

Craig: Good morning, everyone. I'm Craig Siegenthaler from Bank of America, and it's my pleasure to introduce Tom Wojcik. Tom is CFO and responsible for AMG's finance, accounting, investor relations, and capital functions. Tom has a very diverse background across financial services, which included BlackRock CFO for EMEA, Head of EMEA Strategy, and Global Head of IR. And before BlackRock, he worked on the buy side at Hunter Global, and he initially started his career in investment banking at Merrill Lynch. So Tom, thank you for joining us and welcome back to Merrill.

Tom: Thank you. It is always good to be back at the mothership, and happy to be here and happy to be able to talk to you, Craig. I'm really happy for you landing here as well.

Craig: Cool. Thank you much, Tom. So AMG is a leading partner to active investment and alternative firms globally, and you manage now around \$700 billion of AUM in total. Inside of that, AMG is also one of the largest alternative asset managers in the world with large Affiliates, including Pantheon and AQR. AMG's deals with their partners, and there's more than 30 partners, allows each firm's management team to retain a significant portion of their equity and also retain operation autonomy. Tom, before we begin, any intro commentary you'd like to make?

Tom: No. I think you just did a nice job of intro-ing the overall business model. And I guess I'll just echo that, which is, our goal is really to be the world's leading partner to independent partner owned firms at any stage of their lifecycle, and to find ways at the center of the business to ultimately help their businesses grow, extend their duration and help them do things that they couldn't otherwise do on their own.

So that's the mission, and everything we do from a strategy perspective is really about our Affiliates and about allocating our capital around making our Affiliate businesses better and attracting the next new Affiliate.

Craig: Great. So Tom, 2022 was a very tough year for the asset management industry. There was a negative mark to market impact on AUMs. There is generally net outflows for the industry, yet AMG grew their EPS year-on-year. So maybe you could just first by starting to explain that dynamic to us.

Tom: Yeah. We talk a lot about the fact that AMG is unique and that our business model really is different, and I think that that shined through quite a bit in 2022. We grew our bottom-line earnings at 10% for the full year 2022. And that came on the back of growing our earnings 37% in 2021. So really you could see the business firing not only in a bull market in 2021, but also in a much more challenging market in 2022.

And that's a function I think of the unique earnings drivers of our business and how we have developed our strategy and executed our strategy ultimately to maximize that growth and the efficiency of that earnings power over time. So if you kind of break that into its component parts, it starts with the diversity of the Affiliate businesses that we're partnered with today. And those 30+ Affiliates really represent the best of independent partner owned firms across asset classes around the world. And the diversification really helped us in 2022.

Obviously we have a number of Affiliates that are exposed to the equity space and faced many of the same challenges that a lot of others in the business did. But we also have about half of our business today in alternatives-- combination of private markets businesses, as well as liquid alternative businesses across quantitative investing, fixed income relative value, and a number of other absolute return strategies. And that mix in diversification, as well as the performance, delivered, particularly by our absolute return alternatives Affiliates really helped to set AMG apart in 2022.

And I know we'll talk more about performance fee earnings and the impact that they have on our business over time, but this ability to generate excellent performance in both up and down markets and deliver for clients, one, clearly impacts our topline and our bottom line, but also I think really impacts the role that many of our Affiliates' products can play in client portfolios over time as well.

The second is sort of the overall growth shape of the business in terms of where we're seeing flows. We've been investing very aggressively in areas of secular growth across our business. And you'll probably hear me mention these themes a number of times throughout the discussion today. But private markets, liquid alternatives, wealth management, Asia, and sustainable investment strategies; those are the areas where we are focused both in terms of helping our existing Affiliates grow, as well as attracting the next new potential Affiliate.

And the reason for that is because we believe those are the areas that over the course of the next decade or two decades are where client demand trends in our industry are today and will continue to head over time. So, in terms of our organic growth profile over the course of '21 and '22, while we saw some headwinds in some of our equities businesses, we saw really strong flows in our alternative businesses. And that's a function of our strategy of putting more and more of our business there.

And then the last two buckets, which contributed significantly and continue to be a real differentiating part of the AMG story are around how we use our capital. We produce a significant amount of capital and a significant amount of

discretionary free cash flow relative to the size of our business, really relative to anyone else in the asset management industry. It's a function of sort of the unique nature of our business. And the way that we invest that capital and the returns that we ultimately earn on that capital over time really help to drive earnings growth.

So the two buckets that we think about our capital is one is growth investments, so investing in new partnerships. And the investments that we made in new partnerships over the course of the last couple of years really went a long way in offsetting some of the market headwinds we saw in 2022, both in terms of that new capital being put to work, just purely generating EBITDA in terms of the businesses we invested in, but also the growth characteristics of those businesses themselves.

And then lastly, returning excess capital through share repurchases. We've been very active on that front as well. Over the last four years, we've returned almost \$2 billion to shareholders through repurchases and have brought down our share count by 26% over that time period. So again, as you think about sort of the overall dynamics in the business, AMG's diversification in terms of our Affiliates and our performance and ability to generate performance fee earnings in a tough year, plus our ability to allocate capital, both in terms of bringing on new Affiliates and repurchasing shares, really all contributed to our ability to outperform, both in an upmarket in '21 and in a down market in '22.

Craig: Tom, sticking with performances for a moment, given the strong performance fee results last year, how should we think about the growth trajectory of performance fees going forward, and also their overall contribution to total AMG EPS?

Tom: Yeah. I think there's a bit of a myth or a misunderstanding in our industry that performance fee earnings should be dramatically discounted given their volatility and uncertainty and sort of just the inability to model performance fee over time. That is the case for certain business models, particularly those relying on a single fund or a single strategy where there might be tremendous volatility.

Again, this is another area where AMG is incredibly unique. When we think about performance fee earnings, it's really a function of our strategy and the types of Affiliates that we're partnering with and the diversity of not only those Affiliates themselves, but also the underlying products that are producing performance fees. So we generate performance fee earnings, really across three broad buckets.

The first is at absolute return-oriented liquid alternative managers. AQR, Systematica, Capula, Garda, we have about a dozen Affiliates probably that sort of touch our overall performance fee generating business in total. And a good number of those are in these absolute return categories. That category had an

incredibly strong 2021 and 2022, which led to the record performance fee earnings that we were able to capture this past year.

Importantly, there's a tremendous amount of diversity in that book. So the way that a fixed income relative value strategy at a Garda or a Capula performs through cycles looks very different than a CTS strategy or a global macro strategy at a quantitative manager. And it's the combination of the ability to put up those outsized returns, but also the ability for them to change over time throughout the course of the cycle and balance each other. And that's a really strong category for us.

The next is in private markets. So when we make an investment in a private markets business, generally speaking, we don't tend to purchase a lot of the legacy in the ground carry, but we do tend to purchase the ability to experience carried interest in the future. That's an important part of our alignment model; really owning the same future economic stream as our Affiliates. So a number of the investments that we made in private markets businesses are still relatively new to us, so we have a big building interest in terms of carry that will contribute to our performance fees over time and will really further add diversification to that basket.

And then lastly, we have a number of businesses that are more exposed to beta and market trends that have produced significant performance fees for us over time. Obviously 2022 was not a year when sort of risk-oriented, long-only type strategies produce performance fees, but over the course of a cycle those can be significant contributors. And when you look across all of that, I mentioned -- call it a dozen or so Affiliates -- about \$200 billion in AUM that has the ability to generate performance fees. And underneath those 12 Affiliates many, many products, so you're talking about dozens of products across a dozen or so Affiliates. So year in/year out, we have different contributors to performance fees.

If you look back now over the course of the last 10 years or so, we've averaged about \$125 million of performance fee earnings a year. The same number is about the case over the five year period. And over the course of the last three years, the number was significantly higher than that. So what we think about is there's a piece of our performance fee earnings that is incredibly capitalizable. Year after year after year after year we're really generating those performance fee earnings. It's all cash to us. That's not sort of a mark to market concept. That's all cash in the door that we're using to execute on our strategy.

And importantly, as we look forward, Craig, we're in an even stronger place than we were previously. On the absolute return bucket, given how strong performance has been over the course of the last couple of years, and how the flows have followed that in a number of these strategies, we have about 50% more

performance fee eligible AUM that's above high watermarks in our absolute return strategies than we did when we started the year in 2020. So our starting position is already substantially stronger.

And then you think about over the next few years, those beta strategies sort of coming back into the contributor bucket, as well as carried interest starting to come in. And structurally, I think this becomes an even stronger part of the story. So we gave some guidance in terms of what we thought 2023 could look like. I think we've taken a pretty conservative approach to that, but this idea of somewhere between \$125 and \$175 million of performance fee earnings, again, feels like a very capitalizable level for AMG given the mix of our Affiliates.

Craig: So Tom, I've watched your model. I've actually covered you guys for 16 years, which is crazy. But I watched your model evolve a lot over the years. Now it's more focused on making strategic type investments, growth investments in firms that you expect to grow, and also that can leverage some of the benefits from AMG at the center, like how you can provide them growth capital et cetera. So maybe talk about how the model has evolved and what it looks like right now.

Tom: I recall you covering for a long time because actually I remember on the buy side actually having conversations about AMG years and years ago. And the model has evolved and I think the key to any great strategy is it has to continue to evolve and it has to mirror not only the environment that you're operating in today, but the environment that you anticipate operating in, in the future.

And I think we had a real opportunity as a team when Jay took over as CEO four years ago when I joined, and when we kind of reconstituted the senior management team, to really look at the elements of AMG's model and strategy that had worked so well over the course of the previous 25 years. But also think about some of the things that perhaps hadn't worked as well and the things that we wanted to do differently when we looked out to the future.

So at the risk of going into a deep history lesson, I'll try and be quick. But the business really started with a succession planning solution for independent partner owned firms. Thirty years ago, if you had built a tremendous amount of wealth in your business, think at this time a long-only asset manager probably domiciled in the US, the only way to really monetize that was to sell your business to someone else.

But this value proposition of being an independent partner owned firm, and the way that it resonates with clients in terms of alignment, the way that it resonates with employees who want to be entrepreneurial and want to be part of a smaller, more nimble organization is a huge part of the value proposition that made these businesses successful to begin with. So many of them didn't want to sell. So

AMG really helped to pioneer a solution to be able to own a substantial amount of the equity in this business, but over time constantly recycle the remaining equity to the second generation, to the third generation such that it could be a sustainable, long-term independent franchise. And that was the bread and butter of the AMG model really for the first decade plus of what we did.

But the industry started to evolve and businesses beyond just long-only domestic managers started to build enterprise value. And we started thinking about global equities businesses and emerging market equities businesses and then liquid alternative businesses and private markets businesses. And each of those businesses needed something slightly different. The market also started to evolve in terms of how it thought about partial ownership.

So when you kind of land where we are today, we started as the succession planning solution to the asset management industry. Today we believe we are the best home for all independent partner owned firms in the industry across a variety of different solutions, at a variety of different times in their life cycle. So we're absolutely still doing succession planning transactions and partnerships with firms.

Parnassus, the largest independent partner owned firm in the sustainable investing space in the US is a partnership we entered into recently; pure AMG succession planning solution. Really the only player in the market who could have made a partnership like that work. We actually did our first succession-oriented transaction with an alternatives firm last year with a firm called Abacus in the multifamily real estate space. So that's still a big part of the model.

But there are also a number of other reasons why independent partnering firms choose to partner with AMG. Some are looking for a partial liquidity solution; thinking about managing their own risk profile as they continue to run the business. Some are really looking for growth capital and thinking about how AMG can act as a catalyst and a magnifier for the opportunities that they see in front of them.

So we're now thinking not just in terms of succession, but across the lifecycle of firms, how do we help to make these great firms even better? We also kind of take a lens, when you think about the overall strategy, in terms of where are those areas of the market that are likely going to be secular growers. And I mentioned those earlier; liquid alternatives, private markets, Asia, wealth management, and sustainability. And we think about sort of what does the universe look like for independent partner owned firms in those areas? What solutions might they be looking for, and how does AMG kind of present that to the market?

And increasingly where we're seeing a lot of interest, particularly within private markets, which is a place we've been very active, is businesses that are looking for some combination of capital, but also strategic partnership, a sounding board, a group of individuals who've been around this industry a long time who've seen businesses fail and businesses succeed, and can kind of act as that strategic partner, and also product development, capital formation, and distribution support. We'll talk more about that I think later in our discussion, but there are some incredibly unique things that we do that exist at the center of AMG that are really complementary to what our Affiliates are doing.

So that combination of can you bring a bespoke solution that meets the needs of a firm at the appropriate time in its lifecycle. Can you bring some things at the center that really help to accelerate their growth and also de-risk their strategy over time? And can you do it on the back of a 30-year reputation of doing the right thing by your partners really is a powerful solution in the market.

Craig: So Tom, AMG is always out there meeting with prospects, potential Affiliates. You guys are always busy on that front. So what does AMG's pipeline look like today? And also, we just went from a kind of frothy bull market to a bear market. What have the valuation ranges kind of done on potential deals over the last 12 to 18 months?

Tom: The businesses that we're having conversations with today ultimately overlap a lot with those key strategic things that I've mentioned a couple of times, so we're spending a tremendous amount of time with private markets businesses. And within private markets, which is obviously a big universe, we're again thinking about where does our solution resonate most? Where's the industry going and which firms kind of make the most sense for AMG?

So we're spending a lot of time on real assets; infrastructure, real estate. We're spending an increasing amount of time on different parts of the credit ecosystem that we think are well positioned to benefit in a very different environment over the course of the next decade. We've probably spent a little bit less time on traditional private equity, and that goes a little bit to the competitive dynamics in the market and where the really strong bid had been for these minority stakes; has been in sort of the mid to large cap private equity space, so we've been less active there.

We're really focused on businesses that are not so much looking to monetize a piece of their equity, but who are really focused on using a piece of their equity to bring in a strategic partner to help them. And effectively our pipeline sort of mimics that combination of the solutions that we have available; businesses that are looking for a partner who can really help them to grow, and those secular growth areas that we're focused on.

In terms of pricing dynamics, I guess I'd say a couple things have happened. One, you had a wave of more traditional asset managers, if you will, who were looking to move into the alternative space, who got pretty aggressive over the course of the last couple of years and there was a big consolidation bid in the market. Now, the reality is we're not really ever competing with the consolidation bid directly because the businesses that choose to partner with AMG have effectively said, we don't want to be consolidated. We really want to remain independent. That's a core to our value proposition.

That said, there are trickle down effects when you see what the valuations are in the market and that all kind of trickled down. So the two biggest and most heated parts of the competitive landscape were the stake buyers, who are buying minority stakes primarily in traditional private equity, and then some of the traditional businesses looking to get into alternatives. I think the stake buyers have become more rational over the course of the past couple of quarters as valuations in the public markets have come down. And I think a lot of the traditional names have really backed away from the space. Frankly, they're focusing on other issues within their business and their own cost structures and the like given what's happened in markets. All of that I think has a trickle down impact for AMG.

The other pieces, if you really think about – go back to my comment earlier about those who are looking to monetize a piece of their equity stake versus those who are looking to use that equity to bring in a strategic partner. A lot of the firms who were looking to monetize had a great opportunity to monetize in 2020 and 2021, and many of them kind of did their transaction. Many of the firms that we're talking to today weren't thinking about their equity as an asset to monetize and were really thriving in that 2021 timeframe. It was sort of a seller's market. A lot of the LP community was really clamoring to bring in more private market product onto their platform.

So those firms sort of said, I'm not sure I need a strategic partner right now. A lot of things are going well. I can wait a couple years. What's happened now is a number of those firms have said one of two things. Either, one, the opportunity set just got a lot more attractive for me because I've run my business in a certain way. I see a huge opportunity. Now might be the time that capital and a strategic partner can really catalyze the opportunity. Or two, man, it just got a lot harder out here and I've seen a lot of others partner up and have other resources. I'd love to have some more resources at my disposal to kind of help move things forward.

So I think that's the other thing that's happened is the overall concentration of firms in the market who are either looking to be consolidated or looking to monetize just the slug of their business is down on a relative basis, versus those

who are really thinking about “can a strategic partner help me compete has moved up,” and that really plays to AMG strengths.

Craig: So my next question, and you hit on a lot of it, is how, what have you seen competition done and experience over last year? And it sounds like competition’s come down some. But then I wanted to refocus a little bit on the alts vertical, where you’re very focused, because there’s several general partners staking models. One of them just raised a big fund. And so they also are making stake in alt firms. So are you competing directly with them? And what does that mean for the competitive landscape in the alt business, which you want to grow?

Tom: In a way we are and we aren’t in the sense that it really depends what a business is looking for when it comes to market and what those individual partners are seeking. The reality is if you are just looking for capital in your business, there are a number of ways to get capital. The debt markets are actually – have become much more sophisticated in terms of lending to private markets businesses. There are hybrid solutions that exist. And the stake buyer model has become incredibly efficient. And there are a number of different players out there with a lot of capital sort of competing.

So for those who are purely looking for financial capital, we can play there, but the reality is we’re unlikely to be competitive in many of those scenarios because we think about our cost of capital in a different way, and we require higher returns for our shareholders than some of these fund-oriented models might require.

So it really comes down to when that private markets player is coming to market, what is the solution that they’re actually seeking? And for those who are seeking a true strategic partner, who are really interested in trying to build a vertical in the US wealth space and tap into our distribution and product development capabilities. Those who are interested in not just a capital event today, but perhaps the ability to tap into a partner to do M&A or to think about lift outs over the course of the next 5 and 10 years, all of those things are really at play in the AMG model.

So I would say certainly we have to pay fair value when we make an investment in these firms, and we absolutely have the ability to do that. But we’re also really partnering with firms who are thinking a little bit less about the 20 or 25% stake that they might be selling and are really focused on the 75 or 80% stake that they’re retaining, and how do they create as much value in that stake over time, and how can AMG as a partner really help them to do that.

So it’s similar and it rhymes. And to the point on trickle down that we talked about earlier, certainly those valuations matter. But we do find ourselves finding

the appropriate partners in terms of what those groups are actually trying to solve for over time.

Craig: Great. So then thinking about capital for a minute, what is your capital position look like today? And in total, what is deal capacity when we think about sources of other capital, whether it be debt or hybrids? And how should we think about the pace of capital deployment throughout 2023?

Tom: So our business generates a tremendous amount of capital. It's one of the unique attributes of AMG because we don't run a large operating model at the center. The vast majority of the cash flow that comes to us from our Affiliates, a small amount goes to our expense base, the vast majority goes back into our capital allocation strategy in the form of really discretionary free cash flow. Over the course of the last four years, we've put about \$1.3 billion toward growth investments, and we've returned about \$1.9 billion through share repurchases, so just to give you a sense of the quantum and kind of the mix of where that capital has gone.

As we stand here today, I think we have more than enough capacity really to execute against the pipeline that we see in front of us and the opportunity set that we see in the near future. And we'd love to continue to see the mix of our capital go more toward growth investments. We absolutely believe that new investments, when priced and structured appropriately and at an appropriate hurdle rate, are the best use of capital long-term in our business. But we always have the discipline of the fact that we do have our stock that trades at a multiple that we think is incredibly attractive in terms of long-term value creation. So we have that kind of back and forth discipline of ensuring that the returns that we can earn on a risk adjusted basis on new investments really need to clear a pretty significant hurdle to make ourselves feel comfortable.

So as we sit here today, we've talked about the fact that – and we probably have about \$400 million of capital earmarked for growth investment over the course of the next year. That's assuming a constant leverage level, and we run a little bit below two times today. But we also have a \$1.25 billion revolver. So we have substantial liquidity to the extent that multiple exciting opportunities came up at once that we could go out and prosecute. We've also guided to share repurchases for this year of at least 425 million, so you can kind of get a sense for what we're thinking in terms of mix of capital.

In terms of pace of deployment, really the new investment pace sort of sets itself. We don't really have the ability to dictate that more so than keeping our pipeline full, keeping our prospecting efforts going. We have a real machine in terms of the way that we interact with firms, and there's really a constant dialogue. But transactions and partnerships really happen when they happen.

So the way we try to think about it is we really try to track our activity over the course of the year, we track our stock as well, and we try to be thoughtful, not about getting the last dollar of capital out the door in any given quarter or even in any given calendar year, but in striking the right balance between having the firepower we need to invest for growth while also returning capital to our shareholders and sort of running our capital structure efficiently.

Craig: Got it. One of the benefits you provide new Affiliates is distribution. So I was kind of curious, what does your distribution look like today, both in terms of what you offer at the center in the institutional channel and the wealth channel, which is becoming more important? And then also, what do your Affiliates do locally inside of their businesses?

Tom: As I mentioned earlier, with respect to our overall strategy, everything starts with our Affiliates. And importantly, unlike a lot of other models out there, the only business we're in is the business of our Affiliates. So our distribution was built for our Affiliates, and it continues to evolve to meet their needs. This is not sort of excess distribution capacity that was sort of built for something else that we're trying to use, which is the case in some other models that are out there. This is really all about building something that makes sense for our Affiliates.

It really begins with understanding the Affiliate, working closely with them on their strategy, and really understanding the unique investment capabilities that they possess. And then thinking about product development, product messaging, and product placement. So do the unique return streams that they possess today, are they in the right wrappers? Are they in the right geographies? Are they available to the right client type? So we start there. We don't really start necessarily with the end client. We really start in the center with the Affiliate, understanding what they bring to market and helping them to develop the right product, the right wrapper.

Then we have two sides of the sales element of the way that we think about distribution. The first is on the global institutional side. That's the simplest, which is really magnifying what our Affiliates do today. So when we partner with the new Affiliate, obviously that business is already reached a certain level of critical mass in terms of its ability to raise capital. But when they think about – when you're talking about a \$3, \$5, \$7, \$10, \$20 billion firm, and you look at the long-term strategic plan for that business, it's highly unlikely that they have a senior sales hire in the Middle East or in Australia or in Korea as part of their long-term plan. The size and scale of their business doesn't necessarily lend itself to that.

But when you think about 30+ Affiliates around the world and you start thinking about how can we create leverage that can really be amortized across that

Affiliate base, it does make sense for us to have senior salespeople in the largest, hardest to reach areas of the world where significant money-owner concentration exists. So many of our Affiliates use our senior distribution as really a global relationship management layer in hard to reach areas where they might otherwise use a placement agent. Where rather than being sort of a third-party placement agent, we're really an extension of their business. We're aligned with their business and our salespeople are carrying an AMG business card and representing the highest quality independent partner owned firms in the world with their clients. That's been incredibly successful for us over time. We've raised more than a \$100 billion on behalf of our clients in the institutional channel, and that continues to be a big draw as we think about both growing our existing Affiliates, but also attracting the next new Affiliate.

The area where we're really excited going forward, in addition to institutional, though, in the US wealth space, and particularly given our leaning more toward Affiliates in the alternative space. So the US wealth space is – I'm sure many at this conference are talking about -- is sort of the largest growth area in the world for alternative investing. It's a \$30 trillion space overall. Penetration rates, particularly in private markets, are nowhere near where those platforms would like them to be. And there's been a lot of technology and innovation over the course of the past many years to try and get product more efficiently into the hands of those clients.

For a business with a \$1 trillion plus in AUM, the value proposition of building distribution into that segment makes a tremendous amount of sense. For a business with \$5 billion of AUM or \$10 billion thinking about setting up the funds themselves and running the administration process and the fund board process, thinking about wholesalers out in the field, internal and external, covering the home offices, the Merrills of the world, and thinking about ultimately building that entire ecosystem economically, that's really challenging.

So effectively AMG's already built that ecosystem. We have a \$40 billion platform, mutual funds, SMAs, interval funds. We've done a lot of work around private BDCs, REITs. and the like. And effectively we can be the partner to our Affiliates, enabling them to get into the US wealth space. So the best case study is at Pantheon where a number of years ago we seeded an interval fund with Pantheon, effectively bringing private equity exposure into the wealth markets. That's now a \$1.5 billion fund. It's doubled in assets over the course of the last year. It's up on one of the wirehouse platforms. We have a great partnership with them where we're sort of running the fund for them and distributing it in the field. We have a unique partnership with a firm called iCapital where we're an investor that helps to facilitate that process. And Pantheon has resources up against it as well.

So effectively we've enabled them to really create a whole new business by leveraging our capabilities, and we think that's a huge opportunity for our existing Affiliates, as well as attracting the next new Affiliate. And it's a very unique value proposition in the sense that there are very few other kind of independent partner owned, boutique-type firms who are able to get this type of product to market, which makes it even more differentiated against some of the other larger, bigger, more integrated firm products that are out there.

Craig: So Tom, you kind of answered my next question. So let me hit on some of the products you have. So you mentioned Pantheon's product in particular, but as you look across your 30 plus Affiliates, and I'm sure they're working on new products -- with product innovation you can't talk about -- but what products today are being marketed to wirehouses, RIAs, IBDs that you think are best positioned to grow across your Affiliates? In the individual side.

Tom: I think today the Pantheon Fund is really -- is sort of the bellwether for where we've seen success, and it's helped us to sort of really think about the architecture of how we take more and more of these things to market. So beyond the Pantheon Fund, most of the other things that we have are really in the lab. And it's looking at the model of success that we've seen there, but also in looking at what others have done in the industry.

And it goes back to the comments I made earlier, which is talking to each individual Affiliate and thinking about what are the products that they have today, but importantly, what are the investment processes and the alpha streams that they have today, and do they fit in wrappers, and can you put them into the market in a way that makes sense? So we have a lot of exciting conversations that are happening there.

There are a number of other alternative products that are absolutely available in the market today at an AQR and at a number of our other Affiliates. But I think for us, it's sort of early days in terms of how do we help our Affiliates kind of tap into this channel. And we got now a proven model that we know works, and there's a lot of excitement around kind of doing more and more of that over time.

Craig: Great. My final question is, we watched the equity markets rally a lot off that October 12th bottom. At the same time the 10-year interest rates started coming down, which is also a positive sign. These are really good things for asset managers. So what is your outlook for AMG over the next year into a recovery, and really how do you think you're positioned for 2023?

Tom: We feel really, really good about our positioning, and I think a lot of it is a function of what we've seen over the last couple of years. And I'll reiterate again. We had an excellent 2021 in a really strong bull market in terms of growth of the

business and an excellent 2022 in the face of a really challenging market. And I think one of the real benefits of the diversification of our business and the quantum of capital we have available is it really does give us the ability to continue to execute on our strategy and keep our eye on the ball and invest for growth, both in good times and in more challenging times for the industry.

We come into 2023 really hitting on all cylinders. We feel really good about the new investment opportunity in front of us and the quality of the conversations that we're having. We're making great strides in our distribution in a number of the topics that we talked about in terms of helping our Affiliates to grow. We're closer to our Affiliates than we've ever been in terms of their strategies and in terms of thinking about the opportunities that are available to them over the course of the coming years. And we're continuing to buy back a lot of stock, as well.

So that combination, when you really think about performance, the ability to drive organic growth as we execute on our strategy, allocating capital toward growth, and repurchasing shares, the overall earnings growth characteristics of the business are as strong as they've ever been. And we're excited not only for 2023, but really for the next decade. We've got a team that is very aligned with our shareholders, very hungry, and we think that there's a lot to do from here and we're excited about it.

Craig: Great. Tom, let's just take a moment and see if there's any questions in the audience. We have a minute here. Please raise your hand. Here we have one in the back over here.

Q: Your fixed income footprint is relatively small as far as EBITDA. Are you happy with that? And if you're not happy, how do you want to get happy?

Tom: We have the benefit of not needing to necessarily create comprehensive coverage of every asset class in the industry. There are areas where it can be helpful, but the most important area is really in the form of diversification. Do we feel like we've got a truly diversified business?

We play a lot in the credit space more broadly, so in areas like fixed income relative value that I talked about earlier, and also across a lot of our alternative product, whether it's liquid or illiquid, we have direct lending franchises. We have businesses that are operating across the credit spectrum. So we have more exposure than it sort of would look like from the pies in our investor materials because a lot of our fixed income exposure is really in the form of credit exposure in the alternative space.

I think we'll continue to look pretty aggressively at credit opportunities, and certain elements of the overall fixed income sphere. Remember the core to our value proposition is investing in and partnering with independent partner owned firms. The biggest swaths of the traditional fixed income space, the core fixed income franchises, tend to be trillion dollar plus franchises, and there are significant benefits of scale of sort of running those types of models. So we're going to be more focused on the niche alpha generation opportunities in both the fixed income and the credit space. And I think we'll continue to do that versus trying to sort of chase a big allocation in core fixed income, which generally speaking lives better in a different home than an independent partner own firm.

Craig: Let's see if there's any other questions. There's one here.

Q: I was wondering if you could talk about – you mentioned that you're operating model is pretty thin. You run small cost. But as you invest more and more in new businesses, are you worried about spreading yourself too thin and some investments kind of falling through the cracks?

Tom: It's a great question. I think certainly we're very focused on continuing to be lean and entrepreneurial. I think that's an important part of our culture and an important part of our business. I think we're also mindful of the fact that not every Affiliate that is sort of part of our business always has a need or always has an opportunity. So there's sort of a constant cycle of when we're spending more and more time with certain businesses and less time with others. And obviously we can staff our business at the center appropriately to do that. And the incremental needs on a relative basis for the next incremental investment are relatively modest and sort of easy for us to manage. So we're mindful of it.

It creates a real focus on prioritization; prioritization not just of dollar capital, but also human capital. I think that's important to sort of keep that discipline, so actually we're very wary of being overstaffed because we want that tension to exist in the system, to be putting our resources up against the best opportunities. But also we do have significant ability to sort of scale where we need to. And when you talk about that in the context of AMG, it's adding two or three people here or there. It's just not a massive need to get us to where we need to be.

Craig: We have one more question in the front row. We have about a minute, so maybe we can squeeze this one in quickly.

Q: Are you looking at the insurance space at all?

Tom: So probably not in the sense that some other pure play alternative managers are thinking about actually owning an insurance company. I think we certainly interact a lot with the insurance universe in terms of thinking of them as an

important LP with respect, in particular, to credit businesses. So I think we have spent a lot of time, and certain of our Affiliates have spent a lot of time, thinking about how they craft product that is appropriate for that investor base, and thinking about ways that we can partner with and serve those types of investors throughout our universe, but probably not investing directly into insurance.

Craig: So with that, we are out of time. Tom, on behalf of all of us at Bank of America, thank you very much.

Tom: Thank you, Craig. I appreciate it. Thank you everyone.

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