Goldman Sachs Financial Services Conference

AMG

December 6, 2022
12:20 PM EST

Alex Blostein: Great. Well, we're going to get going with our next session. Hopefully, everybody had a chance to grab a bite to eat, well energized.

So, we're going to get going here with our next presentation. It's my pleasure to welcome Jay Horgen, CEO of AMG, and Tom Wojcik, the company's CFO. AMG operates a unique model, as many of you know, with over 35 affiliates and a robust presence across several areas within asset management, with fairly healthy and secular growth underpinning, such as alternatives and ESG strategies. In addition, AMG's operating structure, high cash flow generation, and a robust capital deployment framework create a really differentiated earnings profile that we think really came through in a year like this year we had, with so much volatility.

So, thank you both for being here. Welcome back.

Jay Horgen: Thank you.

Alex Blostein: And looking forward to having this conversation.

Jay Horgen: We are, too. This is, I guess, our – we used to be a stalwart here every year, but then COVID hit. So, we're back, and we're excited about it.

Alex Blostein: We are, as well.

Jay Horgen: Thanks for inviting us back.

Alex Blostein: So, why don't we start with a little bit of a bigger-picture question? Obviously, 2022 had tremendous amount of volatility and significant decline across liquid markets, both on the equity side and the fixed income side. And of course, interest rates are a huge driver behind that and now back to, effectively, pre-GFC levels. Naturally, that is likely to drive meaningful changes in institutional and retail allocation.

So, why don't we start there? Just thinking given your footprint across many strategies and geographies, what changes are you hearing from institutional and retail allocations? And ultimately, how is AMG positioned to participate in those changes?

Jay Horgen: Good. So, that's a really good setup, and I think you described it well. I mean, maybe I'll just punctuate it a little bit, as a backdrop matter, to say we came into this period after a

very consistent period of growth in world markets really that dates all the way back to the Global Financial Crisis. So, we kind of went from – and I will just say, with the exception of the several months around the initiation of COVID, but after that, it just kind of went right back to normal. The interesting thing about that really long period – and it's historically a long period – I think it is very similar to the dot-com era. People started to think, well, maybe this is the new normal.

And part of the reason why I highlight this as the leading-up backdrop to the change that happened this year is it led to rationalization, maybe some following of the herd. It also, I think, led to some complacency in portfolio allocation and construction.

So, what we are seeing in our own business this year, as a proof point, but what we're also now hearing with clients is that portfolio construction and allocation, which has always been something that people focus on, but a little less so in an upward-sloping growth market, where passively you could follow growth for a really long time, they're starting to – and we are seeing it ourselves – starting to see and reap the benefits of having a differentiated portfolio construction, one that includes liquid alternatives, one that includes maybe more value sensitivity, maybe a little more liquidity, as there was a lot of piling on in the illiquids space.

So, when you look at this year, I think we're perhaps one of the better examples, maybe the best example, of had you had a portfolio with absolute return, more quantitative strategies that included relative value, but also macro, trend following, several other strategies that I would put into the non-correlated to growth or equity markets, you'd be performing really well with that part of your portfolio, and it would be very liquid.

So, I think those two attributes require people to rethink. "Maybe we need to put more of these into our portfolio." It's played out into our earnings. You can see our earnings this year have been very strong, relative.

And I think the other thing that's important is just diversification itself, right? So, if you broadly think about our allocation coming into '22, we were 25% liquid alternatives, 15% illiquid alternatives, and 50% long-only, but that long-only had more of a value-sensitive bias; more value, quality-type investors. That played out pretty well in this environment.

So, now, going forward, I think those who were not allocated that way will rethink whether they need more of what I just described in their portfolio, but they also have to address a different forward look. Higher terminal – risk-free rates, I should say. So, they have to really think about valuation over the long term. There is a need to consider what's going to happen through potentially a recessionary period. Maybe there's more volatility ahead. Those types of concerns are kind of intermediate concerns, and I think portfolios need to adjust for that.

And then, the longer-range concerns are what really is the right portfolio allocation for the next environment that we're going to. I'm not sure anyone can completely answer that question, but we do think it requires a more active approach and more differentiated return streams in your portfolio. So, of course, that is our business. And I think it would be remiss of me to not say that, but I really believe that a more active, differentiated return stream, especially within liquid and illiquid alternatives, being differentiated and unique is really what you're going to be looking for.

I don't know, Tom, if you wanted to add anything to that.

Tom Wojcik: No.

Alex Blostein: Great. Well, that's a great setup. So, why don't we spend a couple of minutes on how these macro forces impact AMG's organic growth, more specifically? And your financial model is obviously very differentiated, and we'll get into that a little bit more later on. But when looking at the organic growth, the firm has seen outflows for several years. Now, not all flows are created equal and has very different impact on your EBITDA, as we've also learned, I think, over the years. So, when you fast-forward over the next, call it, 12 to 24 months, how do you envision the organic sort of EBITDA growth forming for AMG? And how big of a part of the overall growth algorithm for the company is it?

Jay Horgen: So, the first thing I want to say is, clearly, the backdrop that we're describing for us was, in part, unique to AMG. We had fairly sizable quantitatively driven assets, which were high AUM, but low fees. And I think that's – really, that almost explains your point, which is not all assets are going to have the same impact, especially when you factor in that AMG has different types of businesses in different strategies that earn different fees, and we also own different percentages of those businesses.

So, it is a complicated formula. But I will, more broadly, say that we have seen that most of our outflows have been in those strategies over the last 3-4 years. So, when you kind of peel back and look at the underlying, where we have seen flows have truly been in the alternatives area and I would say ESG, in the main. And wealth would be the fourth area. So, if you stripped it all back, that's where you're going to see the lion's share of our net flows.

When you look at it from a composition perspective, we're very close to that tipping point. It's hard to know exactly where that tipping point cuts over, but we are seeing smaller asset contribution from those quantitative strategies, especially those that were underperforming. Some of those have actually come back and are performing very well. And we continue to make new investments. Eight of our nine new investments would be considered either alternatives or ESG in the last four years. So, the combination of our capital allocation into new investments and the mix shift that's occurring at AMG I think really bodes well for a pivot somewhere here in hopefully the near term on the top line.

But I do want to just state for the benefit of the record that it is the case that the top line flows for us do not tell the whole story. And part of the reason why it doesn't tell the whole story is what I said earlier. And the other part is that you can earn fees two ways: management fees and performance fees. And when our differentiated affiliates really are performing well, we have this incremental opportunity for both cash flow, capital, and growth, which is what we're experiencing this year.

So, in some ways, the environment that we were just talking about in the prior question, it masks the real growth potential of our business. That if you were only tracking flows, would not track to EBITDA, and that's actually what's occurring in the last two years.

I don't know, Tom, do you want to...?

Tom Wojcik: Maybe I'll tease out one point, Alex, that you just made in your question, which is for AMG, really unlike many other players in our space, organic growth obviously is important, but it's one of just several characteristics that we as a management team really have an ability to drive. And while I appreciate everyone in the room and all of us that have been around this industry for a long time and flows are the only thing that matters, those are not actually the only thing that matters.

When you think about the four things that we have that are really driving earnings growth over time, first – and Jay talked about this a lot already – the differentiated nature of our top line – the mix between liquid/illiquid, ESG, performance fees, management fees – year-in, year-out, the stability of that is much stronger than many others.

On organic growth, when Jay and the management team and I all sort of started and we really revamped our strategy, somewhere between a quarter and a third of our business was in those strong secular growth areas that Jay mentioned. Today, it's more like 50%. And we think we're on a path to more like two-thirds of our business being in those areas over time. And obviously, that'll influence the organic growth profile.

And then the last two areas are the capital that we're able to put to work in new investments and for growth and then the capital that we're returning to shareholders through repurchases. And you go back to why are flows the thing that matters and why do people capitalize flows, it's because they believe that a management team can continue to position a business to generate that. And we're doing that. We're doing that through our mix of business. We're doing that through our distribution and our strategic engagement with affiliates.

But importantly, with AMG, you can really capitalize the impact of new investments and the impact of investments in growth in our business, and you can really capitalize what we're doing in terms of repurchases, because we're doing it year-in, year-out, and you're seeing the 5%, 7%, 10% impact in terms of our earnings from each of those pieces.

So, I do think it's important to put it all in context. We're very, very focused and laser-focused on organic growth, but it's part of our strategy, not our entire strategy.

Jay Horgen: And look, it ultimately will be an output of our strategy. So, if we continue down the path that we're on, which really began around four years ago, you will see the incremental capital going into things that are growing. And as the affiliates that are continuing to grow, like liquid alternatives this year, they continue to see more allocations come their way, then you're going to end up with this shift that will ultimately lead to flows.

The interesting thing is, by that time, our earnings will be a lot higher because we will have already benefited from the new investment capital, the return of capital, and the fact that it takes performance to actually grow these businesses. So, I think you're starting to see that emerge already, but just it's still relatively early.

Alex Blostein: Makes sense. Why don't we spend a couple of minutes on that last point, Tom, that you mentioned around the capital allocation strategy? Because again, it's such an important pillar to the overall growth of the company. And again, in some cases, at least from a cash flow perspective, it's probably more important than flows in some way. So, you guys generate significant amount of cash. It's been recently further enhanced by the proceeds from the Baring Asia sale. Spend maybe a couple of minutes on the overall capital position today, your capital allocation strategy, and the pace at which you're planning to put some of this excess proceeds from Baring to work.

Tom Wojcik: Sure. Maybe I'll start, and I think maybe Jay will talk about our strategy a little bit more.

But if you start with our balance sheet, we have an incredibly strong balance sheet, and that's intentional. We're really focused on making sure that we're constantly optimizing. And if you look at what we've done over the last couple of years, some of the securities that we've put on – 30-, 40-year duration, fixed-rate paper – when you look at the interest rate environment today you can see the value of that asset, that now we have over the course of time.

We just recently extended our revolver out another year. So, that now goes out through 2027.

So, we continue to look for ways to take an already incredibly strong balance sheet and just make it stronger. And you combine that with the cash flow-generative qualities of the business that you just referenced, and then you put it in the context of our overall capital strategy, and it really is a competitive advantage that we have in the market to be able to go out and prosecute our strategy.

I'll talk just for a minute about Baring. So, the Baring transaction closed earlier, and we got $240 million of cash, about 28.7 million shares in EQT. And we talk a little bit about where we're planning to use those proceeds. Really, about 75% of the total proceeds at this point are spoken for. Call it, about $150 million going toward taxes and transaction fees. About $175 million to $200 million of money that we really put aside for debt repayment, and that just gives us some flexibility in terms of how we want to position the balance sheet further, to my point where I began.

And then, of the remaining piece, we upped our share repurchase guidance in the fourth quarter. We're now at a $500 million-ish target for the full year. I think we said at least $500 million. So, another really strong year of share repurchases. And we announced the Peppertree transaction. And effectively, we can use the Baring transaction proceeds to fund each of those.

And then, the remainder will go into our broader capital allocation strategy overall.

The other thing I'll mention with respect to the EQT shares is we're trying to be really thoughtful in terms of monetizing that. We're not in a rush. But we have had an opportunity to already get out of about a third of our liquid position. So, we're seeing that monetization happen, happening in a very orderly way.

And I think we're continuing to look for ways to enhance the balance sheet, build cash, and really use that advantage that we have around liquidity and around capital, especially at times when the market gets more difficult. That's when that asset is really the most valuable to us. And we're really always positioning to get the maximum we can out of the capital that we have.

Jay Horgen: And I would just want to underscore the discipline that we bring in the capital allocation strategy itself. Because you can talk about a capital allocation strategy, but it has to inure to the benefit of the shareholders.

And just kind of putting it in perspective, when we sort of came through our succession planning here and we really spent time together as a strategy matter, we said we really need to adhere to a set of principles within the new investment strategy of making sure we have good alignment, that we're focused on structuring for multiple outcomes, and that we have thresholds that are reasonable for our shareholders. And if we can't meet those three things, then we need to return the capital in an orderly way, in a timely way back to shareholders.

And so, when you look at the experience, if you will, over the last, I guess, four years, something like $1.2 billion went into new investments that kind of yields high teens-ish returns. And something like $1.6 billion -$1.7 billion – went into share repurchases. But kind of 40% investments, 60% repurchases, and the repurchases are in the low teens. So, whether it was high teens or low teens, we feel pretty good about how the capital was deployed for our shareholders.

Alex Blostein: Great. Let's build a little bit on that. I was hoping to spend a couple of minutes on the acquisition pipeline and just the pace of deal activity that you could see for AMG over the course of next year. I think, overall, the tone from the conference so far has been subdued, is probably a kind way to describe it maybe. But clearly, there's a lot of

uncertainty in the market. So, how does that impact both the pipeline and your ability to transact? And when you think about the mix of that capital deployment, the way you just described it between repurchase activity and new deals, looking forward over the next few years, is that a good framework to think about the mix?

Jay Horgen: So, look, I mean – maybe I'll follow on with a next sentence, which is, I wish we could find more new investments to change that mix to something that flips it around 60/40, even 70/30. It's hard to imagine an environment where we aren't over some three-year period retiring some shares. But I would like to see a majority of it go to investments, but it's going to be driven by the opportunity. It's not going to be just driven by that statement. It's going to be driven by we need to see high-quality businesses that we can align ourselves, high-quality independent businesses that we can align ourselves through our model, and that will give us the returns that we're seeking.

What's interesting about this kind of environment, though, is it gives you more opportunity. Because it's a bit of a mixing bowl and things have been mixed up, two things have happened and one thing that hasn't happened. So, the two things that have happened is the buyer universe has kind of changed a little bit, in the sense that some of the traditional buyers have kind of been more inwardly focused on things like margin, which they should be, and it's less clear what the growth path is going to be forward. So, there's less conviction on where they should be investing.

Again, our strategy is to support independent firms. So, I think we stay consistent with that strategy. We kind of see through all of that noise. That keeps us as a buyer in these markets.

The second thing that's happened is the needs of independent firms, they've become more acute. And so, they need more help than they used to need. And so, with our distribution resources, with our strategic help, with our capital, it's actually an even greater opportunity for us to be a strategic partner to those independent firms. So, in 1995, we were almost purely passive. Today, we're very engaged. We have a strong engagement model with our affiliates to really try to magnify their efforts and their growth plans. So, they need that more.

So, the two things that have happened in this environment is the buyer universe has changed to our advantage slightly and the needs of independent firms may have gone up and we can satisfy those needs.

One thing that actually hasn't happened, though, which I said in the last earnings call, is we really haven't seen a pullback categorically of sellers coming to the market. And I don't know that I can explain that, because we did have a pretty big pullback. But for whatever reason, there is still a pretty significant need and a lot of discussions that are going on. So, when you look at our pipeline, it wasn't a huge change, right? Whether we get transactions done or not will have a lot to do with the individual nature of those discussions, but the volume of it hasn't changed that much. And when we look at our pipeline, it is populated by those areas that we are focused on, both good alternatives – all of the above: liquid alternatives; illiquid alternatives; we see more authentically ESG or those who are investing in principle-based investing; wealth; and in other geographic regions, like Asia, which we are underrepresented in. And those are all defined in our pipeline today.

So, we do see opportunity. And ideally, we are able to capitalize on a changing pricing environment and a changing environment for the structure so that they benefit the buyers. And so, we are very constructive about the next 12, 24 months in this environment to invest through it.

Alex Blostein: Great. All right. Let's pivot a little bit, but staying within the strong kind of cash flow theme of what the questions kind of have sort been so far. I want to hit on performance fees. And it's something that typically the market tends to be fairly dismissive of. But as we've seen for a couple of years now, AMG had two really strong years back to back in performance fees. You gave incremental disclosure, which was super helpful, in terms of the sources and stability of that. Given the fact that your alts book is getting larger and perhaps maturing with respect to some of the private strategies, where accrued carry would start to build and then it'll kind of come through, is there more structural – something structural we can think about the run rate being above that $100 million a year number?

Tom Wojcik: Maybe I'll use a little bit of the foundation of how I answered one of the previous questions, which is it really comes down to, as an investor, what do you feel comfortable capitalizing in the context of a company's earnings stream. And just like I think we would strongly make the case that our new investment program is quite different, our share repurchase program is quite different, our performance fee earnings stream is also quite different than that that you see at a lot of other businesses.

One of the reasons the market tends to discount performance fees is, one, the opaqueness; two, sort of it tends to be really chunky and volatile; and three, oftentimes the track record of actually producing performance fees is relatively short term and you can't really look back and say, "Okay. This is repeatable. I'm going to see it."

You can almost take the opposite side of every single one of those points when you think about the nature of performance fee earnings at AMG. One, it's an incredibly diversified stream, really across, call it, a dozen different affiliates and a multiple of that in terms of the number of products that those affiliates manage on an underlying basis. If you break it into buckets and you kind of think about three buckets, there's sort of an absolute return bucket; a more beta-sensitive, kind of long-only-ish bucket; and then a private markets bucket. And I think each of those speak to sort of the structural change we're seeing in that earnings stream over time.

On the absolute return side, we've got a lot of different things. And frankly, almost everything in that bucket is having an exceptional year this year and had a really strong year last year as well. You have businesses like a Garda and a Capula: relative return, fixed income businesses, 50 basis points a month, 100 basis points a month. You can look at four and five years worth of track records, and it's one or two months that are down. So, that's consistent performance generation, that really has an important role in portfolios, completely uncorrelated with market returns.

You've also got a number of our quant businesses – the Systematica's, the AQR's of the world – and there's a wide variety of strategies that exist there as well, from trend following to global macro and a number of other things in between. Many of those businesses are up 20%, 30%, 40% this year. And when you look over two or three years, not only are they up even more than that, but interestingly, they're now outperforming not just on sort of that one-, two-, three-year, but also on a five-year track record, on a 10-year track record against the overall market.

And Jay talked a lot about this in the answer to your first question, but there's such a strong argument to be made that more and more of those should live in portfolios.

And all of that speaks to sort of the performance fee earnings opportunity for us, right? Because you've got an asset base that's growing, driven by performance. You've got a dynamic in the market that's leading to more flows today and we believe is going to lead to significantly more flows in the future. And you have continued diversification happening at the individual firm level, the launch of new products, the growth of those

individual products, the growth of distribution channels. So, there's a lot happening in that bucket.

Let's look on the beta-sensitive side. Obviously, 2022 is a more challenging year. But that speaks to the diversification of the overall book that we can have a year like we're having without that bucket contributing in a significant way. And over the course of many years, it's often been a big contributor, and it will ebb and flow given where markets are.

And then, lastly, on the illiquid side, we've seen some illiquid performance fees come through over the course of the last couple of years. But really, it's building a bank. Because when we make new investments, we tend not to buy a lot of historical, in-the-ground carry. So, we're really participating on an aligned basis on forward fundraising. And when you think about a number of the investments we've made, even just in the last four years as this team has been here, those funds are just going into the ground today, they're still in their investment period, they'll go into their harvest period.

So, two things will happen in the future. One, to your point on sort of can we see a structural change in just the size of the performance fee earnings opportunity, yes. But also, it adds a further leg to the stool in terms of the diversification of those performance fees.

So, there are a lot of good things that are really working in our favor there. That's generated more than a billion dollars of cash flow for us over the last decade; $100 million dollars, as you noted, on average. And frankly, if you looked at the last three- to five-year average, significantly higher than that. So, I think it continues to be a really important part of the story, and it influences both the earnings growth profile of the business but also our ability to allocate that cash in terms of our capital strategy as well.

Jay Horgen: And I want to just to make one last point, which is when you take it, when you zoom way out – and Tom made the point that it is just capital and cash – we only experience these performance fees on a cash basis. We only report them on a cash basis. So, we're not like the private equity guys who have a mark-to-market concept, and we're not like the traditional asset managers who have very little of this. We sit right in between. But it is cash. So, discount it as you may, or not, when you think about us having almost $200 billion of this and nearly 100 products across probably 10 affiliates that generate performance fees, when it comes to us as cash, we're going to do something with it. And we'll either turn it into new investment, seed a new product, or we'll return it to shareholders. It is cash.

Alex Blostein: Great. Let's spend a couple of minutes on private markets. It's clearly been a big topic over the last several sessions over the course of today. You guys obviously made it a strategic focus for the firm. And just based on the pipeline of new investments that we've just talked about, it sounds like you'll continue to expect to be sort of fairly active in that part of the market. How are your affiliates, I guess, navigating some of the challenges, like denominator effect and a fairly crowded private equity space? To what extent that's weighing on organic growth? And when it comes to the new affiliates within private markets, are you looking for things that are sort of less susceptible to that cyclicality?

Jay Horgen: So, Tom, you and I should tag-team this, but let me start by saying part of this was our intentional approach to investing in independent firms, especially those with differentiated profiles, we tend to end up with, I guess what I would say is, those businesses that have really hit a growth cycle, but they tend to be not large in scale. We're still in the midsize – a typical affiliate comes to us as a midsize firm.

And I guess, in that way, we were fortunate that we weren't playing in the big PE game. We were not buying stakes in large-scale, corporate, leveraged-buyout scenarios, partly

because we couldn't compete. So, in that way, just admitting that we were fortunate not to be paying really high prices for that part of the market.

So, we were buying more specialty, unique situations. And so, that describes our illiquid profile today. To us, that's a fairly healthy profile.

Because if I start to now talk about what types of businesses are in there, we've got a mid-market direct lender that has lots of tailwinds. In part, because of what the investment banks and banks have done, they've really taken – they've gone out of that market. So, this is a business that's growing very rapidly. This is called Comvest.

We've got a multi-family real estate manager which we're very excited about. One could argue it's a great inflation hedge recently invested in.

Peppertree, also recently invested in, and they play in the infrastructure business around data and growth in data.

And then when you add to it a couple of others, like energy transition or credit across Asia or then, finally, Pantheon, which is a broadly diversified with an emphasis on infrastructure within illiquid markets, we're pretty happy with that portfolio.

And then when you say, "Okay, what's the next thing that's coming out of your new investment pipeline," it's most likely to continue to be in that specialty area of infrastructure, private credit, kind of off-the-run type businesses. That's kind of what we're known for, ultimately, both in the liquid and illiquid space. And that's, I think, insulated us in some ways from kind of the, at least at the moment, what's occurring on the debt side and the growth side.

Tom Wojcik: The other piece I'd add is – Jay talked about this a little bit in his kind of new acquisition pipeline example – each of those firms, particularly the ones that we've invested in, in the last three or four years since we've been here – Peppertree, OCP Asia, Abacus, Comvest – they weren't opportunistically looking to sell equity. Frankly, they were willing to part with some equity in order to bring on a strategic partner that they thought could really accelerate where they were going.

And I think in a lot of ways, that's the big difference that we've seen over the last couple of years in terms of the types of firms that are coming to market and the types of firms that AMG is really attracted to and are really attracted to us. That speaks to the strategic engagement we have with those businesses and just bringing our own expertise to bear. It also speaks to our overall distribution and capital formation footprint and the way that we're trying to help those businesses really take the unique investment IP that they've developed over time and deliver it to end clients in the most efficient way possible.

We have a really unique perspective on the world market in terms of how to get product into the hands of end clients. And a lot of these firms have been really successful in one or two geographies, with one or two client sites, and we can really help to broaden their horizons in terms of the way they grow their business over time.

So, I think, increasingly, that's just more and more a part of the dialogue as to why these firms choose us and how we can really differentiate ourselves in terms of helping them to grow and execute on their own strategic plans over time.

Alex Blostein: Right. Speaking, I guess, of broadening some of the capabilities or some of the benefits of joining AMG, one of the things we've talked about in the past is the global distribution network that sort of comes with it. And when it comes to private markets, and especially with some of the smaller affiliates and more niche affiliates, there's a lot it feels like you

guys could do there. So, whether it's expansion into retail or examples of helping them branch out and raise capital throughout the regions, can you talk us through how big of a strategy that is for AMG?

Tom Wojcik: I'm watching the clock. So, I'll talk fast here.

Jay Horgen: You're the right one.

Tom Wojcik: Jay makes fun of me for it, but I can definitely do.

So, let me talk about retail to begin with. And I know you've talked about that a lot over the course of the day, it sounds like. We have an incredibly unique value proposition for our affiliates in the U.S. wealth space, in particular, which is the single largest growth opportunity in the alternatives space in the world. Most of our affiliates when we make our initial investment are $3 billion, $5 billion, $7 billion, $10 billion businesses. The idea of them building a 20-, 30-, 50-, 70-person distribution business within their firm, that would be like tripling or quadrupling the size of their entire firm.

So, the idea that we can come to the table with, first and foremost, real strategic engagement, product development expertise on the front end, and we can take that unique IP and really work with them to figure out the right place to try and point it, help them build the wrapper, help them actually run the administration process, immediately gives them the chance to sort of step into that space.

And then you augment that with really strong relationships at the wirehouses, at the largest RIAs, and a really strong field sales force. So, we cover the national offices. We cover the FAs and the RIAs on the ground with a wholesaling course, both internal and external. And then we further augment that with a strategic investment and relationship that we have with iCapital, which really helps us on the technology and connectivity side.

When you put all those things together, all of a sudden you can take a $4 billion, $5 billion, $7 billion, $10 billion independent private firm and you can put it on the level of a lot of these competitors that are 10, 20, 30, 40 times the size. So, they get a chance to benefit from the scale of AMG in an incredibly unique way. And Pantheon has probably been our most successful example thus far. We have an interval fund that we seeded and have been working with them on for a number of years now that's now well over $1 billion and is up on the wire platforms today.

And we see not only significant opportunity ahead at Pantheon, but also across a number of our affiliates as we look to launch new products and continue to drive those, but also as a really distinct competitive advantage when we're talking to new prospects. The Peppertree's of the world really are choosing us because they believe we can be incredibly helpful in some of those areas.

Alex Blostein: Great. All right. Well, well said. We have about 30 seconds left. So, there's probably not enough time to get a question from the audience. So, we'll wrap it up there. Thank you, guys, so much.

Jay Horgen: Thanks, Alex.

Alex Blostein: Appreciate you guys being here.

Jay Horgen: Thank you, everyone.

Tom Wojcik: Thanks, everyone.