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Q3 2025 ACADIAN ASSET MANAGEMENT INC EARNINGS CALL

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CORPORATE PARTICIPANTS

- **Melody Wong** *Acadian Asset Management Inc - Senior Vice President, director of finance and investor relations*
- **Kelly-Ann Young** *Acadian Asset Management Inc - President, Chief Executive Officer, Director*
- **Scott Hynes** *Acadian Asset Management Inc - Senior Vice President, Chief Financial Officer, Principal Financial Officer*

CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Kenneth Lee** *RBC Capital Markets - Investor Relation*
- **John Tan** *Everycore - Investor Relation*
- **Michael Cyprys** *Morgan Stanley - Investor Relation*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Acadian Asset Management Incorporated earnings conference call and webcast for the 3rd quarter, 2025.

During the call, all participants will be in a listen-only mode.

After the presentation, we will conduct a question-and-answer session.

To be added to the queue, please press the star followed by 1 at any time during the call. If you need to reach an operator, please press the star followed by 0.

Please note that this call is being recorded today, Thursday, October 30, 2025 at 11 a.m. Eastern time.

I would like to turn the meeting over to Melody Wong, senior Vice President, director of finance and investor relations. Please go ahead, Melody.

Melody Wong *Acadian Asset Management Inc - Senior Vice President, director of finance and investor relations*

Good morning and welcome to Acadian Asset Management Inc.s conference call to discuss our results for the 3rd quarter in the September 30, 2025.

Before we begin the presentation, please know that we may make forward-looking statements about our business and financial performance.

Each forward-looking statement is subject to risk and uncertainties that could cause actual results to differ materially from those projected. Additional information regarding this risk and certainties appears in our SEC filings, including the form AK filed today

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containing the earnings release.

A 2024 form 10-k and a Form 10-Q for the 1st and second quarter of 2025.

Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update them as a result of new information of future events.

We may also reference certain non-GAAP financial measures. Information about any non-GAAP measures referenced, including a reconciliation of those measures to GAAP measures can be found on our website, along with the slides that we will use as part of today's discussion.

Finally, nothing here and shall be deemed to be an offer or solicitation to buy any investment products.

Kelly Yang, our President and Chief Executive Officer, will lead the call.

And now I'm pleased to turn the call over to Kelly.

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Thanks, Melody. Good morning, everyone, and thank you for joining us today. I'm thrilled to share our Q3 2025 results with you as Acadian continues to grow and reach new heights. Every milestone we hit reflects our team's discipline and dedication in executing the organic growth plan we articulated when I assumed the CEO role at the beginning of the year.

We remain focused on expanding targeted products and distribution initiatives to deliver long-term growth and shareholder value.

Beginning on slide 3, Acadian is the only pure play publicly traded systematic manager.

Founded in 1986, Acadian has pioneered systematic investing, and we continue to lead the space through constant innovation.

We have delivered sustained outperformance across various investment strategies and through numerous market cycles.

We manage $166.4 billion of AUM and are a pure systematic manager, applying data and cutting edge techniques to the evaluation of global stocks and corporate bonds.

95% of our strategies by revenue have outperformed benchmarks over a five year period, with a 4.5% annualized excess return.

Our competitive edge comes from a combination of world-class talent, data-driven insights, and innovative tools which enable us to generate unique research and risk adjusted returns that help our clients achieve their long-term investment goals.

Our investment team is comprised of over 100 individuals with a depth and breadth of experience across many disciplines of finance, statistics, and economics, and a shared culture of collaboration and innovation.

We're implementing focused product and distribution initiatives to drive sustainable growth, which I will discuss in more detail.

Slide 4 showcases Acadian's Q3 2025 strong performance.

A US GAAP net income attributable to controlling interests was down 11%, and EPS was down 7% compared to prior year due to increased operating expenses driven by increased non-cash expenses representing changes in the value of Acadian LLC equity and profits interests.

Our ENI diluted EPS of $0.76 was up 29%, and our adjusted EID was up 12%, driven by significant growth in reoccurring base management fees as well as share repurchases.

We realized $6.4 billion of positive net client cash flows in Q3 of 25, 4% of beginning period AUM, the second highest in the firm's history, driven by enhanced extension and core strategies such as non-US equities.

AUM surged to $166.4 billion as of September 30th, 2025, marking another record high for Acadians.

Turning to slide 5, Acadian's investment performance track record remains strong despite a more challenging recent period.

We have 5 major implementations which comprise the majority of our assets.

As of September 30, 2025, global equity, emerging markets equity, non-US equity, small cap equity, and enhanced equity have 100% of assets outperforming benchmarks across 35, and 10 year periods with one minor variation.

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Global equity markets delivered strong returns in Q3 of 25. However, crowding in lesser quality, high beta stocks created a more challenging environment for Acadian's fundamentally driven, quality oriented approach.

We've seen these periods before but remain confident in our approach and believe we are well positioned for when markets refocus on company fundamentals.

Slide 6 details how our disciplined, systematic investment process has weathered various market cycles and generated meaningful long-term alpha for our clients.

Our revenue weight five year annualized return in excess of benchmark was 4.5% as of the end of Q3 2025 on a consolidated firmwide basis.

Our asset weight 5 year annualized return in excess of benchmark was 3.5% as of the end of the quarter.

By revenue weight, 94% of Acadian strategies outperformed their respective benchmarks across 35, and 10 year periods as of September 30, 2025.

And by asset weight, 90% of Acadian strategies outperform their respective benchmarks across 35, and 10 year periods.

Next on slide 7, I'd like to focus on Acadian's extensive global distribution platform, which has helped us achieve robust growth sales and will continue to be a major driver of growth in the years ahead.

Acadian has had a strong global presence for many years, with 4 offices headquartered in Boston, London, Sydney, and Singapore.

We have continued to expand our client and distribution team with over 100 experienced professionals serving more than 1,000 client accounts in more than 40 countries.

The team has established strong, deep relationships with many institutional clients, as our average client relationship length with TOP 50 clients is over 10 years.

We work with over 40 investment consultants across market segments and geographies, leading to a diverse client base invested across multiple strategies.

We have $39 billion of gross sales in the first nine months of 2025, which has surpassed our previous record of annual sales of $21 billion in 2024.

In tandem with expanding our distribution capabilities, Acadian's business and product development team have been focused on expanding our strategy and vehicle offerings in high demand and growing areas where Acadian's systematic approach is particularly well suited.

Our current pipeline remains robust after the funding of several large mandate wins in Q3 of 2025.

Moving to slide 8, Acadian's standing as a highly regarded institutional asset manager is a testament to our proven investment process, as well as Acadian's world-class investment and distribution teams.

We have 5 clients among the TOP20 global asset owners and 24 clients among the TOP50 US retirement plans.

More than 40% of our assets are from clients invested in multiple Acadian strategies.

Our client base is diverse, with 43% of assets managed for clients outside the US.

We offer over 80 institutional quality funds for investors.

And we achieved $39 billion of gross sales in the first nine months of 2025 and reached $166 billion of AUM as of September 30th, 2025.

Slide 9 highlights the sustained momentum in Acadian's net flows.

We realized positive net flows of $6.4 billion in Q3 of 2025, the second highest in the firm's history, representing 4% of beginning period AUM.

This quarter's net flows were diverse across products and client types.

Both enhanced and extension equities generated strong NCCF and core strategies such as non-US also saw meaningful net inflows.

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Year-to-date, we've generated net flows of $24 billion.

With positive flows of $1.8 billion in 2024, we've now generated seven consecutive quarters of positive net flows.

As indicated earlier, our current pipeline remains robust after the funding of a number of significant client wins year-to-date.

I'm now going to turn it over to our CFO Scott Hines to provide you with more detail on our financial performance this quarter and an update on capital allocation.

Scott Hynes *Acadian Asset Management Inc - Senior Vice President, Chief Financial Officer, Principal Financial Officer*

Thanks Kelly.

Turning to slide 11, our key GAAP and ENI performance metrics are summarized here. As previously noted, we manage the business using ENI metrics, which better reflect our underlying operating performance. You can find complete GAAP to ENI reconciliations in the appendix. Let me now turn to our core business results.

Starting on slide 12, Q3 25 ENI revenue of 136 million increased from Q3 24 by 12%, primarily due to management fee growth, partially offset by decline in performance fees.

Management fees increased 21% from Q3 24, reflecting a 34% increase in average AUM driven by strong positive NCCFs and market appreciation.

Moving to slide 13 and Q3 25, our ENI operating margin expanded 157 basis points to 33.2% from 31.7% and Q3 24, driven by increased ENI management fees.

Our Q3 25 operating expense ratio fell 480 basis points year over year to 43.3%, reflecting the impact of improved operating leverage. Our Q3 25 variable compensation ratio decreased to 41.5% in Q3 25 from 43.3% in Q3 24.

We now expect that our fiscal year 2025 operating expense ratio will be approximately 44 to 46%, while our fiscal year 2025 variable compensation ratio is now expected to be approximately 43 to 45%.

Turning to slide 14 on capital resources, I'll focus on our strength and balance sheet and the refinancing of our 275 million senior notes.

This morning we noticed the redemption of these notes that were to mature in July 2026. We'll be funding the redemption with a committed 3 year bank term loan and balance sheet cash. The term loan will have a floating rate based on so forth and does not require annual mortization or principal payment prior to maturity, and it is prepayable at any time with no fees or costs. We expect the senior notes redemption to be completed and for the term loan to fund around December 1, 2025.

As of September 30th, 2025, prior to the senior notes refinancing, our gross debt to adjusted Ebi doll ratio was 1.4 times, and net debt to adjusted EBIT ratio was 0.8 times.

As adjusted for our senior notes refinancing, our gross debt outstanding declines from $275 million to $200 million with our gross debt to adjusted EVETA ratio moving lower to approximately 1 times and our net debt to adjusted EET do ratio to approximately 0.9 times.

Stepping back, this refinancing transaction is consistent with our disciplined approach to maximizing shareholder value. It increases our balance sheet flexibility, enables further deleveraging, and enhances cash flows to capital management priorities, including investments in organic growth, share or purchases, and dividends.

Moving to slide 15, we have a track record of creating significant value through share buybacks in recent years. Outstanding diluted shares have decreased 58% from $86 million in Q4 19 to 35.8 million in Q3 25. Over the same period, $1.4 billion in excess capital was returned to stockholders through share buybacks and dividends.

During the third quarter of 2025, we repurchased 0.1 million shares, or $5 million of stock at a volume weighted average price of 48.58.

Amy's board declared an interim dividend of $0.01 per share to be paid on December 24th, 2025 to shareholders of record as of the close of business on December 12th, 2025.

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Going forward, we expect to continue generating strong free cash flow and deploying excess capital that maximizes shareholder value.

I'll now turn the call back over to Kelly.

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Before moving to Q&A, let me recap some key points.

Acadian is competitively positioned as the only pure play, publicly traded systematic manager with a nearly 40 year track record and competitive edge in systematic investing.

Our investment performance track record remains strong this quarter, with more than 94% of strategies by revenue outperforming over 35, and 10 year periods.

Business momentum continued in Q3 of 25 with net inflows of $6.4 billion the second highest in the firm's history, and with record AUM of $166.4 billion.

Q325 financial results included. Record management fees of $136.1 million up 21% from Q3 of 24.

ENI EPS of $0.76 up 29% from 324.

An operating margin expansion to 33.2%, up from 31.7% in Q3 of 24.

Finally, capital management remained a focus in the quarter as we repurchased 0.1 million shares, or $5 million of stock, and strengthened our balance sheet with the announced senior notes redemption and term loan refinancing.

Acadian is well positioned to continue to drive growth and generate value for shareholders through targeted distribution initiatives and new product offerings.

A talented and dedicated team is acutely focused on achieving these goals, and I look forward to building on the momentum we've seen year-to-date.

This concludes my prepared remarks.

QUESTIONS AND ANSWERS

Operator

At this time those with questions should leave their phone receiver and press followed by the number one on their telephone keypad to cancel a question, please press one again. Please hold for a brief moment while we compile the Q&A roster.

Your first question comes from the line of Kenneth Lee from RBC Capital Markets. Your line is open.

Kenneth Lee *RBC Capital Markets - Investor Relation*

Hey, good morning. Thanks for taking my question.

On the institutional pipeline, you mentioned that it still remains robust, wondering if you could just talk a little bit more around the composition, any particular strategies or strategy buckets that you're seeing demanded from clients and things.

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Hi Ken. It's nice to talk to you again.

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Yes, as I noted, the pipeline continues to look very robust, and, the themes that I think we've talked about on these calls earlier in the year continue. So enhanced equity continues to resonate with a number of our clients, particularly, I'd say our international clients outside of the US, although increasingly within the US, and we've seen a real pick up of interest in the second part of this year in Extension strategies.

I would say that's primarily driven by US clients, but again we're starting to see some interest there outside with non-US investors. So those are clearly two themes that I think have continued through 2025 and continue to see really robust interest in our core strategies where obviously we have, very long-term attractive track records there and particularly I'd say international equity.

Clients looking to allocate perhaps to to strategies that don't have aren't sort of US dominated, so continuing to see a real interest there. So the pipeline looks very diverse by strategy, continues to look very diverse by client domicile, and we continue to edge closer to that 50/50 split of AUM between US and non-US clients that we have been targeting for some time.

Kenneth Lee *RBC Capital Markets - Investor Relation*

Gotcha. Very helpful there. And just 11 follow-up if I may, any updated around outlook for capital management you mentioned, plans to to redeem this in your notes as well as wefi with the term loan, relatedly, any plans about how you think about paying down that term loan over time thanks.

Scott Hynes *Acadian Asset Management Inc - Senior Vice President, Chief Financial Officer, Principal Financial Officer*

Yeah, hey, Ken, it's Scott. Thanks for joining this morning. It's good to talk again. In regards to capital management, I think, look, I would anticipate that we'll continue to be pretty athletic in this regard. So we feel really good about the senior notes redemption and landing with the committed financing we have in place with the new term on A. A lot of flexibility there, and I think you'll you'll see us look every quarter to.

To stare at, what's the best answer for our shareholders recognizing we do have that prioritization as we've spoken about before about organic growth and prioritizing organic growth, and then going from there in terms of return of capital to shareholders. So I think there is a balance. I think we're really well positioned. I think, we'll be looking again every quarter, and you saw this quarter, I think that's reflected we have a lot as you can see going on this quarter. Another great quarter of performance, strong free cash flows, but we did have this refinancing, and yet we were still in the market doing sharerp purchases. So I think that's reflective again my words, I think we're going to be pretty athletic in this regard every quarter looking to step into the market when appropriate in terms of sharer purchases while still being mindful of that debt position. This was, as you can see clearly, a deleveraged move. We think that's.

The right position to be in, I would note in this regard that we also upsized our existing revolver, so I think we're marching to a place of continuing to have a little less leverage. So that 200 million turmo is a lot of flexibility there for us to repay early, no fees or costs associated with that, so we'll be revisiting that, every quarter. Does that make sense?

Kenneth Lee *RBC Capital Markets - Investor Relation*

Yeah, that makes sense. That makes sense.

Thanks for that color there. And if actually if I could squeeze one more question and I really appreciate the detail around global distribution.

I just curious, what's what's been driving the pickup, the meaningful pickup in gross inflows that you've been seeing over the last year or two. Were there any specific initiatives or efforts within the distribution platform, or is it more related to to what you're seeing in terms of its client trends? Thanks.

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

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Sure, yeah, I think it's a bit of both, Ken. I mean, we've very thoughtfully added resources to our distribution and client service teams, across the globe. To continue to service our clients, to the best of our abilities and obviously continue to focus on sort of newer channels or channels that have been under penetrated. So I do think that it's a testament to the quality of the team that we've built here. We've also very intentionally tried to build out a suite of pooled funds. We have a UI range that works very well for our non-US clients. We've continued to build out.

Delaware and CIT ranges within the US. So again, I think making ease of access for clients a lot better.

And then I do just think as well as we talked about things like enhanced and extensions are capturing the imagination and satisfying a client need at the moment. So I think it's a combination of all of those things, but again, being very intentional about, adding to an already, incredibly talented team here and being very intentional about that.

Kenneth Lee *RBC Capital Markets - Investor Relation*

Great, very helpful there. Thanks again.

Operator

Thanks.

Your next question comes from the line of John Tan of every core. Your line is open.

John Tan *Everycore - Investor Relation*

Thanks guys. Yeah, I want, you just talked about like the domicile mix of your AUM. Could you remind us of the geographic mix of your investment strategies and then just any change you're seeing in the demand for non-US exposure relative, to the last year or so.

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Sure, yeah, nice to talk to you again, John. Yeah, so we have seen a real pick up, in interest, I would say over the last 12 months in international, in international strategies. It's one of our core strategies here, I would say alongside global and emerging markets and, is, our longest track record at the firm. So, again, Acadian is very much known for international investing and we have, I think, a strong brand advantage there.

What's been quite interesting, I think, for us is not just seeing a pick up in interest of these strategies from our US doomiciled clients, but starting to see some of our non-US clients thinking in this more sort of international or ex-S space.

So again, I think there are different drivers, but that's that's sort of a newer trend that we've seen, and I certainly think, we're going to benefit from a tailwind there given, our long standing track record and the, established brand in that space.

John Tan *Everycore - Investor Relation*

Gotcha. And then relatedly, one of your competitors recently said that they, they've seen others, other managers that kind of pulling back from emerging markets over the past year.

Would you agree with that and maybe just a little more on emerging markets specifically.

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Sure, yeah, I think if we'd been talking in 2024, I would have probably completely agreed with that statement.

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I think through this year we are seeing pockets of interest in emerging. Again, I think, Acadian has been established as an emerging markets manager since the early 1990s. So again, I think that very strong robust track record that dates back decades means that perhaps we're kind of front and center when folks are thinking about systematic exposure to EM.

I certainly don't think that we're seeing the level of demand there that we are in things like, developed international. I think that that's a fair statement. But again, I think we're seeing, we are seeing some pockets of interest, be it on the back of, 2 or 3 years, I think of relatively flat demand.

John Tan *Everycore - Investor Relation*

Got it and maybe just one quick modeling one, could you just, kind of outline the puts and takes of the fee fee rate from here?

Scott Hynes *Acadian Asset Management Inc - Senior Vice President, Chief Financial Officer, Principal Financial Officer*

Yeah, hey John, it's Scott. Yeah, I mean, as we've, and Kelly's already touched on it. We've had seen a bit of a transition and it's purposeful given the amount of traction that enhanced specifically has has gotten in recent quarters and particularly in the second quarter, the prior quarter when we saw, as another really strong quarter of inflows, particularly in enhanced, you saw a bit of downward pressure on the on the fee rate and then for all intents and purposes we're more of a run rate reflecting those inflows. And enhanced in a large way in the second quarter and again in this quarter, as we said prior in all candor, this is an output and there's a lot of things at work here that are not in our control. So more specifically, broader market levels and where we're seeing client demand, as Kelly said, enhanced has gotten a lot of transaction, excuse me, traction in recent quarters, and we're staring at the pipeline and she already articulated, it's still there. However, there are other products, and I would say to be clear that when we think about enhanced from the start of the year and the management fee rate, and the call it upper 30 basis points, it would often be, somewhat lower than that. But other products that we are seeing, also traction in, could be higher than that upper 30 basis points rate. So I say that and that we have seen some chunky installations.

And it can move around quarter to quarter. So that's a long way of saying, we have seen this direction of travel closer to the mid-30s range. I think, all else equal looking at the pipeline today, you could see another basis point to come lower perhaps next quarter, particularly if enhanced materializes the way that we're staring at now at the pipeline. But a few chunky wins, and another product which are very much on the table, could have a different effect. So that's a long way of saying there has been this dynamic. I think you could continue to see a little bit of downward pressure in the fee rate, given the ongoing traction. Enhanced in the fourth quarter, but I'll tell you, it's not something that, I think we can continue to pencil in necessarily. There's just too many factors at work, particularly when we look at, 2026 and beyond. Hopefully that's a help.

John Tan *Everycore - Investor Relation*

Yeah, it is gotcha. Thanks very much.

Operator

Your next question comes from the line of Michael Cypris of Morgan Stanley. Your line is now open.

Michael Cyprys *Morgan Stanley - Investor Relation*

Hi, good morning, Kelly Scott.

Question for you on the platform today. Clearly a lot of momentum with your enhanced and extension strategies, but when you look at the platform, are there any capabilities, geographies in areas that are lacking today that could, no pun intended enhance your value proposition with with clients and just curious how you're thinking about inorganic versus organic initiatives as you look out from here.

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Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Yeah. Hi, nice to speak to you again, Michael. Yes, as you've noticed, enhancing extensions have been a great story for us, as have our core capabilities, and I think being able to, support clients as they're looking at, different points on the risk curve have been, very helpful for us from a business and organic growth, standpoint.

We haven't touched on systematic credit, but I think as we've been, we very actively have built out an offering there, I think still perhaps over the medium term where we expect to see, much larger flows there.

We're coming up on our 2 year anniversary of our longest running strategy in that space next month.

So as I as we think about, pivoting away from perhaps some of that equity exposure, although I do feel, much more comfortable now than a couple of years ago with how diversified that is across the risk spectrum across geographies, systematic credit is also something that the team is very focused on having some really interesting conversations with. Existing and prospective clients there is systematic becomes, gains traction and is gaining attention in the credit space. So I think for us over the short to medium term that's going to continue to be a strong area of focus and again a hopeful that we see, assets follow those strong track records that we're building, be it that we're still sub 2 years on those track records as we sit here today.

Michael Cyprys *Morgan Stanley - Investor Relation*

And then just on the systematic fixed income, maybe you could elaborate on how that's contributing today, how you think about that evolving over the next couple of years, and what are some of the steps you're taking around to build that out, and do you feel you have the capabilities on the fixed income front, systematic capabilities to capture the opportunities center?

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Yes, absolutely. I mean, we have, we hired a gentleman, Scott Richardson, to run this initiative 3.5 years ago who comes with an extraordinary pedigree in both equity and fixed income investing.

So Scott has built out and handpicked, I think, an outstanding team here today of a dozen or so people that have, and again we feel very well placed.

We've been very intentional about how we have gone to market with these strategies, as I say, our longest US high yield strategy will hit its 2 year anniversary.

Next month, closely followed by a global high yield and our US investment grade strategies all between 1 year and 2 years.

So I think, again, we are, we've certainly built very intentionally built the capability. Those track records are still in, I'd say incubation stage but not early incubation. I think much more midterm. We know in fixed income again the expectations around returns are that much smaller than they are in equities and so those 3 year track records, I do think are going to be.

Very important milestones for clients to gain comfort, but certainly when I look at the team that Scott has built, when I look at how integrated that is with the existing research team, the infrastructure of the firm here, I think we're going to be very well placed, over the medium to long-term in terms of generating. Meaningful returns for our investors and meaningful cash flows as well. So again, I feel very confident about it as we sit here today, but with all the caveats that again I think in this type of asset class, 3 years is clearly the benchmark that clients will be looking for in terms of gaining. But I do think that what Scott and the team have done in terms of building, very consistent positive performance, month over month, quarter over quarter is starting, to really resonate. So again, I feel very confident, where we are today and the expectations of that platform, being able to manage 10, 20+ billion. Certainly is the capability there over time. I just think, as I say, that those 3 year track records are going to be perhaps more important here than they might be in, some other more adjacent areas of our equity business.

Michael Cyprys *Morgan Stanley - Investor Relation*

Great, thanks so much.

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Operator

As a reminder, please press one on your telephone keypad to ask a question.

And this concludes our question-and-answer session. I'd like to turn the conference call back over to Kelly Young.

Kelly-Ann Young *Acadian Asset Management Inc - President, Chief Executive Officer, Director*

Well, thank you everyone for joining us today and I wish you all a great day.

Thank you.

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