

<b>GCM Grosvenor 2025 Second Quarter Results</b> <b>August 7, 2025</b>
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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

<b>PRESENTATION</b>
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**Stacie Selinger:** Thank you. Good morning, and welcome to GCM Grosvenor's second quarter 2025 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.

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

**Michael Sacks:** Thank you, Stacie.

We are pleased to report another strong quarter for GCM Grosvenor, led by strong investment performance, strong fundraising, financial results in line with expectations and positive business developments that will benefit us in the long run. For the quarter, our Fee Related Earnings, Adjusted EBITDA and Adjusted Net Income were up 6%, 9% and 9%, respectively, as compared to the second quarter of 2024. Year to Date Fee-Related Earnings, Adjusted EBITDA and Adjusted Net Income were up 14%, 17% and 19% as compared to the first half of 2020. Our Fee-Related Earnings margin for the quarter was 42%, which is 200 basis points higher than the second quarter of last year.

We ended the quarter with \$86 billion of total assets under management, a 5% increase compared to the end of the first quarter of 2025. Our AUM growth was led by excellent ARS performance, moderate ARS inflows and another strong fundraising quarter for private market strategies.

In total, we raised \$2.4 billion in the quarter, bringing our first half of the year fund raising to \$5.3 billion, a 52% increase from the first half of 2024, and our highest first half fundraising total on record. There continues to be a tremendous amount of activity with a very visible full fundraising pipeline. Given the strong fundraising thus far and our significant pipeline, our goal of 2025 fundraising exceeding 2024 fundraising is highly likely. The only question is by how much we exceed last year's total. We expect second half fundraising to be weighted towards the fourth quarter.

Demand, activity levels and pipeline are strong for alternatives generally, and our investment performance has been solid.

There are three areas of particular strength around the firm worth noting. The first is infrastructure, which accounted for \$1.9 billion in fundraising in the first half of the year and remains a great contributor to growth within the firm. While not a new story, the growth is persistent and likely accelerating. Jon will talk about our infrastructure platform, its innovation and its prospects during his remarks.

Private credit was the highest contributor to our fundraising for the quarter. We believe that market remains strong and, importantly for us, is evolving in ways that benefit our business. We expect investors to increasingly seek greater diversification within their private credit allocations. And as we have discussed in the past, our sourcing breadth and our flexibility to invest via funds and directly, including co-investment and secondaries, whether in credit focused separate accounts or specialized funds, leaves us well positioned to continue to grow our credit vertical.

The third point we wanted to touch on relates to our absolute return strategies vertical, which had an excellent quarter led by strong investment results and strong first half fundraising. Performance for the quarter was good, with our multi strategy composite returning approximately 6% on a gross basis. Increasing fee paying AUM heading into the second half of the year.

In addition, that strong performance has resulted in an additional \$18 million of accrued unrealized annual performance fees as of June 30th. Our ARS strategy saw \$1 billion of gross fund flows for the first half of the year, with net inflows of approximately \$400 million for the second quarter. While we continue to model ARS as a flat net flows business in our internal forecasts, the sentiment has clearly improved.

The combination of performance and flows has seen fee paying AUM in ARS up 7% year to date and 10% over the last 12 months. In addition to these areas of demonstrable strength, we wanted to touch on a few topics of note. We continue to make steady progress, building out our individual investor channel efforts with Grove Lane, our distribution joint venture, adding four people to the team in the past quarter, and our Infrastructure Interval Fund, making steady progress with regard to important operational milestones and starting to generate sales.

We continue to emphasize the long-term nature of this opportunity and caution against overoptimistic short-term assumptions. That said, we are very optimistic with regard to this channel's potential for us in the intermediate to long term.

Next, we're in the market with a structured alternative investment solution in the form of a CFO, where the assets will be invested in our credit strategy. We expect to close that transaction in the second half of the year, which will contribute to fundraising. This is our second CFO, and we intend to continue to sponsor collateralized fund obligations from time to time going forward.

This wouldn't be a second quarter 2025 earnings call without mentioning AI, which is a key strategic focus inside of GCM Grosvenor. It is a daily conversation somewhere within the firm. Adoption and use are increasing rapidly, and it will no doubt make us a better, more efficient and more profitable company over time.

Finally, with regard to the macro environment, our fundraising results to date prove out the strong continuing demand for alternative investments. Today, there is more clarity regarding tax policy, and the environment feels better compared to the period immediately following the introduction of increased tariffs at the beginning of the second quarter. Transaction activity seems to be starting to accelerate from recent lows and the IPO market has some life with regard to certain sectors.

Realizations have ticked up since 2024. That said, we continue to see plenty of volatility around interest rates, tariffs and policy generally, and we have not abandoned caution. Our teams remain focused on investing client capital on a disciplined programmatic basis and are well positioned to take advantage of opportunities with \$12 billion of dry powder.

We remain positioned to benefit significantly from unlocked value in our unrealized carried interest at NAV, which surpassed \$900 million this quarter. Half of this carry balance, or approximately \$450 million, is owned by the firm, which translates into approximately \$2.30 per share. That \$450 million in firm share of carry at NAV was up approximately 9% or \$35 million from last quarter and is over three times higher than where it was at the end of 2020, despite the firm collecting nearly \$100 million of revenue during that period of time.

Finally, we're pleased to announce that GCM Grosvenor will host its first Investor Day on October 15th in New York. We look forward to showcasing our team, highlighting our value proposition, and walking you through our growth profile at that time. We hope you can join us. And with that, I'll turn the call over to Jon.

**Jon Levin:** Thank you, and good morning.

As Michael noted, the focus of my remarks this quarter is our infrastructure platform. That business has been a key growth driver for us. And more broadly, the infrastructure platform is emblematic of the firm's value proposition to clients. Our competitive advantages and our growth opportunities across the platform and the different verticals.

Let's first briefly touch on the attractiveness of infrastructure as an asset class. Investors are drawn to infrastructures, predictable cash flows, long duration and inflation hedging properties. Core plus and value add infrastructure assets, which is our focus, tend to be less correlated to traditional equity and fixed income markets, offering resiliency amidst market volatility.

The global need for infrastructure capital is massive and global demand for infrastructure's properties as a risk asset has major tailwinds. Fueled by aging systems, urbanization, energy transition, and digital innovation, some estimates put the need for infrastructure capital in excess of \$100 trillion over the coming 15 years. While infrastructure assets are as old as the world, infrastructure as an investable asset class is still relatively new. Many investors are still under allocated to infrastructure relative to asset allocation plans. Recent studies suggest that over 90% of investors plan to either maintain or grow their infrastructure allocations over future periods. As the asset class matures, we're seeing the same type of evolution we saw in the private equity markets, but it's happening much faster. We see thoughtful diversification across market capitalizations, subsectors and geographies, and we're seeing the development of robust secondary and co-investment markets.

Our infrastructure platform is ideally positioned to capitalize on these trends. With over two decades of experience, our platform is among the most tenured in the industry. It's global by design, with investment professionals across the US, Canada, Europe and Asia. What sets us apart is the breadth, depth and flexibility of our manufacturing engine in combination with a client delivery mechanism that can meet varied needs. Our sourcing model is broad and scalable. Our deep relationships across the infrastructure ecosystem unlock investment opportunities of all types. Direct control investments, consortium deals, co investments and secondaries flow. We look at hundreds, if not thousands of deals a year with our flexible investment model. We are closing on some sort of transaction, whether it be a fund commitment or a direct oriented deal, every two to three weeks. This origination platform enables us to build diversified portfolios for our clients quickly and cost effectively.

We're especially strong in small and mid-cap investments, a segment often overlooked by many investors. This combination of robust origination, asset-based focus, and quicker deployment enables us to build more holistic client solutions that are more diversified than your typical infrastructure fund. Our client offerings have exposure to a large number of investments, and those investments are diversified by investment partners, geography and sector. Infrastructure has been the leading contributor to our fundraising success this year, accounting for over 35% of total capital raised.

Since going public, we've raised \$12.5 billion for infrastructure, proof of the strong demand for our strategies and the trust placed in us by our clients. The results speak for themselves. Our infrastructure AUM has nearly tripled since 2020, from \$6 billion to \$17 billion, or 26% CAGR. We now serve over 150 institutional clients across customized solutions and specialized funds. We're one of the few firms capable of being a complete solution for clients' infrastructure allocations, and our separate account practice has flourished with both comprehensive and completion offerings.

But we're not just growing. We're innovating. As previously discussed, we launched the Infrastructure Interval Fund this year with a \$320 million seed portfolio. It's an early mover in the individual investor channel with a unique position in the market, and we're encouraged by early traction.

Additionally, this quarter we announced our partnership with Wilshire Indexes to launch the Ft. Wilshire Private Markets Infrastructure Index, the first comprehensive benchmark for private infrastructure. Wilshire indexes will govern the index while we contribute market and risk

insights. We also plan to launch single point of entry investment vehicles tracking the index, further expanding access to a diversified infrastructure for broad groups of investors.

We believe infrastructure capital formation will continue to outpace broader private markets and with our experience, sourcing capabilities and innovation, we're positioned to capture more than our fair share of that growth.

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

**Pam Bentley:** Thanks, Jon.

We are pleased with our second-quarter results, which highlight the multiple avenues we have to achieve success and drive growth.

Given our strong fundraising and investment performance this quarter, Assets Under Management grew to \$86 billion and Fee-Paying AUM grew to \$69 billion, a 9% increase year-over-year, respectively. Our Contracted-Not-Yet-Fee-Paying AUM grew 19% year-over-year to \$8.7 billion, providing a foundation for continued organic growth as that capital converts to fee-paying AUM over the next few years.

Year-to-date Private Markets management fees grew 11% year-over-year from a combination of solid fundraising and conversion of Contracted-Not-Yet-Fee-Paying AUM. We expect third quarter private markets management fees to increase in the low single digits on a sequential quarter basis. As a reminder, we are not expecting material catch-up fees in the back half of the year.

Absolute Return Strategies had a strong first half of the year, both from investment performance and flows. We anticipate that ARS management fees in the third quarter will increase slightly from this quarter.

Turning to expenses, our compensation philosophy is centered on attracting and retaining top talent by aligning their interests with those of our clients and shareholders. We do this through a combination of annual and long-term incentives, including FRE compensation, incentive fee-related compensation, and equity awards. We remain disciplined in managing expenses and second quarter FRE compensation slightly declined from the first quarter to \$37 million. Non-GAAP General, Administrative and other expenses were stable at \$21 million. We expect FRE compensation and our non-GAAP general, administrative and other expenses to remain stable in the third quarter.

Pulling together these factors, on a year-to-date basis our Fee-Related Earnings grew 14% year-over-year, resulting in expansion of our FRE margin to 43%.

Turning to incentive fees, we realized \$16 million in the quarter, comprised of \$1 million of annual performance fees and \$15 million of carried interest. We're seeing some positive indicators in the deal market that will eventually translate into more normalized levels of carry realizations. We have substantial embedded incentive fee earnings potential from unrealized carried interest of over \$900 million as of quarter-end. As for annual performance fees, our run-rate now stands at \$32 million, based on an assumed average annual gross return of 8% across multi-strategy portfolios. Given our strong ARS investment performance year-to-date, we have \$18 million in unrealized performance fees as of quarter-end, in addition to the \$5 million we realized during the first half of the year.

Last quarter we spoke about our Japanese partnership, which we believe will provide significant lift to our strategic positioning and capital raising efforts in the region. The partnership included the issuance of approximately 3.8 million Class A shares at a price of \$13.32 per share. Separately in the quarter, we actively managed dilution from employee stock-based compensation through our buyback program and repurchased approximately \$25 million of Class A stock. This morning, we announced a \$30 million increase to our buyback authorization, bringing the remaining amount available to \$87 million.

Our financial position is strong, reflecting robust cash generation, investment appreciation, and growing unrealized carried interest. Our primary focus remains on strategically investing for long-term growth. We also continue to pay a healthy quarterly dividend of 11 cents per share, with potential for future increases as earnings momentum builds.

Our business is built on a strong foundation and is well-positioned to capitalize on numerous opportunities for growth and scaling. We are excited to create further value for our clients and shareholders and remain confident in our long-term goal to double our 2023 FRE by 2028.

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

**Operator:** Thank you. [Dial-in instructions] And we'll now take your first question coming from Chris Kotowski with Oppenheimer and Company.

**Chris Kotowski:** Good morning, and thanks for taking the question.

You talked a bit about the evergreen retail vehicle, which was seeded with \$300 billion of institutional money. And I'm wondering if you could talk a bit about the retail uptake on that and the strategy for building that out, and also the status on the private equity vehicle.

**Michael Sacks:** Sure. Thanks for the question, Chris.

As you know, we have a distribution partner for that Infrastructure Interval Fund. They have a full team of salespeople that are out in the market every day. We also have the Grove Lane team helping with that. And that team, as we mentioned, is building. And I said in my remarks, we're very confident in the future of that channel for us and broadly and specifically with regard to this product. We think it's a relatively early mover in the infrastructure space, which has, we think, strong demand.

We're seeing that product generate modest sales on a daily basis, and we're seeing those modest sales on a daily basis or weekly basis build. And we're very enthusiastic about that. Seems to be a lot of receptivity, a lot of interest in taking meetings and in learning, and demonstrable, slowly building uptake. I think, as I mentioned, our biggest concern there is that nobody gets too carried away in terms of the speed. We think it is a multi-year build, but we're certainly encouraged by everything that we see.

**Jon Levin:** And Chris, on the private equity side, you're probably mentioning something we had talked about a bit ago. It was probably last year or the year before, which is really different from our core individual investor strategy, which we noted at the time. That was a situation where we were not the manager of a registered fund. We were just like a sub-advisor to somebody else's vehicle. Almost like think of it as a separate account, Chris. And our view on that was if they raise money, great. And if they don't, we would always be in the business of making sure we have our own private equity product, just like we do in the infrastructure space.

And so what you should expect from us in terms of what we're talking about in private equity, and again, as Michael just said, these things take time is our goal would be and we work on it every day that at some point in time you see something from us in private equity. And hopefully not too long of a period of time that's similar to infrastructure in the sense that it would be our product that we manage that may or may not have a distribution partner.

Certainly, Grove Lane would work on it. That would be seeded by one of our clients or one of our relationships that would have assets in it sourced out of our portfolio, which was one of the great attributes of the infrastructure product. And that's where our focus will be, and obviously, we'll communicate that in due course.

**Chris Kotowski:** Okay. Thank you. That's it for me today.

**Operator:** And again, if anyone would like to ask a question, it will be Star One on your telephone keypad. Your next question is coming from the line of Ken Worthington with JP Morgan.

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

So absolute returns, your absolute return business had better returns, better gross sales, solid gross redemption levels. Does it seem like 2Q is a one-off, or do you feel like the business has really turned the quarter here? And not that we would expect positive flows forever here. But have we reached a tipping point for that business, given this combination of better market conditions, better performance, and so on?

**Michael Sacks:** Thanks, Ken, for the question.

As I said in my remarks, we have not changed our internal forecasting with regard to flat flows. That said, the performance this year, the performance for the last couple of years, and the performance rebound in the second quarter no doubt helped. And typically, when you have good performance, your pipeline builds in the wake of that performance. And so, we're not moving off that internal assumption set. But it's clearly a better – we're clearly in a better position, a better environment with a better outlook for ARS than we've been in for a while. And we've seen that in the last six months.

**Ken Worthington:** Okay. And then still, absolute return, the fee rate, which had been so resilient, fell a couple of basis points this quarter. Maybe talk about the influences of the fee rate this quarter. Was it flows or how is the mix adjusting to drive the fee rate numbers that we see in the deck?

**Jon Levin:** I was just going to say it's idiosyncratic, Ken. It could be – in any given quarter, it could be one portfolio that might have a smaller investor that performs a little bit better than a large investor portfolio that might have a different fee. It could be a little bit about the flows in that particular quarter. I think the most important thing I would say is as we go out to price business and have conversations with clients, and as Michael was just talking about, we're not calling for a fee change.

But I'll tell you from my perspective, spending an incredible amount of time on the road with clients, it is a more relevant topic of conversation than it's been in any time in the recent past. There's no – the fee picture there is stable in terms of how that business is getting priced.

**Michael Sacks:** Yeah, the demand is more relevant to Jon's point than it's been in a while, quite a while. But there's not – we're not experiencing significant conversation around fee and feel the fee is stable.

**Ken Worthington:** Okay. Makes sense.

**Jon Levin:** You can't really see this in the numbers necessary, but it's probably just interesting to you in terms of how people are thinking about that business. And don't hold me to the exact numbers, because I don't quite remember. But there was a period of time around Liberation Day where you had probably a market drawdown in the low double-digit type of range. And that's a period of time where we can capture performance and see what that looked like?

And a 10% capture of that drawdown, which is a very good period of time for protective capital. And often when you come out of an environment like that, the challenge becomes, do you participate in the rebound? And sometimes you don't. And in this period of time, you saw some nice capture on the rebound as well. And I think that period of time, and that period of time, the volatility has been something that I think is opening the eyes of some in the investor community.

**Ken Worthington:** Thank you very much.

**Operator:** Your next question is coming from the line of Jeff Schmitt with William Blair.

**Jeff Schmitt:** Hi. Good morning. How have re-ups been in this volatile environment versus a typical year? Have you seen any pauses at all? Or how has that percentage of total fundraising been trending?

**Michael Sacks:** Jon, you have some specifics on fundraising re-ups, new investors, things like that. And it's probably worth sharing that. But in general, the re-ups remain very strong. And we remain a super high re-up business. And our client tenure and the re-ups are continuing to be a very strong, positive feature of the business with no degradation there whatsoever.

**Jeff Schmitt:** Okay. Go ahead.

**Jon Levin:** I was just going to say to follow up on Michael's point, what you saw during a period of time, maybe in '23, which was obviously a weaker period of time of capital formation for the industry, for us, is you saw the elongation of re-up periods. You didn't see people not re-upping, you just saw people slowing down programs because of the denominator effect, market uncertainty, and things of that nature.

We always said '24 would be better than '23. That happened. We always said '25 is going to be better than '24. As Michael said in his remarks, we feel good about '25 being better than '24. And part of that is just a function of re-up cycles getting back to probably more normalized time frames.

And one of the things that we really like in our business, in particular, is if you look at capital raising over long periods of time, in any given year, you get about 70% or 80% of that capital raising coming from your existing clients. And of that, you have about half of that being people that are just re-upping with you to do the same thing they've always done. About half of that is an existing client doing something new with you, which is just a great example of the power of the cross-sell, the power of the value proposition to clients, as you can deepen these relationships. And then obviously, you're picking up new clients every year as well.



**Jeff Schmitt:** Okay, and then, are you seeing any fee pressures in private markets in this environment? I know some of the specialized funds are coming on at higher fees, but the overall fee rate in private markets is down a little bit. Just curious if there's any pressures in specific verticals.

**Michael Sacks:** No. The fee conversations have been constructive everywhere, and we're not – it's not a period of significant focus on fee.

**Jeff Schmitt:** Okay, great. Thank you.

**Operator:** Your next question is coming from the line of Bill Katz with TD Cowen.

**Bill Katz:** Thank you very much for taking the question, and good morning, everybody.

So maybe just tapping into Jon, your conversation on the infrastructure side. I was wondering if you could step back a little bit. I know you had an Investor Day on this a little while ago, but maybe just remind us on just the differentiated origination capabilities if you will.

And then, relatedly, I was wondering if you could just speak to the fact that you feel pretty good about these sales opportunities second half of the year and where you see that across the verticals, whether it be the SMA side or on the specialized side. Thank you.

**Jon Levin:** I'll take the first part of the question on infrastructure and let Michael comment on the back half of the year flow picture. On the infrastructure side, and I think one of the things I would say before diving deep here is I could give you a pretty similar answer to this question,

Bill, for private equity, I could give it to you similar for private credit, the other verticals, etc. And it's the idea of the flexible investment model, or you can call it the open architecture investment model.

And what that means is, as you know, as a solutions provider, our ability to deploy capital is in other people's funds, which is the allocative nature of the business, which in our infrastructure practice is actually pretty small. It's probably 20% to 30% of what we do. And then we can deploy capital on a co-investment basis. And in infrastructure, the co-investment market is still a little bit immature and early. So, co-investments aren't just necessarily like, hey, here's the SPV. You got three weeks to do the deal, which is some of what you see in private equity.

But it could be a consortium deal. You could be a co-lead on the deal. We could be larger than the sponsor on the deal. There's a lot of different ways that can look. You've got a very active – becoming, I should say, more active secondaries market. I think that market and infrastructure is more interesting on the single asset secondary side, because you have people that own assets for a very long period of time, may want to get out when other people don't, and you can buy into individual assets at interesting points.

And then we also have our infrastructure advantage strategy, which is a business where we can do control infrastructure. And when you have that many ways to invest, you don't only have your own origination. If you think about a direct infrastructure firm, if they're super, super productive, maybe they do three, four deals in a year. But when you're leveraging your own origination plus everyone else's origination, because you can participate in deals as a co-investor, as a single asset, a secondary player, etc., you're just seeing a lot more deal flow.

And so, as I said in the script, we could be closing on deals every few weeks. That would be something that would be every few months or every four months at a "direct firm." And so I think, as you think about infrastructure, much more as maybe a credit asset, given the risk profile as opposed to a private equity asset, diversification is super, super important. You're not going to have 4Xs that bail out some of your tougher investments. And so, you want to really avoid left-tail risk.

And one of the best ways we think to do that is diversification. And our open architecture model different ways to invest and just focus on net return. Don't worry about what type of deal it's called has really served our clients well because we can create diversified portfolios. We can create them quickly with minimal J-curve. And we can make them on an economically efficient basis, and we're doing that activity globally.

**Michael Sacks:** Thanks, Bill, for the questions.

With regard to fundraising, we obviously had a very strong first half. And we have said we're going to raise more capital. We're going to have higher fundraising this year than we did last year. And I said in my remarks, the only question is by how much. We have a very full pipeline. We have a lot of opportunity that is in the late stages of the pipeline. And so, we're confident with regard to fundraising for the second half, and frankly, into the first quarter or so of next year.

We did say, and I did say, that the second half fundraising will be weighted towards the fourth quarter, just by looking at that large pipeline and looking at the timing of expected signings and closings, things like that, it will be weighted towards Q4. And how big it will be in second half, and how much will – whether any of these big, chunky pieces that we see will spill into Q1?

We don't – that's hard to pinpoint precisely. Something gets pushed a few weeks, and it's a different quarter. And obviously, if fourth quarter gets pushed a few weeks, it's a different year. But it's a very good picture on fundraising. And we've been saying that for a little while. It's been proven. It's been proven out by the results.

One thing that I do want to mention is we don't have catch-up fee product in the market to a significant degree. So, we're not expecting to see big numbers there at all in the second half. And so, all of this, this fundraising, which we think will be substantial, isn't going to really drive the needle much. Isn't going to move the needle much on actual '25 revenue. And so, the guidance that Pam gave for Q3 is pretty good guidance. And even though we do anticipate a very healthy Q3 and a healthier Q4 on fundraising, we're going to start to see that tick in on revenue as we move into next year.

**Bill Katz:** Okay, super helpful, I guess I'll make one follow-up. Normally, I wouldn't ask this question on the call here, but I'm intrigued that you proffered it up in your prepared remarks.

Can you talk a little bit about the AI opportunity, maybe at either the portfolio level or at the operational level, and how we should think about maybe modelling that through from an earnings perspective? Thank you.

**Michael Sacks:** So let me give one couple of sentences, and then Jon, maybe jump in because Jon is spending a tremendous amount of time on this. But we are focused on this opportunity pretty much everywhere. And so when I said somewhere in the firm, every day there's an AI conversation, that means each investment vertical and on the investment side. And how does it help us to be more efficient investors? How does it help us from a margin and workload

perspective? How does it help us ultimately to make better investment decisions? And then from an operational perspective, everywhere in the firm as well.

So outside of the investment teams, how does it help our client group efforts on multiple levels? How does it help us inside our legal and finance teams on multiple levels? And it just was a joke, we can't have a Q2'25 call without mentioning it. It really is an everyday thing. Somewhere in the firm that's got a lot of senior management focus, attention, and time, and has, I think, a lot of promise. And it's actually something that is very constructive with regard to sleeping at night on long-term margin and efficiency. Jon.

**Jon Levin:** Yeah, I would just add, I wouldn't obviously do anything specific in your model, Bill, only in the sense that what we've told you is we've got operating leverage in the business. We've shown continued margin improvement. Something on the order of, I don't know, 1,200 basis points or something since five years ago. And we've told you we think there's still margin to go. And I think it's all captured in there. So it's not like, to me, a unique modelling exercise, but it's facilitating obviously that scalability.

I think that, without offending all of my other wonderful 550 colleagues, my favorite meeting of the month that we have is with me and our Chief Technology Officer. We meet with our top five users of enterprise ChatGPT every single month, and we do that to understand what they're using it for, what's been successful, so that we can then have best practices spread out throughout the firm. Because to Michael's point, it's happening every day and everywhere at the firm, and what our job as a leadership team is to make sure that we can figure out then how to scale those best practices across the organization without dampening that entrepreneurial spirit and without dampening that curiosity that we're seeing across the employee base.

I could give you numerous examples of it, and none of them would really make any big sense to you, but they're all little wins. I'll give you a small one for fun. Our tax team just recently built a custom GPT that enables them to read tax returns and automatically enter data. That usually used to be manual. As you know, in the industry, in private markets, a lot of that no longer done by fax. But still, a lot of PDFs and the ability to take PDF information, whether it's on a report on a portfolio company or whether it's a financial statement that used to be manually entered somewhere, but now have that be automatically read and inputted into our data lake. All of those things are fascinating usages.

The first draft of a marketing deck you might create for a client that can come out of a GPT, and in your ability, then to obviously make it appropriate for your organization, make it accurate because we all know it can hallucinate. There's just exciting use cases all over the place. And we encourage people to think about it not only as a productivity and an efficiency tool, but also think of it as a thought partner and a creative partner, and not limit the power of its intellect, for lack of a better word. So I just think you're seeing that all across the world, Bill, all across the industry. And it's just obviously such early days.

**Bill Katz:** Thank you. Appreciate the update.

**Operator:** Your next question comes from the line of Crispin Love with Piper Sandler.

**Crispin Love:** Thank you. Good morning.

First, on fundraising. Do you expect a first close for GSF IV in the second half? And then are there any other meaningful closes we should be looking out for in the second half that are currently in market?

**Jon Levin:** You don't see it in this because it happened subsequent to the quarter, but we had a first close for GSF in July. And so, we'll talk more about that next quarter. And the other product that we would expect to have a first close on towards the end of this year is our CIS IV infrastructure product.

**Crispin Love:** Great, Jon. I appreciate that. And then just one last modelling question. Is your 5% to 8% private markets management fee growth for the year unchanged? I just don't think I heard any color on that in the prepared remarks.

**Michael Sacks:** Yes, unchanged.

**Crispin Love:** Great, appreciate you taking my questions.

**Operator:** And it appears there are no additional questions at this time. I'll now turn the call back to you for any closing remarks.

**Stacie Selinger:** Thank you. Thank you, everyone, for joining us today. We appreciate the interest and the questions, and we look forward to speaking with you again next quarter, if not sooner.

Have a great 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.