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AMG.N - Q1 2025 Affiliated Managers Group Inc Earnings Call

EVENT DATE/TIME: MAY 08, 2025 / 4:00PM GMT

OVERVIEW:

Company Summary

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PRESENTATION

Operator

Greetings and welcome to the AMG first quarter of 2025 earnings call. (Operator Instructions) As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Ms. Patricia Figueroa, Head of Investor Relations for AMG. Thank you. You may begin.

Patricia Figueroa - *Affiliated Managers Group Inc - Head of Investor Relations*

Good afternoon and thank you for joining us today to discuss AMG's results for the first quarter of 2025. Before we begin, I'd like to remind you that during this call, we may make a number of forward-looking statements, which could differ from our actual results materially, and AMG assumes no obligation to update these statements.

Also, please note that nothing on this call constitutes an offer of any products, investment vehicles, or services of any AMG Affiliate.

A replay of today's call will be available on the Investor Relations section of our website, along with a copy of our earnings release and a reconciliation of any non-GAAP financial measures, including any earnings guidance announced on this call.

In addition, we have posted an updated investor presentation to our website and encourage investors to consult our site regularly for updated information.

With us today to discuss the company's results for the quarter are Jay Horgen, President and Chief Executive Officer; Tom Wojcik, Chief Operating Officer; and Dava Ritchea, Chief Financial Officer. With that, I'll turn the call over to Jay.

Jay C. Horgen - *Affiliated Managers Group Inc - President and Chief Executive Officer*

Thanks, Patricia, and good afternoon, everyone. Our first quarter results reflect the positive impact of our strategic capital allocation to areas of secular growth over the past several years. Through our growth investments in new and existing Affiliates, particularly those operating in private markets and liquid alternatives, we are continuing to evolve our business towards a substantially greater contribution from higher fee and longer duration client assets.

In the quarter led by significant momentum at two of our largest Affiliates, AQR and Pantheon, we generated a record $14 billion in net client cash inflows into alternative strategies, which largely offset outflows from our long-only business.

We believe that the evolution of our business composition towards alternatives is fundamental to achieving sustained organic growth. And given the progress we have made over the past several years, along with the current momentum in our alternative strategies, we expect our flow profile to continue to improve as our mix shift accelerates.

From a new Affiliate investment perspective, we have announced three new partnerships so far in 2025 with NorthBridge, Verition, and Qualitas Energy. Having committed approximately $700 million to these new partnerships year-to-date and given our pipeline of prospective new Affiliates, the pace of our new investment activity is at one of the fastest levels in nearly a decade.

We expect that each investment will be accretive to our earnings and will improve our organic growth profile. Despite the recent market volatility, we continue to execute on our strategy, investing in growing businesses that we believe are operating in areas of durable client demand.

And we are able to make these new investments from a position of strength, given the diversity of our business and flexibility of our balance sheet.

On the private markets side, we have recently announced two new partnerships with firms operating in areas of secular growth. In February, we announced a new investment in NorthBridge Partners, a private markets manager specializing in industrial logistics real estate. A fast-growing sector benefiting from the expanding digital economy.

Over the past decade, the firm's experienced and entrepreneurial management team has delivered excellent performance for its LPs, while also diversifying its strategies and expanding its team and geographic footprint.

And this week we announced a new investment in Qualitas Energy, a leading global infrastructure manager specializing in energy transition with a focus on Europe and a track record of delivering strong returns for clients over the past two decades.

Energy security and independence are critical issues to the European region that are driving demand for investments into renewable energy sources and energy transition assets. Qualitas Energy has a distinctive competitive position with its opportunistic value-added approach, a vertically integrated industrial platform and locally based teams with deep knowledge of their respective geographic regions.

On the liquid alternative side, we have been focused on the multi-strategy sector, given its growing investor allocations, strong risk-adjusted returns, and low correlation to other asset classes. And in April we announced our partnership with Verition. Verition is a leader in the multi-strategy space with a strong risk framework and a proven ability to consistently deliver excellent results for clients.

In addition, Verition's ability to attract and retain talent across its 150 teams managing more than $12 billion in AUM distinguishes the firm relative to its peers and is highly attractive to new and existing clients.

Our three new partnerships are in line with our strategy of investing in high quality independent firms operating in areas of secular growth. And together, these new investments will add approximately $18 billion in assets under management across liquid alternatives and private markets.

Verition, NorthBridge, and Qualitas Energy were each attracted to AMG's value proposition, given our unique approach. We collaborate and strategically engage with our Affiliates to make their great firms even better, providing access to a broad range of proven strategic capabilities to enhance their long-term success, while actively preserving each Affiliate's independence.

These new partnerships underscore the ongoing demand for AMG's differentiated partnership approach, our ability to source new opportunities organically, and our focus on investing in areas of secular growth.

Finally, we also announced the transaction that demonstrates our ability to create shareholder value by supporting our Affiliates' long-term strategic goals. Earlier this week, Peppertree agreed to be acquired by a diversified private markets manager, resulting in a significant gain on AMG's minority stake, doubling our initial investment.

Given that our partnership structure aligns us with our Affiliates, their success is our success, and we are very pleased that this partnership will culminate in an excellent outcome for all stakeholders.

Looking ahead, our new investment pipeline remains strong. And given the ongoing attraction of AMG's differentiated partnership approach along with our excellent competitive position and proprietary relationships, we continue to have active discussions with a number of firms in our pipeline.

And with our strong capital position, we have ample flexibility to execute on these opportunities and also return capital through share repurchases, as we did in the first quarter, repurchasing $173 million in additional shares.

As always, we will remain disciplined in our capital allocation decisions as we evaluate our opportunities against a common framework to create value for shareholders. Taken all together with our enhanced opportunity set, our excellent capital position, and our unique competitive advantages, we are confident in our ability to generate incremental shareholder value over time. And with that, I'll turn it over to Tom.

Thomas M. Wojcik - *Affiliated Managers Group Inc - Chief Operating Officer*

Thank you, Jay, and good afternoon, everyone. AMG allocated significant capital toward growth investments to start the year, furthering our strategy to evolve our business mix toward areas of secular demand, most notably alternatives.

Our Affiliate partners are increasingly focused on leveraging AMG's unique strategic capabilities, including product development and distribution through our capital formation platform.

We continue to believe that our growth investments across new and existing Affiliates as well as AMG's strategic capabilities, will collectively lead to sustainable, long-term organic growth, earnings growth, and shareholder returns.

In the first quarter, net client cash flows were roughly flat, reflecting ongoing strength and alternatives offset by industry headwinds in long-only equities.

As we continue to shift our business mix more toward alternatives, we expect AMG's organic growth trajectory and the quality of our flows to continue to improve over time.

Our private markets Affiliates raised $3 billion in the quarter, primarily in credit, infrastructure, and private market solutions, aided by AMG's efforts in the US wealth channel. On the heels of a record fundraising year in 2024, our Affiliates' ongoing fundraising strength reflects investors' conviction in their specialist investment strategies and the positive fundamentals of their sectors.

AMG's private markets Affiliates continue to generate outstanding investment performance across a number of attractive areas, including infrastructure, credit, private market solutions, and specialty areas, including industrial decarbonization, life sciences, multi-family real estate, and industrial logistics.

As we continue to form new partnerships with the highest quality independent firms in areas of secular growth, such as our recently announced investments in NorthBridge Partners and Qualitas Energy, we are broadening our exposure to fast growing specialty areas within private markets, and further diversifying our business.

In liquid alternatives, our Affiliates value proposition continued to gain momentum with clients and resulted in $10 billion in net inflows driven primarily by tax-aware solutions and representing the strongest quarterly flow number in liquid alts that AMG has delivered in our history.

As market volatility increases following more than a decade of falling rates and rising equity markets, we continue to believe that high-quality liquid alternative firms are well positioned to deliver excellent risk-adjusted returns for clients and attract new flows over time.

Our Affiliates managing liquid alternative strategies have excellent long-term track records across both beta-sensitive and absolute return strategies, including global macro, relative value fixed income, tax-aware solutions, and trend-following.

Our recently announced investment in Verition, one of the industry's premier multi-manager businesses, is an excellent addition to our liquid alternatives portfolio and will enhance the diversification and stability of our earnings profile. Verition's excellent long-term risk-adjusted return profile and low correlation to risk assets demonstrated over nearly two decades, positions the firm for future success, and we are excited to welcome them to AMG.

In equities we saw net outflows of approximately $14 billion in the quarter, reflecting industry and near term performance headwinds. Multi-asset and fixed income net flows were flat in the quarter. Over the last several years, AMG has invested in and broadened its strategic capabilities that can magnify Affiliates' efforts, most prominently in product development and capital formation, and we are seeing strong results.

Our continued collaboration with Affiliates to develop and support alternative products for the US wealth market has driven approximately $2.5 billion in net flows over the last 12 months, including at the AMG Pantheon Fund, one of the largest and most established private markets products in the channel, which has grown its assets under management to approximately $5 billion today.

We continue to work with our Affiliates to bring new products to market, to capitalize on the multi-decade growth opportunity that is clearly ahead of us in alternatives in US wealth.

Importantly, the success that we are having in the wealth channel is resonating not only with clients and existing AMG Affiliates, but also with new investment prospects, as accessing this attractive market requires scale and is difficult, if not impossible, for independent firms to do on their own, given the resources required to be effective in the channel.

As we continue to make new investments in alternative firms, we look forward to collaborating with additional Affiliates to broaden their reach and expand their platforms. Our capital formation efforts also contributed to an excellent outcome for all stakeholders in Peppertree's recently announced sale.

When we partnered with Peppertree, its partners were focused on diversifying their client base and growing their business as an independent firm, and AMG was able to make meaningful contributions to support their growth. We wish the Peppertree team the best in the next leg of their journey and are proud to have been their partner.

Our approach to investing in the growth of our business is highly intentional. The successful execution of AMG's growth strategy through the deliberate capital allocation decisions we are making across new investments, investments in existing Affiliates, and investments to enhance our capabilities is driving the evolution of our business mix more towards secular growth areas. And as we continue to execute our strategy, we expect the contribution from alternatives to further increase. With that, I'll turn the call over to Dava to discuss our first quarter results and guidance.

Dava Ritchea - *Affiliated Managers Group Inc - Chief Financial Officer*

Thank you, Tom, and good afternoon everyone. As Jay and Tom described, we have had an active start to the year in terms of capital allocation, committing nearly $700 million in capital across growth investments and completing $173 million of share repurchases during the first quarter.

The strength of our balance sheet and underlying health and diversity of our business enabled us to execute our growth and capital allocation strategy during a period of relative market turbulence.

I will start with the results for the quarter before covering the impact of this capital activity on the forward earnings power of our business and conclude with the impact on our balance sheet.

In the first quarter, we reported adjusted EBITDA of $228 million, which included $20 million in net performance fee earnings. These results represent a decline of 12% year over year, driven by lower EBITDA from performance fees and the comparison to a one-time private market catch-up fee occurring during the prior year quarter.

Excluding these items, fee-related earnings grew 4% year over year, driven primarily by higher average AUM as a result of organic growth in our alternative strategies and market beta. This was partially offset by outflows within fundamental equity strategies.

Economic earnings per share of $5.20 benefited from $720 million of share repurchases over the last four quarters and declined 3% year over year.

In the quarter, a $77 million write down was recorded to the indefinite-lived carrying value of certain mutual fund assets and a product closure at a fundamental equity Affiliate, which also impacted intangible related deferred taxes for the quarter.

Now moving to second quarter guidance. We expect adjusted EBITDA to be in the range of $210 million and $225 million. This is based on current AUM levels reflecting our market blend, which was up 1% quarter to date as of May 7, and includes seasonably lower net performance fees of up to $10 million.

This guidance includes a partial contribution from our new investment in Verition and no impact from our recently announced investment in Qualitas Energy, or the sale of AMG's interest in Peppertree, both of which are expected to close later this year.

We expect collective accretion in run-rate economic earnings per share from our three new investments in NorthBridge Partners, Verition, and Qualitas Energy, net of the sale of our stake and Peppertree to be approximately 8%, with strong future upside potential to both earnings and organic growth, given the excellent positioning of our three new Affiliates. This assumes the after-tax proceeds from the Peppertree sale are redeployed into growth investments, share repurchases, or other capital allocation purposes.

The AUM table will be adjusted to include new investments as they close, with Verition's AUM of $12.6 billion to be added in the second quarter, and Qualitas likely following later this year.

In the case of Peppertree, approximately $5 billion in AUM will be removed in the third quarter when the transaction is expected to close.

Finally, turning to the balance sheet and capital allocation. The work we've done on strengthening our balance sheet over the last several years well-positioned us to be able to execute our growth strategy across all stages of a market cycle.

We entered the year with one, a strong liquidity deposition operating at a historically lower leverage level; two, a long dated capital structure with average debt duration of more than 20 years; and three, access to additional capital from our $1.25 billion undrawn revolver.

Our balance sheet is further supported by a healthy underlying business generating annual recurring cash flow from a highly diverse set of Affiliates. The combination of these factors enables us to effectively deploy capital as attractive opportunities materialize.

With the announcements of NorthBridge Partners, Verition, and Qualitas Energy, we've committed to deploying nearly $700 million of capital to growth investments so far this year, and our new investment pipeline continues to be full with active dialogues ongoing, as Jay had discussed earlier.

And the expected proceeds from the Peppertree transaction of approximately $240 million at closing, which is not only a sizable gain and return on capital for our shareholders, but a liquidity event that enhances our ability to continue to deploy capital toward strategic growth areas and deliver value to our shareholders.

We repurchased approximately $173 million in shares in the first quarter. And for the full year 2025, we expect to repurchase approximately $400 million, subject to market conditions and new investment activity. Inclusive of the commitments to new investments and repurchases to date, our balance sheet remains strong, and we continue to be well-positioned to deploy capital into attractive opportunities.

We will continue to apply our disciplined capital allocation framework, and we are confident in our ability to make forward-thinking decisions for the benefit of our shareholders that will generate meaningful long-term value. Now we are happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Alex Blostein, Goldman Sachs.

Alex Blostein - *Goldman Sachs - Analyst*

First, maybe a little bit on the strategic side for you guys, over the last couple of years, we've seen several private market manager sales, obviously Peppertree being the latest one. Can you just maybe walk through what drives the decision to decide to part with one of the Affiliates, especially in areas like private markets, which obviously has seen the fastest growth for you and the industry broadly.

And as you kind of think forward, should we expect any other potential sales, and would those be limited just to minority stakes, or you could see yourself also selling down, one of the majority owned Affiliates as well? Thanks.

Jay C. Horgen - *Affiliated Managers Group Inc - President and Chief Executive Officer*

Yeah. Thanks, Alex. Good afternoon to you. I'll see if I can take that question that had several parts. If I miss anything, maybe, Tom, you can add, please.

So the first thing to address your strategic question is our strategy, it remains unchanged. We partner with high-quality independent firms to magnify their success and actively support their independence.

So as you know, and you've been following us for some time now, our business model is centered around the competitive advantages of independent firms aligned with their clients. And AMG has developed a range of capabilities that enable these partner-owned firms to grow and maintain their independence over time.

So when an Affiliate chooses AMG, it's choosing to stay independent. It selects our model that aligns with their long-term direction. And it also aligns us to their long-term direction and the choices that they make. So at the inception of a partnership, our expectation is that our Affiliates will remain independent because that's why they chose us.

But all businesses and partnerships evolve and sometimes circumstances change such that independence is no longer the optimal long-term structure for any given firm. So in those cases -- in some cases, I should say, this may result in a transaction which we and our Affiliates sort of mutually agreed to evolve our relationship. And given the partnership structure that we have, strategic decisions that are driven by our Affiliates in collaboration with AMG, it results sometimes in these transactions.

I think it's important to note, and you kind of alluded to it, that in our partnership model, we cannot unilaterally impose strategic decisions on our Affiliates. And in the same vein, we have certain rights to ensure that AMG shareholders are treated fairly to the extent a strategic transaction occurs.

One of the things I would say is, to me, these liquidity events that we've had, and I'll address them in total in a minute, they highlight the underlying business value of our Affiliates in the cases of Baring, Veritable and Peppertree. It highlights how much these businesses grew and thrived under AMG. And because we're aligned with those Affiliates, their success is our success.

I will just make one other point, which is across Baring, Veritable and Peppertree, we did have significant realized return on our invested capital. So that's good for AMG and AMG shareholders. We're able to redeploy that capital and also return capital to shareholders.

We continue to push forward with our strategy of continuing to invest in alternatives, both liquid alternatives and private markets, which you've seen year-to-date, as Dava had mentioned $700 million of capital that went to those investments, and we continue to change our business mix in favor of alternatives -- that has not changed. And even though we've had a few Affiliates that have chosen a different direction, over the long term, we see that business mix moving very much in favor of alternatives.

And also keeping in the spirit of our ethos, we would like our independent firms to be healthy and thriving, and we'll do everything that we can to help them. But to the extent that they choose a different direction for strategic reasons, again, their success is our success.

Operator

Dan Fannon, Jefferies.

Dan Fannon - *Jefferies - Analyst*

Just wanted to follow-up on the liquid alternative flows. As you mentioned, record quarter, and you mentioned a few firms, but I was hoping you could talk about just the diversity of flows in the quarter, the conversations with clients are having around these products and how to think about this quarter versus the outlook based upon the conversations and the backlog you're having around the institutional products that is driving these flows?

Jay C. Horgen - *Affiliated Managers Group Inc - President and Chief Executive Officer*

Great. Well, thank you, Dan, for your question. Good afternoon. I think this one Tom should take.

Thomas M. Wojcik - *Affiliated Managers Group Inc - Chief Operating Officer*

Thanks, Dan. So you're right, liquid alternatives definitely were the standout for us this quarter with $10 billion in net inflows. And that was driven primarily by tax-aware solutions. And we've really begun to see those tax-aware solutions ramp quite a bit over the course of the last couple of quarters.

And I think importantly, a lot of that is actually in the wealth space. And equally as important, the combination of that liquid alternative wrapper and exposure to wealth means that the stickiness as well as the fee rate associated with some of these flows is really attractive to us.

Overall, across liquid alternatives and Jay has been talking about this theme really over the course of the last couple of years, as we see market volatility continuing to increase, and we sort of move out of this world where it's simply an up-and-to-the-right rate-driven equity market, we continue to believe that these high-quality liquid alternative firms are really well-positioned to deliver excellent risk-adjusted returns for their clients and to attract new flows over time.

And the trajectory that we've seen in terms of that flow profile has been building nice momentum over the last couple of quarters and really came through for us this quarter. In addition to that, the recently announced investment that we made in Verition gives AMG yet another opportunity to really benefit from the growth that we expect to see in the overall hedge fund space on the back of some of those volatility and absolute return-driven themes and, in particular, in the multi-strat space.

So I think, Dan, as you know, we have a lot of great businesses in our liquid alternatives set of Affiliates. And that diversification and the fact that year in, year out, we have businesses that continue to perform for clients puts us in a really good place. It puts us in a good place in terms of attracting flows and delivering outcomes for clients as well as benefiting from performance fees as those businesses outperform over time.

Operator

Bill Katz, TD Cowen.

Bill Katz - *TD Cowen - Analyst*

I appreciate taking the question, good afternoon. Maybe just switching gears a little bit on the equity side of the equation. I was wondering if you could talk a little bit about what you're seeing there in terms of allocation discussions by investors either coming into equities, just given the market dynamics, going out of equities, and if there is any kind of change maybe overlaying growth versus value or international versus domestic appeal.

Thomas M. Wojcik - *Affiliated Managers Group Inc - Chief Operating Officer*

Thanks, Bill. Why don't I take a first shot at that, and Jay may want to add as well. In equities, as you saw from the flows this quarter, we do continue to see some headwinds along with the overall industry. That said, as you kind of alluded to in your question, there's a lot going on beneath the surface with respect to the overall long-only equity complex in the industry.

We are seeing this recent market volatility creates some opportunities for very high-quality investment teams at our Affiliates to differentiate themselves. And many of our Affiliates do have more of a quality oriented or a more defensive approach to building portfolios. So we've seen some nice pockets of outperformance so far in 2025 and we'll certainly continue to watch some of those trends that are long-only managers.

The other element that you asked about in your question, we do have quite a bit of exposure to international global products as well. And we've seen a bit of a change in this multi-year theme of a stronger dollar being a bit of a headwind there. With the weakening of the dollar in the quarter, you were able to see the beta and sort of market-driven impact and uplift in some of our global strategies. And I think that's also changing the conversations a bit in terms of the overall thought process around allocations.

So I'd say, overall, a lot of moving parts in equities. We continue to have an outstanding group of long-only firms with multi-decade track records who have been able to perform and deliver for clients through cycles, and notwithstanding some of the challenges in the industry, we think a lot of these businesses continue to be very well-positioned to deliver for clients into the themes that they are most focused on.

Operator

Brian Bedell, Deutsche Bank.

Brian Bedell - *Deutsche Bank - Analyst*

Great. If I can ask a two-parter. Just to clarify again, I think you said like 8% accretion from the three investments and the sale of Peppertree on a net basis. And I assume that's an annualized run rate basis after fully completed as opposed to 2025.

And then if you can comment on that 8% on EBITDA and/or economic EPS -- and then if I can layer another question on organic growth. It's kind of a perfect balance this quarter between alternatives versus long-only equities on both sides, so kind of a neutral overall AUM net flow profile. But can you comment on whether it was a positive or negative base fee organic growth profile considering the fee rates in your ownership stakes in those entities?

Jay C. Horgen - *Affiliated Managers Group Inc - President and Chief Executive Officer*

Great. Well, thanks, Brian. Thanks for your question. Good afternoon. Dava, why don't you take the first question and then maybe Tom can follow it up on the organic growth.

Dava Ritchea - *Affiliated Managers Group Inc - Chief Financial Officer*

Great. Thanks, Brian. Appreciate the question. Your point is exactly right. So when you think about the 8% accretion overall, we are thinking about that on an annualized basis, really beginning in 2026. As you note, the Peppertree sale has not closed yet. That will close sometime in the third quarter. Qualitas will close most likely before the end of the year.

And so as we were guiding here, we were really talking about the impact of this on a full year basis starting in 2026. And we'll provide you with some guidance along the way as to how it could impact over the course of this year. When you think about that 8% accretion number, it is to economic earnings per share.

Thomas M. Wojcik - *Affiliated Managers Group Inc - Chief Operating Officer*

And I think with respect to the organic growth question, there are obviously a lot of elements that go into that. And as you know, we don't disclose an organic growth impact to EBITDA or earnings. But if you think about the drivers -- on the alternative side, continued strong growth in private markets, very long duration, locked up capital, high fee rates on a base fee basis as well as the ability to generate long-term carry, which we'll own going into the future as well.

And then on the liquid alternative side, which was the lion's share of flows in the quarter, as I mentioned in the response to a previous question, a lot of that was driven by tax-aware, liquid alternative strategies. Again, very sticky asset base, attractive fee rates, so across liquid alternatives and private markets, you get not only the combination of high base fee rates, but also the opportunity to gain earnings from performance fees over time. So all those things are extremely valuable.

On the long-only outflow side, you tend to see lower fee rates from a base fee perspective. Oftentimes, we do tend to own a little bit more of those businesses, So that balances it a bit. But I would say, overall, the fee impact and the earnings impact from flows in a quarter like this, pretty positive to us on a long-term basis. And in particular, that duration and stickiness and the ability to earn over the course of years on those assets is really valuable to our long-term earnings growth story.

Jay C. Horgen - *Affiliated Managers Group Inc - President and Chief Executive Officer*

Yeah. Those were great summaries. Thanks, Dava. Thanks, Tom. I wanted to maybe take it up a level and look forward a bit more, Brian.

And maybe using this year-to-date period just as a lens to talk about that. So this has been an incredibly exciting period for AMG year to date, which is really the output of our strategy that we've been executing on for more than five years now.

And just to kind of recap, we've announced three new partnerships that we believe will add not only to our earnings, as Dava mentioned, but also to our organic growth profile. In this quarter, we saw improving flow trends driven by our alternative managers.

And we expect with a combination of these new investments and the continued growth of our existing business, that our mix shift is going to change in favor of longer duration, higher fee assets as we see this new growth contribute to that profile. So we do expect, looking ahead, that alternatives are now over 50% of our earnings in the future, growing from there, which will have positive implications to our future organic growth.

And then finally, may I just round it out on the forward outlook to say we remain committed to discipline in capital allocation. It resulted in $173 million of additional repurchases this year after $700 million last year. And I'm excited about the remainder of the year as we see the pace of new investment activity remain high, and I'm excited about the future of our strategy, as it continues to drive our business towards areas of secular growth.

Operator

Patrick Davitt, Autonomous Research.

Patrick Davitt - *Autonomous Research - Analyst*

Good afternoon, everyone. You mentioned the alternative wealth opportunity. So maybe update us on how distribution expansion for the existing products is going if there are any newly filed products you could point to And then maybe medium to longer term, help frame how many new products are in the laboratory to be launched later in the year and into 2026.

Jay C. Horgen - *Affiliated Managers Group Inc - President and Chief Executive Officer*

Yeah. Excellent question, Patrick. Really appreciate it. I'm going to let Tom take it, but I wanted to say just one thing that we believe as part of strategy, that our ability to offer resources and help to our Affiliates to help magnify their own business objectives is key to our strategy to both winning new investments as well as supporting the growth of our Affiliates. So wealth is a key important area that we are focused on. So maybe I'll let Tom elaborate further.

Thomas M. Wojcik - *Affiliated Managers Group Inc - Chief Operating Officer*

Thanks for the question, Patrick, and for the intro there, Jay. I think it leads right into thinking about US wealth specifically. AMG has a vertically integrated US wealth platform, meaning we're able to cover all the different elements that are required for an Affiliate to move into that market. And it's a very complex market for our Affiliates to cover. And therefore, we play a very important role in helping them to move into this space. We've been successful in bringing Affiliate strategies to market through this platform. Over the last five years, alternatives AUM on our US wealth platform has grown more than tenfold. We ended last year north of $6 billion, and we started the year off to a good start as well.

In the past year, we've invested alongside our Affiliates and launched three new evergreen products and also filed for two additional strategies that we anticipate to go live later this year. And that spans across credit secondaries and infrastructure with Pantheon, a non-traded BDC with Comvest and two liquid alternative funds with Systematica.

In combination with the AMG Pantheon fund, which I mentioned earlier, recently crossed $5 billion in AUM, we'll now have six alternative continuously offered solutions designed specifically for AMG's US wealth platform in the market.

And to your question, Patrick, we continue to work with our Affiliates and have a number of new ideas that we're working on both in terms of alternative product, but also importantly, in terms of active ETFs on the long-only side as well. So there's a lot of product development and innovation happening at AMG.

Along with our own US wealth platform, I think it's also important that our Affiliates, especially Pantheon outside of the US and AQR, they also continue to take advantage of these tailwinds in wealth through their own product development, And as a result, when you really put AMG, what we're doing at the center and our Affiliates together, collectively, we're one of the largest sponsors of alternative products for wealth markets globally. We have more than $40 billion now in total AUM in the wealth space around the world at AMG and at our Affiliates.

And the other thing that you alluded to is how this is helping us, and Jay made this point as well in terms of not only helping our existing Affiliates to grow but also continuing to fuel that flywheel to bring in excellent new investment prospects. Jay referenced the strength of the ongoing pipeline. We have a number of things on the future pipeline where wealth is core to that value proposition and firms are looking to AMG as their entry point to build the third, fourth, or fifth leg of the stool in a way that they know that is very difficult or even impossible for them to do on their own. So this is a big part of our story. It's really been working and driving growth, and we see it being a much larger part of the story going forward.

Operator

Thank you. Ladies and gentlemen, this does conclude our Q&A session, and thus concludes our call today. We thank you for your interest and participation. You may now disconnect your lines.