GCM Grosvenor 2024 Fourth Quarter and Full Year Results
February 10, 2025

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 Fourth Quarter and Full Year 2024 Earnings Call. Today I'm joined by GCM Grosvenor 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, these include 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 or 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.

Thank you again for joining us. And with that, I'll turn the call over to Michael to discuss our results.

Michael Sacks: Thanks, Stacie.

Good morning everyone. We are pleased to report a very strong Fourth Quarter and Full Year 2024. Importantly, we report not only good financial results that exceed expectations but progress with regard to a number of our key, strategic priorities that will contribute to our growth over the coming years.

With regard to our financial performance, we had a strong finish to a good year that saw solid results for our clients and significant growth in both fundraising and profit. In the fourth quarter, our fee-related earnings increased 22% and our adjusted net income increased 63% as compared to the fourth quarter of 2023. For the full year 2024, fee-related earnings increased

19% and adjusted net income increased 36% over the prior year. These results represent a good start toward our goal of doubling 2023 fee-related earnings by 2028. While our path to that goal will not be linear, we remain confident in our ability to achieve that target.

In 2024, we also continue to realize the operating leverage we have long seen in our business. Our fee-related earnings margin was 42% for the year, compared to 38% in 2023 and 31% at the end of 2020. We believe we continue to have operating leverage in our business and see opportunity for continued a free margin expansion going forward. During 2024, we achieved $7.1 billion of total fundraising, a 40% increase compared to 2023. We are pleased with that growth and pleased that as expected, our fundraising in the second half of the year, exceeded that of the first half.

Our fourth quarter fundraising of $2.3 billion was our highest fundraising quarter in more than two years. And importantly, our late-stage pipeline remains robust. Looking at that pipeline today, our re-ups, and based upon a bottoms-up build created with our investment and business development teams, we expect 2025 total fundraising to exceed the $7.1 billion we raised in 2024.

We were particularly successful last year with regard to fundraising for our specialized funds. Closing on $1.9 billion of commitments to private market specialized funds. That is our second-highest year on record. The fourth quarter saw the final close of our Elevate Fund, a first-time fund for a private equity seating strategy. Elevate closed at nearly $800 million, which is respectable in a difficult market for a first-time fund, particularly for a strategy that is not yet mainstream. We've made some investments from the Elevate Fund that we're excited about, and we expect that strategy to grow over the next five years.

This quarter, we'll see the final close of our third Private Equity Co-invest fund GCF III, and the final close of our second Infrastructure Advantage Fund IAF II. We expect both of those funds will be larger than their predecessor funds, and we look forward to reporting on those results next quarter.

Later in 2025, we plan to hold first closings for the next vintage of our private equity secondaries fund, GSF IV, and our direct-oriented infrastructure fund, CIS IV. Beyond our financial and fundraising success, we made meaningful progress in 2024 with regard to a number of key business priorities. During the year, we deepened our credit investment talent with a number of important hires who brought complementary expertise to our team. Clients are recognizing the value of our credit platform, where we raised $1.8 billion, or over 25% of total funds raised last year. As investors grow and evolve their private credit allocations, we believe we are well-positioned to be a value-added partner, serving as a single point of entry, for a diversified portfolio of credit, primary fund investments, co-investments, and credit secondaries.

We also saw improvement in our Absolute Return Strategies platform with 2024 ARS management fees stabilizing year over year. The flows picture is improving in ARS. The business performance last year was enabled by excellent investment performance. Our Multi-strategy composite generated a 4.5% gross return in the fourth quarter, and a 14.3% gross return for the full year, outperforming indices and peers. Those returns generated $55 million in annual performance fee revenue, marking the third time in the last five years ARS performance fees exceeded $50 million. As we have discussed previously, with $401 million in firm share of unrealized carry at net asset value and significant carry at work that is not yet in the money, our incentive fee earnings power remains strong and should support growth in adjusted net income over time.

Finally, as we discussed at length last quarter, one of our priorities for 2024 was to expand our product offerings and distribution in the individual investor channel. Just two weeks ago, we announced that our Infrastructure Interval Fund is open for investment, with a seeded portfolio of $240 million across 43 infrastructure assets and $82 million of dry powder. While it will take some time for sales from this product to build, and we are not assuming significant 2025 revenue from the fund, we do believe its potential over time is meaningful. We anticipate investing further in our individual investor capabilities and look forward to sharing news of that in the future.

The tailwinds created by our financial and strategic success in 2024 give us confidence looking out. Our growth targets remain achievable and as we've always said, and as Jon will discuss next, our diversified platform gives us a number of ways to win. And with that, I'll turn it over to Joh.

Jon Levin: Thank you, Michael.

The hallmarks of our platform are our breadth, depth, and flexibility. Across asset classes, the ways in which we can implement investments, and most importantly, how we work with our clients. The diversification of our platform is a key strategic advantage in positioning us to win with clients of all sizes and types.

Our capabilities and positioning in this attractive alternative investment industry provide a unique combination of stability, embedded growth, and optionality for the platform in the future. I spend a significant amount of time with our clients around the world. Regardless of where in the world I find myself, or whether the client is big or small, a public pension, a sovereign wealth fund, or a firm representing individual investors. We hear two common themes. Alts continue to grow as a percentage of investor portfolios, and clients are generally under-resourced to attack the opportunity set.

They need trusted partners to assist and to help build out alternative programs. Where they need help varies by client. It could be a very specific area like credit secondaries, as Michael mentioned, or an exposure to a certain geography, or incorporating co-investments into their portfolio across the different alternative asset classes. The good news is that we can help clients with any variation of their alternative needs given the positioning of our platform. This flexibility means that we can compete for nearly all mandates of all sizes and with all client types. Our breadth across asset classes, which uniquely includes both private and public markets, also means that we can win in nearly every environment, as clients shift their allocations between various alternative strategies.

This flexibility and breadth of coverage, in combination with the deep involved nature of our partnerships with our clients, provide us with the distinct privilege of being able to evolve with our clients as they evolve their portfolios and expand into new areas. For example, as we've discussed on past calls, many investors have been prioritizing their allocations to infrastructure and private credit in recent years. We've been a beneficiary of this focus and trend in the market. Infrastructure has been our fastest-growing asset class since we went public, and credit was a massive contributor to our 2024 fundraising. We see persistence behind the significant investor demand for both of these strategies. In particular, we believe our full coverage of credit strategies, combined with our significant unlocked origination ability across credit strategies, positions us ideally to capture greater market share as investors grow and diversify their credit exposures.

While absolute return strategies contributed less significantly to our 2022 and 2023 fundraising, it was a meaningful contributor to our growth in 2024. We raised $1.3 billion for the strategy in 2024, higher than the prior two years combined. The improvement in investor sentiment has occurred on the heels of strong performance and strong alpha generation.

Our ability to meet the demands of clients in a wide range of market environments provides important diversification and business stability, but also numerous paths for growth and upside. Said another way, our confidence in doubling our fee-related earnings by 2028 comes from the fact we have so many ways to win and therefore aren't dependent on a single strategy, client, or backdrop.

We also continue to expand our expand our offerings and therefore create new ways to win. And as Michael said, last year was an important year in driving those initiatives, and we expect more momentum in 2025.

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

Pam Bentley: Thanks, Jon.

Our strong results in the Fourth Quarter and 2024 exemplify the broader momentum that we are enjoying as a business. Assets under management ended the year at $80 billion, and fee-paying AUM ended the year at $65 billion. Our strong fundraising drove a 12% year-over-year increase in our contracted, not yet fee-paying AUM, ending 2024 at a record level of $8.2 billion. Our contracted, not yet fee-paying AUM provides a foundation for organic growth, and we expect it to convert to fee-paying AUM over the next few years.

Private markets again was a key driver of our 2024 growth. We enjoyed very strong fourth quarter private markets management fees, which increased 20% over the fourth quarter of 2023, inclusive of over $7 million of catch-up fees from IAF II and Elevate. We expect lower catch-up fees of $2 million to $3 million in the first quarter of 2025, primarily from IAF II, which will have its final close at the end of Q1. We are expecting private markets management fee growth, ex catch-up fees of around 10% year over year. After IAF II's final close, our funds in market will be earlier in their fundraising periods, and therefore we expect minimal catch-up fees in Q2 to Q4 of 2025. At the beginning of the year, we spoke about our expectation that absolute return strategies management fees would stabilize in 2024, which they did, increasing 1% year over year.

We enter this year with a solid pipeline of activity. On the heels of our excellent 2024 investment performance. In the first quarter of 2025, we expect ARS management fees to increase by 4% to 5% from the first quarter of 2024. Turning to our expenses, our compensation philosophy is to align and motivate our greatest asset, our talent, through a combination of annual and long-term awards, including FRE-related compensation, incentive fee-related compensation, and equity awards. We remain disciplined in managing compensation expenses, while also investing in talent and incentivizing our employees.

Fourth quarter fee-related earnings compensation declined sequentially to $35 million. Looking to the first quarter of 2025, we expect FRE-related compensation and benefits to be in line with or slightly higher than our 2024 quarterly average. Non-GAAP general and administrative and other expenses were $20 million in the fourth quarter, down slightly on a sequential basis, and we expect those levels to remain stable in Q1. Pulling together these factors, our fourth-quarter and full-year, fee-related earnings grew 22% and 19%, respectively. As Michael noted, we continue to have confidence in our long-term goal to double our 2023 FRE by 2028.

Turning to incentive fees, we realized $57 million in the quarter, comprised of $42 million of annual performance fees and $15 million of carried interest. These results brought our annual performance fees to $55 million, the third time we have exceeded $50 million over the last five years. Run rate annual performance fees entering 2025 stand at $30 million. Carry realizations have been muted, but the environment is starting to improve. Our gross unrealized carried interest stood at $836 million as of quarter end, more than double what it was at the end of 2020. And we believe that provides significant upside.

Our balance sheet is strong, and we are maintaining a healthy quarterly dividend of $0.11 per share. As of Friday, we had a 3.2% dividend yield and 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 our board recently approved a $50 million increase in our share repurchase program. As a reminder, we intend to use the $82 million now remaining in our program to largely manage dilution.

To close, we enjoy significant industry and business tailwinds heading into 2025, giving us confidence in our long-term financial objectives. We 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. [Dial-in instructions] Our first question is coming from Crispin Love with Piper Sandler.

Crispin Love: Thank you. Good morning.

My first question is on FRE margins. You've had several years of steady growth in margins. But curious if you could discuss your margin outlook. Do you believe you can continue driving margins higher to the mid-40% range on an annual basis and beyond? And as you look out further, is there a cap on margins over the long term? Thank you.

Michael Sacks: Thanks for the question.

We did note that to your point, we've met very strong operating leverage and significant FRE margin improvement over the last several years. We also wanted to be clear that we do think we have continued operating leverage. We do think we have continued FRE margin expansion ahead of us. And I think that, as far as a cap goes, that we're just sort of looking out, a year, two years' time and seeing that our FRE margins can continue to grow. I suppose at some point, there's a cap, but we think from current levels we have room to grow those margins over the next several years while we're doubling our free from 2023.

Crispin Love: Perfect, I appreciate that. That was helpful. And then secondly, on fundraising. Curious about the cadence for 2025. You had a very strong quarter in the fourth quarter. And I heard your 2025 guide is expected to be higher than 2024. You mentioned some funds closing in the first quarter, but as you look at 2025 as a whole, can you talk about the expected cadence of fundraising? And is there anything else worth calling out on a quarter or quarter basis? Thank you.

Michael Sacks: Sure. Jon, you want to take that?

Jon Levin: Sure. I think one thing to just back up and contextualize around our fundraising before answering your specific question is kind of how it works for us. Right? So, we and some

of the historical commentary we made, I think we had felt that 2023 was a tough fundraising environment for the sector. For us, we thought 2024 was going to be better than 2023 and it was. The environment we think continues to improve, which gives us some macro commentary that feels like 2025 better than 2024. But for us, kind of specifically, we have a lot of insights into what happens in a given year just because of the separate account business and the re-up profile. So, we know going into a particular year which clients are scheduled to have a separate account re-up, we know which activities, as you said, have specialized funds are meant to go to market and have their closings. And so we can kind of over a year period of time, look at the year and say, yes, based on all that bottoms up build-up, there will be some kind of go get in that number. But we have a pretty good baseline to feel like 2025 is going to be better than 2024.

When it comes to like what specific quarter, what will happen? That's where it gets a little bit tougher. You can literally have situations where someone's meant to sign a contract on a particular day, and they get sick, and it slips to the next quarter and those can be big chunky moves. So I don't know that we'd give you a specific quarter-by-quarter analysis, but what we would tell you is that the pipeline is strong. The re-up calendar inside of the year is strong and therefore kind of feel good about that. 2025 looking better than 2024 type of guidance over the course of the year.

Crispin Love: Great. Thank you, Jon. Appreciate you all taking my questions.

Operator: Our next question is coming from Ken Worthington with JP Morgan.

Ken Worthington: Hi, good morning.

Maybe first you've got a nice pipeline building in the private markets business. The pace of the pipeline build was quite a bit faster than the pace of conversion from pipeline to fee-paying AUM. How should we see this conversion from pipeline to fee-paying AUM? Look in 2025. Do we see a nice pickup given the better market conditions and maybe the seasoning of the pipeline? Or should it, for some reason continue to sort of lag the strong sales growth that you're generating?

Michael Sacks: Thanks, Ken. This is something we've actually talked about before. So obviously the most important thing is that the macro environment and the attractiveness of the strategies remain very strong. The pipeline, to your point, is building and there's a lot of demand.

And then specifically how that pipeline converts to fee-paying AUM is a function of whether the funds raised are essentially ramp-in funds which turn the fees on over a specific time period, a specific amount of fees at specific dates, or whether they are pay on committed funds, which start fees right away. Pay on committed funds with catch up fees start fees paying fees right away and there's a catch-up from prior periods or there are pay as invested funds where you make an assumption about how the capital is invested and when the fees turn on.

We've had since we first met you going back to 2020, a significant amount of what we publish and call contracted, not yet fee-paying AUM, which is where those fees either turn on on a fixed schedule or those fees turn on as invested. Every year we raise capital where the fees turn on immediately upon closing. And it's very hard to give specifics. They're just, as Jon talked about, sort of pace of fundraising. Every year, every quarter, it's sort of all of the above. We're winning new business. That is every type of fee that I described. And so I don't think much has changed from the first time we met you and I think we've had that mix of type of fee. I think

we've said to you in the past, when we price business, we're trying to price it on effective fee, so that different types or structures of fee result in similar levels of actual fee to us and similar cash collections and margins over time. But I don't know that there's been a change there.

Jon Levin: And Ken, I would just add one thing.

I'm not sure exactly which metric you're looking at, but if you look at the contract, not yet fee-paying AUM, at the beginning of the year, it was $7.3 billion. We ended the year at $8.2 billion, so that was up 12%. But if you look at the contributions in the fee-paying AUM from CNYFPAUM is about $2.8 billion, which is not about a third or so of the capital that we started the year with on a pump basis, which makes sense to us. If you think about an investment period of a program being about three years, the way that would work, whether it's time-based or invested-based, being about a third of that beginning year number is kind of a number that's generally in line.

Ken Worthington: Okay, great. Thank you.

As we think about the absolute return business, had one of its better years. Are you seeing a change in the reception or the nature of the dialogue you're having with your customers? Like, are we starting to see the alpha generation? I don't know, maybe market valuation levels. Again, I guess just change the dialogue that you're having.

Michael Sacks: The performance was good. And so whenever performance is good, there is a change in the dialogue. It may vary in terms of how significant a change but whenever you have good performance, which we've had for a while now, the dialogue changes. And I think in general, the pipeline is solid there. The outlook for that business is as good at this time of the year, as it has been in quite a long time. And so while our sort of base case, budgeting hasn't changed and we certainly are more optimistic with regard to the prospects for ARS than we have been in a while in the pipeline, and the fundraising profile is decent.

Ken Worthington: Okay, great. Thank you very much.

Operator: Our next question is coming from Chris Kotowski with Oppenheimer.

Chris Kotowski: Good morning and thank you.

First, I just wanted to make sure we got Pam's guidance on the private markets management fee outlook correct. So you mentioned $7.1 billion catch-up fees in the quarter, and first quarter that would be two or three. So all things being equal, first quarter would be down, three, four or five million sequentially. But then you gave the guidance of private ex catch-up fees. I think you said 10% to 12%. But there we're only looking at the prior year catch-up fees, which is 6.8 million or less than there was in the fourth quarter. Do I have that correct?

Michael Sacks: Chris, this is Michael, thank you for joining and for the question.

Let me just kind of reiterate what Pam said, just to make sure it's clear. We wanted to make sure we were providing apples-to-apples numbers. And so in the past, we had talked about private market management, fee growth, ex catch-up with catch-up. And we wanted to just lay it all out. So specifically, what Pam said was for the first quarter, we expect catch-up fees of two to three million, which is lower than first quarter of 2025. And we expect ex-catch-up fees.

So, excluding that two to three million, private markets management fee growth 10% year over year. So Q1 2024 versus Q1 2025, 2025 is up ten excluding catch-up fees. Add two to three million to that and that was our walk on the private market management fee for Q1.

Chris Kotowski: Great, thank you.

And then I wonder if you could give a bit more color on the retail vehicles that you've launched. And I guess specifically, I'm wondering, is there a potential on the private equity side also to have an anchor tenant like you did on the infrastructure side?

And then also, if you can give any color on what should the marketing effort look like and what success would look like in 2024 and 2025, is the effort to get, is the goal to get listed on wirehouses or is there a different distribution channel? What's important to you in the next 12 to 24 months?

Michael Sacks: Sure. So you got a bunch of really good stuff in there. So, first, I would say that we were clear, and we tried to be very clear in our comments and prepared remarks that we are not expecting significant revenue contribution from that infrastructure fund in 2025. And because we launched it and frankly, launched it in such a terrific way, which is with around $300 million of anchor, as you called it, capital, a bunch of which is currently invested, specified portfolio that people can look at some dry powder. We feel very good about the way we launched it.

And to your private equity question. I think you'd always want to launch with real anchor capital like that if you can. It just is a leg up. That said, we were clear. Don't bake in a ton of revenue. Don't you know at all for 2025, this is going to build. It'll build over time. We're not telling you what that's going to mean for 2026 or 2027. But by the end of 2028, we expect there's going to be real capital there and real revenue.

And we think it has the potential to be a really terrific vehicle for us as a firm, obviously for the investors. But for us as a firm, that infrastructure space is not crowded in the individual investor channel. And having a high-quality option is a terrific thing and we are optimistic that over time, this can build to be a real significant product and a real significant revenue generator for us. But it's not going to be in 2025, and it's probably not going to be a ton of it in 2026. We would hope that this will find a home eventually. Eventually in the wirehouse world and the RIA world and maybe the independent broker dealer world but initially, the focus of the marketing effort here is in the RIA space. And that is where the initial focus is.

As you know historically, our relationships set for the portion of our AUM that is represented comes from individual investors has been wirehouse. So one of the nice things about this is we are going into the RIA space with our capabilities and our brand and our name.

We do hope over time that we'll have more to talk about in terms of the individual investor space, both how we're pursuing marketing there and eventually, ultimately, more choice for investors there. And we look forward to talking about that over time and continuing to update people as there are substantive things to update you on.

Chris Kotowski: Great. Thank you. That's it from me.

Michael Sacks: Thank you.

Operator: Our next question is coming from Bill Katz with TD Cowen.

Bill Katz: Thank you very much for taking the questions this morning.

Maybe just focusing on the opportunity in the realized carry opportunity for the carry portfolio. Just sort of wondering, it looks like the comp ratio to GCMG after sort of the contractual payments was rather low this quarter, both quarter on quarter and year on year. How do we think about to the extent that the revenue backdrop and the monetization activity were to pick up the payout ratio associated with those realizations? Thank you.

Michael Sacks: When you're talking about the gross carry revenue. The percentage of that that belong that was owned by the firm last year.

Bill Katz: Right. So, if I strip out the carpet, sorry if it's a complex question. So, if I look at the carry and I back out the contractual payout that you have, the NCI, etc, and then the payout that you have for performance fees, and I look at the rest, which you then pay out to the GCMG employees. I think if I did that math correctly, from your disclosure, that ratio is around 45% this quarter. And I think it's been sort of averaging sort of 55 plus.

So, I was wondering, is it just a quantum opportunity here or how to think about that payout ratio? So, I guess the broader question is how should we think about variable payout on realizations.

Michael Sacks: I think that it's a great question to ask. I think the main way that you should think about it is that we have a ton of upside there. And the way that we look at it is there's a gross amount of carry. We separate the carry from the performance fees on the ARS side. We had a lot of performance fees on the ARS side this past year. It's the $50 million. It's the third time in five years it's been at $50 million. We've shown that the run rate on base case kind of budgeting is about 30 million bucks. We've generated over 50 for the last few years, at three of the last five years.

If you look at the carry, when you look at how much of the carry comes to the firm, that number has been significantly below the percentage of the carry in the ground that we own. So we own over half of the carry in the ground. The firm owns right around half. 401 million of the carry in the ground is owned by the firm. And yet the firm's share of revenues gross coming in from the carry has been well below that. And that's because older carry comes in first, and the firm owned a lot less of the carry historically that it's owned over the last ten years.

So, we think the percentage of carry dollars over the next ten years that the firm owns is much higher than it was over the last ten years, including last year. And the amount of carry in the ground is higher than it's ever been. So, the picture there is very good because you've got more carry in the ground to be realized. You've got the firm owning more of that and frankly, you've got a ton of dry powder carry or whatever you want to call it. Carry that's not yet at asset value but is behind the carry at NAV. So that carried NAV could replenish overtime as we're enjoying the higher percentage of it. So we think that we got a lot of earnings power looking out from that line.

Jon Levin: I agree with everything Michael said there, Bill.

And I think there's one further element which you might have been also inquiring about, which is the cash-based incentive, fee-related compensation, which was being paid out at a higher ratio in the earlier quarters of the year and then was a lower percentage in the fourth quarter, which

brought the full year to the 50% that you're referring to. Is that part of what your question was as well?

Bill Katz: Exactly, Jon.

Jon Levin: And so, yes, that is true. So we had always guided, I think historically that that number would be 40% to 50%. And so the quarters can bounce around a little bit. But the full year came in at the high end of that range. Part of that is because, as you as I think, not the carry, but the hedge fund performance fees get crystallized for the most part in the fourth quarter. So that happening in the fourth quarter allowed the margin effectively in the fourth quarter to be higher, to bring the full year in line with the top end of that range that we've given historically.

Bill Katz: Okay, thanks for that color.

And then just coming back to retail for a moment. I appreciate this is a couple of years out. In terms of bottom-line contribution. Can you talk a little bit about maybe just state of the union of how many folks you have and how many distribution channels you might be on, and sort of what the roadmap might be in terms of headcount additions and maybe geographically or by some subsection of the distribution of where you see the greatest sort of opportunity over the next couple of years just to drive that more meaningful growth? Thank you.

Jon Levin: Happy to address that one and Michael can add on to Bill. But as Michael just noted in the response to the question from Chris, a lot of our success historically has been in the warehouse channels, where we have a handful of people who are solely focused on that channel.

As I think, for the infrastructure product that was recently launched, we've also extended our distribution capability through a partnership with a group called CION, that's going to help from a distribution resources standpoint. And we've got kind of a two-pronged approach we're going to and they're not mutually exclusive. And I think you've seen this model work successfully for many others in our space where there are some areas where you have partners that help leverage your distribution, while you're building your own distribution capabilities internally. And those things can co-exist together nicely.

I think you've seen a lot of partnerships with raise a lot of capital and have a lot of success in using that type of model, but I think it is absolutely the case that we're always investing in the business. We're always investing in distribution. The marginal dollar of investment today is going into distribution, within distribution. It's going into the individual investor distribution. I think you'll see us invest more in that space and have news to share in that space over the coming weeks, months, and quarters.

Bill Katz: Great. Thank you very much.

Stacie Selinger: Thank you, everyone for joining us today. We appreciate the engagement and the questions. If there are follow-ups, feel free to reach out. If not, we look forward to speaking with you again next quarter. Have a good day.

Operator: 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.