were \$79 billion as of quarter-end, a 4% increase from a year ago, and Fee-Paying AUM also increased 4% year over year, ending the quarter at \$63 billion. Contracted-Not-Yet-Fee-Paying AUM ended the quarter at \$7.3 billion, a 9% increase from a year ago due to stronger fundraising over the last 12 months.

Private markets was once again a key growth driver, with private markets Fee-Paying AUM growing by 7% year-over-year. As of quarter-end our private markets business represents 71% of total AUM and 66% of our Fee-Paying AUM. We expect the double mix shift in our business to continue – first towards private markets and second towards direct-oriented strategies, which comprised more than half of our private markets AUM as of quarter end.

Private markets management fees grew 11% year-over-year due to strong specialized fund fundraising and catch-up fees of \$2.6 million in the quarter. Private markets management fees excluding catch-up fees in the quarter grew 6% year-over-year, in line with our guidance last quarter. We expect a similar year-over-year growth rate in private markets management fees excluding catch-up fees in the third quarter. For the full year '24, we reaffirm our expectation of double-digit private markets management fee growth excluding catch-up fees.

At the beginning of the year, we spoke about our expectation that our Absolute Return Strategies management fees would stabilize in '24, and we are still on track to meet that goal. Second-quarter ARS management fees increased 3% year-over-year, and we expect third-quarter ARS management fees to be consistent with the third quarter of last year. As Michael noted, investment performance has been very strong, positioning us to generate meaningful potential performance fees this year, and client interest in the strategy has grown.

Turning to incentive fees, we realized \$16 million in the quarter, comprised of \$4 million of ARS performance fees, and \$12 million of carried interest. Our gross unrealized carried interest grew approximately 4% year-over-year to \$810 million as of quarter end. As Jon noted, we believe our incentive fees provide significant embedded earnings potential, which we look forward to being unlocked as the capital markets and M&A environment improve.

As we realize both higher performance fees and increased carried interest, we believe that we have a compelling opportunity to increase the margin on the firm share of incentive fees to levels at or above last year.

Turning to our expenses, as expected, second quarter FRE compensation was \$38 million, and we expect a similar level in the third quarter. We remain disciplined in managing expenses, and Non-GAAP General and Administrative and other expenses were \$20 million in the quarter, again in line with our expectation. We expect similar levels next quarter.

Pulling together these factors, on a year-over-year basis Fee-Related Earnings grew a healthy 20% in the quarter and 22% year-to-date. Adjusted Net Income grew 29% in the quarter and 34% year-to-date on a year-over-year basis. Our FRE margin grew from 36% in the second quarter of 23 to 40% this quarter. While there may be quarterly margin fluctuations, we enjoy significant operating leverage and still expect our overall FRE margin for '24 to exceed last year.

Our balance sheet is strong, and during the quarter we successfully took advantage of constructive capital markets to extend our term loan by two years to February 2030, while decreasing the spread on our debt by 25 basis points from 250 to 225 and upsizing the aggregate principal by \$50 million. The incremental cash will be used for general corporate purposes, continued investments in the business, and opportunistic stock repurchases.

We are maintaining a healthy, quarterly dividend of 11 cents per share or an annualized yield of more than 4% as of last Friday. There is room for future dividend growth as we enjoy positive momentum in our earnings. We also continue to repurchase shares under our repurchase authorization plan and are focused on managing dilution from our stock compensation program. In the quarter we repurchased \$30 million of stock, leaving \$35 million in our share repurchase program as of quarter end.

To close, we have confidence in our '24 financial objectives and look forward to the opportunities ahead to deliver value to our clients and shareholders.

Thank you again for joining us, and we're now happy to take your questions.

**Operator:** Thank you. If you would like to ask a question at this time, please press Star One on your telephone keypad. If you are using a speakerphone, please ensure your mute function is turned off. Again, that function is star one. And our first question will come from Bill Katz with TD Cowen.

**Bill Katz:** Okay. Thank you very much.

Just coming back to ARS for a moment. Thank you for the disclosure that it was one large withdrawal that impacted the quarter. As you look ahead of the residual platform, can you size or sense what concentration risk you might have just in terms of other potential outsized withdrawals, regardless of reason maybe top five, top ten clients? What does that account for in

terms of the AUM and then any sightline to withdrawals as you're looking to the second half of the year?

**Michael Sacks:** Yes. It's Michael, we don't have concentration risk in terms of revenue at all. And I think as we've talked about and as you saw here, we do have some large accounts where it's large AUM, but as the account size gets bigger, the revenue, the fees are down. As a firm, we have a high level of diversity and low levels of concentration with regard to revenues. It's one of the things that actually makes us feel very good.

Then when you think about the fact that even within ARS, you have different strategies. And then, of course, you have ARS versus private markets. When you look at our revenue mix by client there's just a lot of diversification there, not a lot of concentration. And so, our goal for ARS for this year was to see stabilization there. I think we're pretty much there, we told you it was one client. We told you it was a low fee, and the average fee ticked up. And we told you that Q3 we expect management fee revenue to be equal to what it was a year ago.

On our numbers, we think 1/1/2025 FPAUM in ARS will be higher than 1/1/2024 FPAUM. Performance will matter, obviously, there's still some time left on flows, but that's what we see. And we think that goal of ARS stabilizing in 2024, giving us the ability for that business to grow going forward, we've gotten there.

**Bill Katz:** I don't know if you have time for a follow-up, I'm going to throw in anyway. Jon, thanks for the pathway to how you think you can double the FRE between now and '28. Very helpful.

Could you break that down maybe one more layer between how you sort of see the dynamics between the assumptions for private markets versus ARS within that construct? Thank you.

**Jon Levin:** Sure, Bill, happy to do that.

I think that the way we would think about that math is not dissimilar from how we've talked about what we look at internally from a budgeting and forecasting perspective, which is a neutral flows environment on the ARS side but getting growth from compounding. We've talked about the fact that generally speaking, we use a high single-digit number for gross returns, depending on the specific strategy. And then continuing the trend of what we've seen in private markets, which has been low double-digit to almost low teens growth on the private markets revenue side of things.

I think that longer-term, those assumptions we use to budget and forecast the business on a longer-term basis would be similar to how we would look at it over a five year period.

I think once you get into breaking down how those numbers get there, it's a lot of what I talked about on the prepared remarks in terms of embedded growth, we have from CNYFPAM, embedded growth we have from the re-up relationships that we have, as well as the broadening of those relationships. The new client acquisition opportunity and I don't think that when we talk about these outcomes we're really giving or counting on what I would call some of the more outsized opportunities you might have from things like real explosive growth in the individual investor market and things of that nature.

**Operator:** Thank you. The next question will come from Ken Worthington with JP Morgan.

**Ken Worthington:** Good morning. Thanks for taking the question.

So maybe digging a little deeper into wealth management and sort of your growing and deepening presence there. Can you talk about how you see Grosvenor as being different in terms of either product design or product focus versus what the market already sees, and what's sort of resonating with the distribution channels? You mentioned infra sort of the latest here, in my mind, it's really sustainability and impact investing where you seem to be different than peers, and what is the opportunity set there in wealth?

**Michael Sacks:** Ken, it's Michael. I think that the opportunity in wealth and generally and frankly, the opportunity in wealth specifically for us is pretty significant and it's not at all like pigeonholed or it's a significant opportunity, and it's an opportunity across a range of different types of products and strategies. Obviously, it's a huge channel, it's an under-penetrated channel for alternatives in a pretty serious way. And the penetration that is there, meaning the balance sheet allocation if you will, and the balance sheet allocation that is there that is going to rise. And there's near unanimity of that on this view, that balance sheet allocation is concentrated today in a relatively somewhat small number of big brand names.

So while we see real opportunity in infra, while you mentioned correctly opportunity that we could have in sustainability, there's actually opportunity in private equity and there's actually opportunity in credit and yield products because it is a channel that will five years out, 10 years out, have a lot more diversification inside of it and a lot more larger number of names on platforms in the future than there are today where the lion's share of the alts names are pretty highly concentrated with one to two handfuls, one to one and a half handfuls of the biggest best-known players. So, we see a lot of opportunity there.

**Ken Worthington:** Okay, great. Thank you.

And then just on the absolute return business, you highlighted the concentration redemption from that one client. Was that the vast majority? Was it half? What portion of the elevated redemption was?

**Michael Sacks:** It was a very significant majority. The client remains a client and continues to work with us. Some of that we could see come back in different strategies over time. As we described it, it was a restructuring and reallocation of a client portfolio. It was a top-down macro thing at a client that we still work with and want to continue to work with as we go forward.

**Ken Worthington:** Thank you. Gross contributions are still at very low levels. I think you mentioned in the past you had a number of strategies that are performing really well, and I think you thought that they might start to attract assets. What do you feel here, is this something we should see the gross contributions?

**Michael Sacks:** As I said look trying to time inflows and outflows quarter to quarter is not worthwhile. We do our very best to budget but it's hard to do that. You should have a simplifying assumption and build your models and we're obviously happy to help you do that.

I said I think earlier that I don't think it was in the script that we think 1/1/2025 Fee Paying AUM in ARS, we believe that will be higher than 1/1/2024, we got to get through the end of the year. Performance will matter on that, we see that now. We think this has stabilized and I personally

believe that we will see growth over the next several years. It's not going to be linear per se, it's not going to be every quarter like a step function but we've been through a lot of cycles in this space and that's my belief.

**Ken Worthington:** Great, thank you.

**Operator:** And the next question comes from Crispin Love with Piper Sandler.

**Crispin Love:** Thanks. Good morning everyone, I appreciate you taking my questions.

Just first on fundraising. PE has been pretty stable here for a few quarters, infrastructure improving. But could you just discuss the outlook for the back half of the year? You mentioned the second half being better than the first, but just curious if you could drill a little bit deeper there, the key areas of opportunity across private markets.

And then just, has the pipeline changed at all compared to the numbers you discussed last quarter? I think I might have missed that in the prepared remarks if you mentioned it. Thanks.

**Michael Sacks:** Pipelines full we did mention that and that's obviously a good thing.

Last quarter, Jon talked about us having \$4 billion or so of re-ups in sight. First of all, take a step back, we raised \$3.4 billion in the first half we've said clearly second half will be higher. We have, of the re-ups Jon mentioned last quarter, we've got about \$3 billion of those that are still in the pipeline so that's a nice start right there.

We've got a number of specialized funds that are in market that we're raising money for and we've talked about the fact that we're already off to a quite good start on specialized fundraising for the year. And we think that's going to continue and we're going to have a good year of specialized fundraising.

And obviously you pick up new clients and you deploy capital, you pick up new clients and you have existing clients that move with you into new strategies. And so, we are confident in the back half of the year with regard to our fundraising.

**Jon Levin:** I would just add to the last point Michael was making around new client acquisition; we have a number of different leading indicators, for lack of a better word around the activity levels there. Whether it's RFPs that are out in the market or the amount of marketing presentations that we're preparing, or the general busy nature of our sales team. All those metrics point to certainly a more active environment now than you would have had a year ago, and certainly seems the activity levels are higher across the board.

**Crispin Love:** Great, thank you, I appreciate that.

And then just one last question for me mostly on the macro side. We've seen plenty of volatility in the past week or so, mostly concentrated late last week and early. The credit spreads have widened recession talk renewed, and then with just rate cuts coming likely 100 bps or so before year-end.

But when you think about it and put this all together, can you discuss how it impacts, if at all, your outlook or potential for deal activity in this space and then knock-on effects for GCM,



whether it's pros or cons across private markets or ARS, or if you just view it more of a blip than anything else with just appreciate any color there. Thank you.

**Michael Sacks:** So, in general, volatile markets tend to reinforce the attractiveness of alternative strategies. Honestly, I think that's the biggest takeaway. When you have real extreme volatile markets, your alt strategies have higher levels of appreciation from your client base. And I think that's just what we've experienced and I think that matters a lot.

As far as the impact of rate cuts over the next two, three-quarters, a slowdown in the economy, the chance of a recession, as people are writing has gone up from 25% to 35%, from 15% to 25% over the last few weeks, that doesn't have a pretty particularly significant impact on how we operate and on how we see opportunity or we see short term, intermediate term results and nothing in that realm has any real impact or makes any real change to our longer-term sort of five-year outlook.

**Crispin Love:** Thanks, Michael. I appreciate all the color there and the thoughtful answer. Thank you.

**Operator:** Again, if you have a question, please press star and then one on your touchtone telephone. And our next question will come from Stephanie Ma with Morgan Stanley.

**Stephanie Ma:** Hi. Thanks for taking my question.

Just wanted to get your latest thoughts on private credit. How do you think about that asset class as we head into potential rate cuts and against the changing macro and rates backdrop, how are you thinking about expanding origination capabilities or other interesting areas of opportunities? Thanks.

**Michael Sacks:** Thanks for the question. I think we've said it in our prepared remarks and you've seen it in fundraising. Private credit's going to continue to grow. None of these things that we talk about that are why we think we have a very good business that has a very good outlook for the next half-decade are affected by these sort of short-term items.

Private credit's a growth sector, it's going to grow. You're going to see it have more of a share of global balance sheet in five years than it does today and nothing changes our view there and we think it will continue.

I think I said specifically in the remarks our pipeline has a bunch of private credit in it for the remainder of the year for next year we're enthusiastic about that. I think it grows in all the channels, I think it grows in the individual investor channel, I think it grows in the institutional channel, I think it grows across private credit strategies and we're enthusiastic about that channel and our opportunities there, that vertical and our opportunities there.

**Stephanie Ma:** Great, thank you.

Maybe just one on FRE margins. Appreciate your aspirations over time but any other color you can provide on cadence or trajectory, what are some of the steps to get there between ongoing mix shift of the business and realizing benefits of scale? And then also maybe you can tie into there some ongoing areas where you continue to invest behind. Thank you.

**Michael Sacks:** Sure. I don't know Pam if you want to take the margin question because I think you addressed it to some extent in your comments.

To be clear, we think we've got solid good strong margin performance with some operating leverage this year, and then I think we were and you picked up on that we were trying to highlight that, we believe we have continued operating leverage and margin looking out over the next several years and I touched on that, Jon touched on that.

We continue to manage our expenses tightly, we continue to manage headcount well, we continue to try to align interests between team and shareholders and I think all of these things lead to or contribute to our margin opportunity. I don't know, Pam or Jon, if you have anything you want to add.

**Jon Levin:** Yeah, I would just add one other point which is, these businesses and you've seen it obviously not just in our business and the margin enhancement we've had over the last few years. But I think you see it generally in the marketplace, our businesses that are good businesses. They benefit from the tailwinds, they benefit from the revenue trends, and they allow you to take care of your existing people appropriately from a compensation perspective, while also investing in your business and still have operating leverage and margin enhancement.

So, I don't think it's the type of thing where you go from one quarter to the next quarter and all of a sudden hit your margin goal. I think it's the type of trajectory that you've seen over the last few years where you get it as you're having revenue growth and get it somewhat linearly over time. I think if you look at us relative to other businesses in our space, you can get a sense for where margins can go over time.

I think the important part of what we're speaking to in terms of a five-year perspective is just the different vectors of growth, the multiple ways to win, the optionality you have you can't predict everything five years out but I think as we look across the board of all the different things that are going on at the business, feel good about the revenue growth and therefore feel good about the ability to continue to have the operating leverage in the business.

**Michael Sacks:** In terms of what we're investing behind, we've talked about the individual investor channel. We've talked about other distribution channels that we have invested into and will continue to invest into. You've seen us invest in credit investment capability over the last several quarters and we've been clear that we think that's a fruitful growth opportunity. So, I think we're investing in a number of places where we think we can see real results from those investments.

**Stephanie Moore:** Appreciate all the color. Thank you.

**Operator:** And the next question will come from Bill Katz with TD Cowen.

**William Katz:** Okay, thank you very much for taking the extra questions. Just zoning in on the opportunity for performance fees. So, I wonder if you could answer a couple of questions.

Any appreciate markets have been particularly volatile in the last week or so but putting that aside, how should we be thinking about any cadence in terms of line of sight of activities that you might be seeing?

Which portfolios do you think it comes out of as you sort of array between sort of 2013 and to current?

And then finally, Pam, you may have said this and I apologize I may have missed it. How do you sort of see the aggregate comp ratio on the variable incentive migrating as the quantum of dollars were to increase? Thank you.

**Michael Sacks:** Let's take the last one first, which is that margin and Pam, did say this, it's in her remarks. But as the revenues in that incentive line grow, the margin will grow from the levels you saw that in the last couple of quarters. And there's an element and we did address that directly and you'll see that. Most of the ARS portfolios have some element of a performance fee that along with the private markets carry, contributes to our incentive fee line. Some of that's crystallized from last year a little bit this year already, but most of that crystallizes at the fourth quarter, year-end.

We don't count that until we get that but there is for sure a revenue opportunity there for 2024, and ignoring the last week or so as you instructed us to, it's not a trivial revenue opportunity. I think we put in our earnings deck the earnings power at a base case assumption there, and we were obviously outperforming that base case assumption as of the end of the second quarter. There's some revenue there, but it's not there until it is, and we'll see where things land on 12/31.

**Jon Levin:** Michael said this, Bill, but just it's for us obviously it's intuitive we live it every day. But to the extent you see performance fees that are crystallizing sometimes not in the fourth quarter, it just happens to be the one-off portfolio that might have a fiscal year that's not lined up with the calendar year. But as Michael said, most of the portfolios are calendar year portfolios for the measurement of performance fees, which is why you see most of the crystallization happen in the fourth quarter.

The only other point I would add to what Michael said is most of our ARS portfolios that we manage for clients are what we would think of as multi-strategy portfolios. So, there are some that are maybe equity-specific or credit-specific or whatever it might be, but the vast majority of them are multi-strategy portfolios. Meaning they have equity strategies in them, credit strategies in them, relative value, macro strategies, etc. and so the positive performance we're seeing year-to-date and even the capital protection that we're seeing through these more difficult markets over the last couple of weeks is broad-based positive performance and broad-based pretty strong alpha production.

**Bill Katz:** Okay. Thank you very much.

**Operator:** Thank you. That does conclude the question and answer session. I'll now turn the conference back over to you.

**Stacie Selinger:** Thank you again for joining us today. We appreciate the questions and the engagement, and we look forward to either following up or talking to you again next quarter.

**Operator:** Thank you. Ladies and gentlemen, thank you for participating in today's conference. This concludes today's program. We hope everyone has a great day. You may all disconnect.

