

LSEG STREETEVENTS

EDITED TRANSCRIPT

AMG.N - Q1 2026 Affiliated Managers Group Inc Earnings Call

EVENT DATE/TIME: MAY 01, 2026 / 12:00PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

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

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

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

CONFERENCE CALL PARTICIPANTS

Bill Katz *Cowen and Company LLC - Analyst*

Alex Blostein *The Goldman Sachs Group, Inc. - Analyst*

Daniel Fannon *Jefferies LLC - Analyst*

Brian Bedell *Deutsche Bank AG - Analyst*

PRESENTATION

Operator

Greetings, and welcome to the AMG first-quarter 2026 earnings call.

(Operator Instructions) As a reminder, this conference is being recorded.

I'd now like to turn the call over to your host, Patricia Figueroa, Head of Investor Relations for AMG. Thank you. You may begin.

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

Good morning and thank you for joining us today to discuss AMG's results for the first quarter of 2026. 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 due to a number of factors, including those described in today's earnings press release and our most recent Form 10-K and subsequent filings with the SEC, 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 reconciliations for any non-GAAP financial measures, including any earnings guidance provided. 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; and Dava Ritchea, Chief Financial Officer. With that, I'll turn the call over to Jay.

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

Thanks, Patricia, and good morning, everyone. AMG reported record results for the first quarter with Adjusted EBITDA of approximately \$317 million, and Economic earnings per share of \$8.23, representing year-over-year growth of 39% and 58%, respectively. Rising demand for liquid alternative strategies and ongoing strength in private markets fundraising generated record quarterly net client cash flows of more than \$22 billion, bringing net flows over the last 12 months to \$52 billion, an organic growth rate of 7% over the period.

In the quarter, given our confidence in AMG's business profile and growth prospects, we repurchased shares at an elevated pace, deploying approximately \$186 million and bringing share buybacks over the past 12 months to more than \$700 million, a reduction of 10% in our shares

outstanding. AMG generated these excellent first quarter results against a volatile market backdrop, highlighting the value of AMG's differentiated model and the ongoing strength of our diverse business.

As we have seen over AMG's history, our business is resilient and well-positioned to navigate periods of uncertainty and dislocation. AMG's highly diversified profile has once again demonstrated that resilience, as we ended the first quarter in a position of even greater strength relative to the beginning of the year, with record assets under management and record fee-related EBITDA and we have continued to build on this momentum in April.

With 40 Affiliates managing a broad range of private markets, liquid alternatives and differentiated long-only strategies, this is the type of environment where we expect AMG to not only weather a volatile environment well, but outperform.

Given that we have strategically evolved toward alternative strategies over the last several years, a number of important secular trends are driving our organic growth story today.

In private markets, where our Affiliates manage \$148 billion in assets, we see opportunities for growth across all 11 Affiliates, with the strongest momentum coming in two areas: infrastructure and real estate, where our Affiliates manage more than \$60 billion, and secondary solutions where our Affiliates manage approximately \$50 billion.

We expect rising demand for infrastructure strategies, as infrastructure investment has become a global imperative due to population growth, the need to modernize aging assets, and an evolving economy shaped by energy security, supply chain realignment, and the rapid growth of digital infrastructure, all against the backdrop of rising inflation. We also expect ongoing demand for secondary solutions across private equity, infrastructure, and credit given the role such strategies play in underlying portfolio management for both GPs and LPs to address liquidity, manage duration and adjust exposures, attributes that are even more important in the environment today, given monetization headwinds in private equity.

Together, infrastructure and secondary solutions have generated substantial organic growth from both institutional and individual investors over the past 12 months. In liquid alternatives, where our Affiliates manage more than \$261 billion in assets, we are benefiting most from growth in two trends: institutional demand for absolute return strategies and the growing focus on after-tax compounding in the wealth channel.

Absolute return strategies, which account for approximately \$180 billion in assets, include multi-strategy, global macro, relative value fixed income and trend-following, and are designed to generate returns that have low or no correlation to broader markets. They provide AMG's business with ballast relative to pro-cyclical strategies in private markets and differentiated equities, enhancing the stability of our earnings over time.

For the same reasons, clients globally are increasingly attracted to these absolute return strategies, especially as the outlook for the macro environment has become more uncertain. As a result, we had a meaningful uptick in flows in the quarter driven by institutional demand for absolute return strategies with contributions from nearly all of our Affiliates in liquid alternatives, and we expect continued organic growth momentum in these strategies.

In addition, within liquid alternatives, we are benefiting from significant client demand for tax-aware long/short strategies. These strategies account for approximately \$69 billion of our AUM in liquid alternative strategies or about 8% of AMG's business. And while tax-loss harvesting has been a secular trend for decades, clients and advisers are increasingly attuned to the impact of their portfolio allocation decisions on compounding returns after tax.

AMG has benefited from this underlying secular trend through ongoing organic growth, which has been significant over the past year. As I mentioned, these four growth areas: infrastructure, secondary solutions, absolute return strategies, and beta-sensitive long/short strategies have driven organic growth in the quarter and over the past 12 months. Looking ahead, given the continued tailwinds in these areas, and our Affiliates' excellent long-term track records, AMG is well-positioned for further growth.

As demonstrated over the past five years, our business is strong, diversified, and dynamic. Through our ability to shape AMG's business profile and scale our earnings power by allocating our capital to investments in new and existing Affiliates, we will further evolve our business toward areas of growth and return. Our unique approach and track record as a partner are continuing to resonate with the highest-quality independent firms.

We have had an active start to 2026 in this area. In January, we completed our investment in BBH Credit Partners, a leading taxable fixed income and credit franchise. In February, we announced a new partnership with HighBrook Investors, a private markets manager operating in the real estate sector. And we also announced an incremental minority investment in Garda Capital Partners, an existing, highly successful Affiliate operating and liquid alternatives.

Stepping back from the quarter and to take a longer-term view of our business and our strategy. Over the past five years, we have transformed AMG and evolved our business profile in a way that we believe will benefit shareholders for years to come. During this period, our business generated more than \$5 billion in capital, all of which, through our disciplined capital allocation strategy, we have reallocated to both high-conviction growth investments and meaningful return of capital to shareholders, demonstrating our commitment to long-term value creation.

Together, these strategic actions have resulted in exceptional earnings growth, generating mid-teens compound annual growth rate and Economic earnings per share over the past five years. And this growth is accelerating. In 2025, economic earnings per share grew by more than 20%, and we expect that growth rate to increase to more than 30% this year.

As we look ahead, our capital allocation decision-making will continue to be the most impactful element of our strategy. We anticipate our business will generate significantly higher levels of capital cumulatively over the next five years, and we expect the impact of deploying it towards growth investments and capital return will further shape and diversify our business profile and fuel our earnings growth.

With our unique partnership-centric, cash-generative, return-focused model, we will continue to press our advantages, executing the same proven strategy with the same level of discipline that brought us here. Today, AMG's reputation, value proposition and capital flexibility have never been stronger, a powerful combination for our firm and for our shareholders.

And with that, I'll turn it over to Dava.

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

Thank you, Jay, and good morning, everyone. AMG entered 2026 with significant momentum, and our first quarter results reinforced that strength, highlighted by record net inflows and significant year-over-year growth in fee-related earnings, Adjusted EBITDA, and Economic earnings per share. Our alternatives business continues to scale, underpinned by strong organic growth from existing Affiliates and further enhanced by the addition of several new high-quality partnerships.

These results underscore the strength and resilience of our model as a result of the ongoing execution of our strategy to evolve the business toward areas of secular growth while remaining disciplined in our capital allocation decision-making.

Starting with our results for the first quarter. AMG's AUM was \$882 billion, the highest level in our history, driven by record positive net inflows for our alternatives Affiliates and the addition of AUM from new investments. Our business reached this record AUM level despite market headwinds from broader macro events.

Net client cash inflows of more than \$22 billion marked our fourth consecutive quarter of positive and increasing net flows, driven by ongoing strength in alternatives. In liquid alternatives, Affiliates generated \$25 billion in net inflows, marking another record quarter with most of our liquid alternative Affiliates, including AQR, Capula, Garda, Systematica and Winton, contributing to the strong result.

Flows were broad-based. We had net inflows from wealth clients of \$15 billion into long/short tax-aware strategies, \$6 billion in net inflows into absolute return strategies from institutional clients and \$4 billion of inflows into retail products across both beta-sensitive and absolute return strategies. This is consistent with broader industry trends of rising allocations to these strategies as investors value the role they play in portfolios across market cycles.

As momentum continues to build across channels, we believe AMG's diversified liquid alternatives Affiliates are well-positioned to continue to attract new flows over time. Our private markets Affiliates raised \$4 billion in the quarter, primarily driven by Pantheon in secondaries strategies, along with infrastructure fundraises at Ara, EIG and Qualitas Energy. On the heels of our record fundraising year in 2025, we continue to see consistent demand, given these Affiliates' specialized strategies, deep institutional relationships and strong long-term track records.

Importantly, with multiple private market Affiliates contributing across vintages, products and channels, AMG exhibits a more durable and consistent fundraising pattern, reflecting a structurally diversified model rather than reliance on any single fundraise, differentiating our private markets profile from that of others.

To give further color on our private markets profile, we have a distinctive strategic position in the industry. Nearly 90% of AUM managed by our Affiliates in private markets is institutional, largely in drawdown style funds. These drawdown funds form the core offerings of our private markets Affiliates. Additionally, we have experienced growing demand for these strategies from wealth clients and we are well-positioned with our differentiated product offerings and capital formation solutions for Affiliates to access this long-term trend.

Our Affiliates' private market strategies are well-diversified across strategies, including secondaries, private equity, infrastructure, real estate, and private credit. Our private credit exposure is low, representing approximately 3% of AMG's total assets today. Within private credit, we have limited traditional direct lending exposure given the sale of our stake in Comvest's private credit business last year. More broadly, the credit exposure we have is more opportunistic in nature, including secondaries in private credit and structured credit and relative value in liquid alternatives.

We believe the current credit market environment is creating compelling long-term opportunities for these strategies. In multi-asset and fixed income, our Affiliates generated net inflows of \$3 billion, mainly driven by BBH Credit Partners, with additional contributions from Baker Street, Artemis, Beutel Goodman and GW&K.

Finally, in equities, net outflows of approximately \$9 billion in the quarter reflected ongoing industry and performance headwinds. However, we continue to see pockets of strength in our differentiated long-only business, including consistent positive net flows at Artemis based on its excellent long-term track record of investment performance.

In aggregate, our first-quarter flows highlight the structural advantages of AMG's diversified business model. With a broad group of Affiliates spanning strategies, asset classes, geographies and client channels, we were able to navigate shifting market conditions and trends while continuing to capture growth opportunities. As we further evolve our mix towards higher-growth alternatives, the resulting incremental diversification enhances the resilience of our cash flows and positions AMG to deliver more consistent, sustainable organic growth across market cycles.

Turning to first quarter financial results. We reported Adjusted EBITDA of \$317 million, which grew 39% year-over-year. Fee-related earnings, which exclude net performance fees, grew 29% year-over-year, driven by positive organic growth, the positive impact of investment performance and margin expansion at some of our largest Affiliates. Net performance fee earnings of \$49 million in the quarter increased \$29 million from the prior year, driven by Capula, Winton, AQR and ValueAct. Economic earnings per share of \$8.23 grew 58% year-over-year, driven by these factors and further benefiting from the impact of share repurchases.

Now moving to second quarter guidance. We expect adjusted EBITDA to be in the range of \$290 million to \$305 million, based on current AUM levels reflecting our market blend, which was up 5% quarter-to-date as of April 30, and including seasonally lower net performance

fees of up to \$10 million. Based on this, and assuming an adjusted weighted average share count of 26.7 million, we expect second quarter economic earnings per share to be between \$7.60 and \$8.01, the midpoint of which represents approximately 45% growth versus Q2 2025.

Finally, turning to the balance sheet and capital allocation. Building on an active 2025, we continue to execute our capital allocation strategy in the first quarter of 2026. With the January close of our partnership with BBH Credit Partners and the February announcements of our new investment in HighBrook and follow-on investment in Garda.

In January, conversions related to our 2037 junior convertible trust preferred securities were fully settled in cash. The \$174 million in conversion premium effectively represented the repurchase of 600,000 adjusted diluted shares and the share dilution associated with these securities has now been fully removed from our capital structure.

We repurchased approximately \$186 million in shares in the first quarter, and for the full year, we expect to repurchase approximately \$500 million, subject to market conditions and capital allocation activity. Our balance sheet remains in a strong position given our long-dated debt, low leverage level, and access to our revolver. This is further supported by a healthy underlying business generating recurring annual cash flows that continue to grow.

These after-tax cash flows are at record levels, delivering approximately \$1 billion annually. With these factors, we are well-positioned to execute our growth strategy across all stages of a market cycle. We have ample capacity to both make growth investments and simultaneously return capital to shareholders. Our strong first-quarter results reflect the accelerating momentum in our business and the advantages of our highly diversified Affiliate model.

Looking ahead, we are excited by the breadth of opportunities in front of us as we continue to evolve our business toward higher growth alternatives. We will remain deliberate and disciplined in deploying capital. Investing in growth opportunities with new and existing Affiliates while also consistently returning capital to shareholders, and we are confident in our ability to generate meaningful incremental value over time.

Now we are happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Bill Katz, TD Cowen.

Bill Katz - Cowen and Company LLC - Analyst

Jay, maybe just pick up in some of your commentary. I think the investment community in the last few weeks has gotten myopically focused on AQR, just given some of the headlines coming out of Schwab, the short selling, et cetera, it all seems to be noise to us. And it sounds like there's a lot of diversification from your comments today, which we appreciate the expanded discussion.

Can you dig in a little bit further into maybe these four verticals of opportunity for growth? And then I was intrigued by your comments of April off to a good start. I was wondering if you maybe expand on that as well. Thank you.

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

Yes. Great. Thanks for your question, Bill. So I'll start, Dava can help. We're going to talk about our flows and then maybe I'll circle back on AQR.

So yes, the answer is our flows were broad-based, and they were along the lines of the four trends that I mentioned in our prepared remarks. Just to dimensionalize that in the quarter, we had \$29 billion in alternative flows. That was a record for us. Over the past year, we generated \$90 billion in flows into alternatives. And I know there's a temptation, there always has been to focus on one Affiliate or one element of AMG.

But AMG is truly a diverse business. These four growth drivers that I mentioned, infrastructure, secondary solutions, absolute return, and tax-aware strategies, they're all powering the strong organic growth story and the \$90 billion of flows into alternatives. Our flows were balanced across each of these four areas over the quarter and over the year with none accounting for a majority. So maybe I'll turn it to Dava just to drill down a little bit to further contextualize some of this, and then I'll come back and address maybe some of the noise.

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

Thanks, Jay. So just digging in a little bit further here. Our flow profile is really an output of our strategy. It aligns our business with areas of secular client demand trends and alternatives, and it continues to evolve our mix through organic growth and new investments. I'll double-click into each of private markets and then liquid alts.

Starting with private markets. Our private market Affiliates raised capital through multiple strategies, vehicles, and channels, which help produce a more consistent fundraising profile than a single flagship-led model. That consistency is supported by durable client demand trends, most notably in infrastructure and real assets, secondaries, and specialized allocations, such as decarbonization and healthcare.

Our private market flows have been relatively consistent over the past eight quarters, exhibiting about 18% annualized growth on average. As one of our largest and longest standing Affiliates, Pantheon has been a consistent driver of that fundraising, supported by a scaled multi-product platform, particularly in secondaries. It's been recurring demand across vintages and has had meaningful contributions from institutional clients as well as within the wealth channel.

Alongside of that, many of our other private market Affiliates are more specialized and tend to raise capital through more targeted fundraises across their focus areas. Given we have 11 of these private market Affiliates, we're less reliant on any single Affiliates' capital-raising calendar, and this tends to produce a more consistent, durable overall private markets flow profile.

And based on what we're seeing today, fundraising and client demand are expected to remain robust with multiple funds coming to market across our private market Affiliate strategies, including all the Affiliates we just recently partnered with over the past 15 months.

Now turning over to liquid alternatives. We had \$25 billion of flows this quarter, and flows this quarter were broad-based across both beta-sensitive and absolute return strategies. Also broad-based across investor channels with institutional, wealth, and retail flows all coming through. This is consistent with broader industry trends as investors are increasing allocations to these strategies as they've demonstrated a real role that they can play across market cycles. And these allocations have been flowing to the largest managers, and here we're well-positioned with several of our Affiliates, like AQR, Garda, Capula and Verition.

Finally, it's worth mentioning that we've been experiencing positive mix shift over the past year as well, leading to an increase in our management fee rate and margin expansion at some of our largest Affiliates, which has had a direct benefit to our EBITDA. By contrast, though, we have continued to see some headwinds alongside of overall industry in equities.

We reported about \$9 billion in net outflows from equities this quarter, in line with average levels over the last 12 months. But when taken together with \$3 billion in net inflows in multi-asset and fixed income, we're seeing an improvement in our differentiated long-only net flows.

Across these Affiliates, we see pockets of strength, including at Artemis, where strong performance has led to positive net flows, and at BBH Credit Partners, where we see ongoing demand for fixed income strategies.

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

Yes. Great. Thanks, Dava. So I'm just going to comment on one thing here, which is in addition to the strong alternative flows. As we look out for the next 12 months, we actually think that our long-only outflows seem to be getting better. So our flow story, just all around for the moment is positive relative to what it's been in the past. We had \$52 billion of net flows for the last 12 months, and that trend seems to be getting better as we look forward.

Now I'm going to take the second part of your question and just address AQR for a moment. And maybe I'll just start with a bit of a fun statement, which is, over the past 15 years, I've answered a lot of questions on AQR, mostly on these earnings calls. Virtually, every time I answer the question, I start and will end as well with one observation. AQR is an incredibly innovative business. Their success is rooted in its decade-long reputation and history of this innovation. They deliver strategies and products that meet clients' objectives that can be used in portfolio construction and that can produce alpha.

So AQR's reputation and it's long-term investment track record across its broad range of strategies today, including absolute return, beta-sensitive, long-only, is driving demand across all of its client types: institutional, wealth, retail. The firm's primary goal is to deliver institutional caliber, pre-tax alpha to all investors. And for individuals, AQR has a focus on compounding after-tax returns. This is a very large addressable market. It's been around for a long time, and AQR is one of the participants in the market.

We continue to see strong demand for these strategies, including in the second quarter. And we are not aware of anything that changes our positive outlook for the firm or their strategies and underlying trends supporting its ongoing business momentum.

These tax-aware strategies, however, they only speak to one aspect of AQR's broad platform and its continued innovation. The firm has generated inflows across a range of strategies, including in this quarter. And we also are very excited about their absolute return strategies and the prospect for additional flows into these strategies, which have excellent performance and are gaining interest from all types of clients, including institutions.

Now I'd like to take it back to the AMG level. Long/short strategies in wealth account for just 8% of our assets under management. As I mentioned, our Affiliates generated \$90 billion in flows into alternatives, a minority of those flows came from tax-aware strategies. AMG is highly diverse, and this one trend is just one of the four major drivers of our growth. Again, these four trends being infrastructure, secondary solutions, absolute return strategies, and tax-aware strategies. Again, all four are driving our growth and none are accounting for a majority.

So then the last question you asked me is April. Interestingly, during the first quarter, we had, as others did, we had to face reasonably significant volatility in the market and beta was down in the quarter, yet, AMG had record AUM and record cash flow and record earnings in the quarter. In April, we have seen strong beta. And because of the balance in our business, our assets are at another all-time high.

Thanks, Bill. I appreciate the question.

Operator

Alex Blostein, Goldman Sachs.

Alex Blostein - *The Goldman Sachs Group, Inc. - Analyst*

Thank you. I appreciate all the detail and extra discussion on the flow backdrop. I wanted to double-click into the wealth channel. You guys had quite a lot of success with Pantheon's retail product focused on secondaries and co-invest markets. How is the appetite for these kind

of products in the channel today given the turbulence we're seeing in the credit part of the business. Obviously, that's not a part of your model, but just curious if you're seeing any spillover effects of that into other parts of the wealth channel?

And then maybe as part of that hit on the road map of additional products you're likely to launch in the coming 12 to 18 months as we think about further diversifying your flow base?

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

Yes. Great. Thanks, Alex. I think that's an excellent question. We'll take it in a few different pieces. We'll talk about the wealth products, and then I'll circle back. I'll have Dava do that, and then I'll come back and do Pantheon more broadly and then other products that we're looking at introducing.

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

Great. Thanks for the question, Alex. So we remain constructive on the secular trend. And while we're monitoring the broader industry dynamics, wealth investors and advisers continue to broaden portfolios beyond traditional allocations and evergreen structures are an increasingly important way to access institutional quality alternatives in a more flexible wrapper.

AMG is focused on delivering the right strategies in the right structure, meeting clients where they are on liquidity preference, access, and portfolio needs. We believe AMG is differentiated in this channel, providing investors access to independent Affiliates and their breadth of offerings across private markets and alternative credit. We see the most compelling opportunities today in differentiated strategies, led by credit secondaries.

Liquidity needs, duration management and slower exits are driving greater secondary activity, while market noise and headline risks are creating pricing dislocations that can offer seasoned assets at attractive valuations. We also see opportunity in asset-backed credit solutions where structural protections and collateral quality support capital preservation.

Ultimately, the key to long-term success is education and setting expectations while staying disciplined. Education remains a critical enabler of growth for evergreen private markets solutions. While these vehicles expand access, their structural features differ meaningfully from traditional private market funds and require deeper understanding.

We are committed to providing scalable education that equips advisers to understand these mechanics, assess suitability and thoughtfully integrate evergreen solutions to support clients' long-term investment objectives. We believe these products can be a compelling option for wealth clients seeking diversified access to alternatives over a long time horizon.

Let me walk you through the main products that we have here on the platform. First, P-BUILD. This is the AMG Pantheon Infrastructure Fund, which we launched last year, and it's still in its seed phase. The portfolio is ramping nicely, and we expect it will benefit from the rising demand for infrastructure strategies as infrastructure investment has become a global imperative.

P-BUILD is uniquely positioned to combine the benefits of infrastructure investments, including the potential for capital appreciation, yields, lower volatility and portfolio diversification with the added advantages of secondaries, which can offer greater risk mitigation, shorter investment durations and more immediate distributions compared to traditional infrastructure investments.

The next one is P-SECC, the AMG Pantheon Credit Solutions Fund and it's still relatively new, launched within the last two years. The fund's investment approach is first of its kind, focused on private credit secondaries. Since inception, it's been among the top performers in its peer set. And given broader market dynamics, we believe the current environment creates a compelling investment opportunity for the fund.

While near-term growth may be more muted due to traditional direct lending trends, we believe this is a compelling long-term product for investors and differentiated from peer offerings. In these environments, pricing dislocations and motivated sellers can allow access to high-quality seasoned investment opportunities at potentially attractive valuations. This dynamic enables selective capital deployment with a margin of safety, positioning the fund to benefit from both income generation and potential capital appreciation as markets stabilize.

For P-SECC, periods of increased volatility can create particularly attractive entry points for disciplined secondary credit investing. And this growing opportunity set underscores the increasing role credit secondaries are playing in managing liquidity and portfolio exposures in a market characterized by heightened demand for capital flexibility. And finally, P-PEXX, the AMG Pantheon fund, which has a long operating history since its launch in 2014, with a strong long-term track record of delivering private equity exposure through cycles.

Notably, it has a compelling fee structure for its market comparables with a lower management fee, and it does not charge performance fees. It provides a single allocation globally diversified portfolio across co-investments, secondaries, and primaries, diversified by manager, vintage, geography, and sector, which we view as more sustainable for building long-term compounding of returns. We remain constructive on its outlook, including ongoing progress and expanding its reach to new wealth platforms and intermediaries.

Overall, these three products represent a small growing proportion of Pantheon and when put into context of AMG represent less than 1% of AUM today. We are confident in the long-term secular trend and the underlying fundamentals of each of these products, but mindful of the impact of current market dynamics in the evergreen space on near-term growth expectations.

We continue to focus resources on partnering with Affiliates in the US wealth space through robust product development and access to our broad capital formation resources with several products including the newly registered AMG BBH fund in development. This fund is expected to be launched into a compelling credit market environment for its opportunistic structure and alternative credit approach.

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

Yes. So Alex, Dava covered it -- covered the landscape. But I think what I would maybe contextualize maybe even just give some perspective is, look, the market had been painting everything with a single brush. This is actually an opportunity to differentiate. I think we see opportunities here because we think our products are unique, differentiated.

Certainly, on the semi-liquid side. Education, as Dava said, is key. People have to understand what they own, there are suitability questions. But what we like about our products is that they're opportunistic in nature. I'll take the Pantheon credit secondaries fund, it actually had an opportunity to take advantage of what's happening in the market, and that's the same with the newly registered BBH opportunity credit fund.

So we -- and it's got it in the name. So I think we're having -- in some ways, we might come out better through this period as people sort through what products really are differentiated and what products people want to own. So we're long-term constructive. As Dava said, there is a bit of sorting that's going to go through -- we're going to go through here. But on the -- as we come out of it, we have an expectation that we're going to be on our front foot.

Maybe just on our wealth strategy more broadly. It's clearly important to us. We collaborate with our Affiliates. We offer strategic capabilities to new and existing Affiliates. It's part of our brand. It's part of our reputation, the ability to engage with our Affiliates and help them meet their goals, exceed their goals, and get them into this channel.

It's very difficult to get into this channel. It's an area where you need scale. AMG offers our Affiliates that scale. We also offer them the ability to package the products and bring them to the market. So it's a growth area for us long term.

I think we made it through this period reasonably well. I think partly because we were methodical and careful. But obviously, we have good fortune on our side, too. We're not -- I think we're just trying to do the very best that we can here. And we do think this is a good long-term opportunity.

Operator

Dan Fannon, Jefferies.

Daniel Fannon - Jefferies LLC - Analyst

So Jay, I wanted to just talk about the environment for new investments. You guys have obviously been quite active over the last 12 months. But given some of the dislocations we're seeing in certainly the private credit markets or broadly within some of the equity markets, is that creating more of an opportunity for you to deploy capital in this environment? Or any changes kind of in the backdrop as you think about the new investment pipeline?

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

Yes. Great, Dan. Thank you. And I apologize, it's so early for you on the West Coast. So yes, look, we did have a very active period in the last 18 months. It has been one of our more active periods of new investments. It's one of the benefits that we have. It's contributing to our earnings this year and our growth rate this year. We're very excited about the businesses that we invested in over this period, largely speaking, in alternatives with a focus on private markets but more specialty businesses.

So coming off of an active period, really even into this first quarter because we were just closing on HighBrook, the second investment in Garda and BBH. When we look at the rest of this year, one of the things that we note is that public market valuations for alternatives are way down.

It takes a little while to have that trickle into the M&A market, but I think we have an expectation that it will. We're mindful that some of the key competitors in that market are the ones who have lower valuations today. So maybe they're not offering their stock.

So competition just may have gotten better for AMG. As you know, we've been an active participant, maybe, I would say, the most active participant for independent firms over the past 30 years. We are open for business. We like to partner with outstanding independent firms, and maybe the competitive environment and pricing has gotten better for us as we look forward. So we're excited about that. Thanks for your question.

Operator

Brian Bedell, Deutsche Bank.

Brian Bedell - Deutsche Bank AG - Analyst

Thanks for the question. Good to see the really strong flows across the franchise and diversified contribution as well. We, of course, are getting more questions on the tax-aware strategy, so I just want to zone in on that a little bit. Obviously there's really strong growth in 1Q. Maybe if you could talk a little bit about the contribution in 1Q from tax-aware, and I think you mentioned it's 8% of AUM.

But just was curious if there's a way to frame like what percentage of EBITDA that is or I think last time you spoke about AQR as a percentage of EBITDA, it was about 20%. I don't know if there are updated comments on that. And then, as this is getting added to more platforms given really strong retail demand, if you can talk about the pipeline of doing that because I know, of course, Fidelity had constrained it. And I think Schwab had some guardrails around it.

Of course, they're continuing to sell it.,they just have some constraints around it. So just some comments around the growth outlook for that product as it pertains to adding it to more wirehouse and brokerage and private bank platforms.

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

Okay. Yes. Thanks, Brian. Well, I'm not going to go back through my conversation or my response on AQR specifically. But I will maybe just broaden it to talk about the environment for these products. And I'm sure I'll weave in a few of those data points that you're looking for.

Tax-aware businesses and tax-loss harvesting, it's been around since -- as far as I tell since 1993. So just for everyone who may think this is a new business, it's a three-decade old business. I think what's happened in the market is that advisers realize that investors, individual investors, they pay tax and institutional investors, they don't pay tax. And so when you think about your portfolio, you just have to think about it in general, on an after-tax basis. It might change where you allocate your capital. It might change the type of asset or the type of strategy you allocate to.

So I think everyone should be aware of the fact that taxes interrupt compounding. So if you're aware of that fact, then you need to at least consider it when you decide that you're going to create a portfolio. These products that have been around many people, many big firms that you all cover have these products. AQR is just one participant in the market. So I just want to make sure that everyone understands that.

And then the other thing I would just say is we gave you the number on an AUM basis, which is less than 8%. I round it up. It actually has contributed to less than 8% of our EBITDA last year and in the first quarter. It just isn't that big. But it has grown significantly. It has been less than the majority of our flows. So just like I said in my prepared remarks and then in answer to the last question, the four major trends that are driving our business, they're balanced over that \$90 billion of inflows that we had.

No one of those trends made up a majority and even in the most recent quarter, \$29 billion, the same statement holds. So very balanced. I don't want to go through that all again. But we feel pretty good about that trend as well as the other three trends in our business.

So I think in terms of sizing, it's important, but it's not a major factor. And when you zoom way out at AMG, and I think this is probably the most important thing that I haven't said yet is we have record cash flow. Our business AUM is at an all-time high. We had record EBITDA in the quarter, as Dava said. Our EBITDA guidance that we gave you at the midpoint would be up with significant growth and cash earnings per share would be up 45% at the midpoint.

With that record, cash flow, if you think about that annualized out at over \$1 billion a year, it is that cash flow that we have to reinvest. And so as we reinvest, we diversify the business, we add new sources of earnings. Our business grows because of it. So if you're thinking about AMG today, you need to think about what AMG is going to look like in 12 months, and then 3 years and then in 5 years because we generated \$5 billion of cash flow over the last 5 years. We're expected to generate much more than \$5 billion over the next five years. So the biggest impact to our business is what we do with those cash flows.

And I think you know this, we have a very disciplined capital allocation philosophy. And as we continue to invest in growth areas and return capital through share repurchases, this record level of free cash flow is going to shape AMG. We are looking forward to doing that.

And when you think about where we are today at these record levels, our shares are trading at less than 10 times after-tax earnings on a backward-looking basis, not a forward but a backward-looking basis and less than 8 times EBITDA on a forward-looking basis. It is an excellent opportunity for us to continue to buy back at an elevated pace. So we're excited about our capital opportunity.

Dava mentioned in her script that we look forward to estimated share repurchases this year of \$500 million. That's not all the capital that we have. If you think about the numbers I just gave you, \$1 billion of after-tax earnings, \$500 million is only half of that. And with a little bit of leverage because we'd like to lever it up to two times and right now, we're under leveraged at that point. We can do more than \$1 billion. So in the next 12 months, more than \$1 billion of capital will be the single biggest impact on our business for '27 and '28 and beyond. Thanks, Brian.

Operator

Thank you. Ladies and gentlemen, that concludes our question-and-answer session, and we'll conclude our call today. We thank you for your interest and participation. You may now disconnect your lines.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.