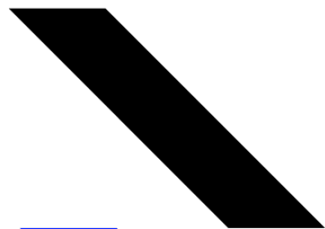


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Q4 2025 ACADIAN ASSET MANAGEMENT INC EARNINGS CALL

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CORPORATE PARTICIPANTS

- **Melody Huang** *Acadian Asset Management Inc - SVP 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**
- **John Dunn** *Evercore Inc - Equity Analyst*
- **Kenneth Lee** *RBC Capital Markets Inc - Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Acadian Asset Management Inc earnings conference call and webcast for the fourth quarter 2025. (Operator Instructions) Please note that this call is being recorded today, Thursday, February 5, 2026 at 11 AM Eastern Time.

I would now like to turn the meeting over to Melody Huang, SVP Director of Finance and Investor Relations. Please go ahead, Melody.

Melody Huang *Acadian Asset Management Inc - SVP Director of Finance and Investor Relations*

Good morning, and welcome to Acadian Asset Management Inc's conference call to discuss our results for the fourth quarter ended December 31, 2025.

Before we begin the presentation, please note that we may make forward-looking statements about our business and financial performance. Each forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those projected. Additional information regarding these risks and uncertainties appears in our SEC filings, including the Form 8-K filed today containing the earnings release, our 2024 Form 10-K and our Form 10-Q for the first, second and third quarters 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 or 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 slide deck we will use as part of today's discussion. Finally, nothing herein shall be deemed to be an offer or solicitation to buy any investment prospects.

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

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

Thanks, Melody. Good morning, everyone, and thanks for joining us today. I'm delighted to share our Q4 '25 and full year 2025 results with you. I'm pleased to highlight that we delivered breakout results across assets under management and profitability. We ended Q4 2025 on another high note. Our US GAAP net income attributable to controlling interests was down 18%, and EPS was down 14% compared to the year prior due to increased noncash expenses, representing changes in the valuation of Acadian LLC equity and profits interest.

Our ENI diluted EPS of \$1.32 was up 2%, driven by share repurchases, the highest level of quarterly ENI EPS in the firm's history. Our adjusted EBITDA was up 1%. We realized \$5.4 billion of positive net client cash flows in Q4 '25, 3% of beginning period AUM driven by enhanced extensions as well as emerging markets equity. And finally, AUM surged to \$177.5 billion as of December 31, 2025, making another record high for Acadian.

Moving to slide 3, full year 2025 strong outperformance. Our US GAAP net income attributable to controlling interest was down 6% and EPS down 0.5% compared to the prior year, driven by increased noncash expenses, representing changes in the value of Acadian LLC equity and profits interests.

We will discuss the full year ENI EPS and net flows on the following slide. Our adjusted EBITDA was up 9% compared to 2024, driven by significant growth in recurring management fees. Focusing on slide 4. This slide captures the exceptional and historic year 2025 was for Acadian. We generated \$29 billion in net client cash flows. That organic growth, combined with robust equity markets, drove our AUM to an all-time high of nearly \$178 billion as of December 31, 2025.

At the same time, our 2025 ENI total revenue grew to nearly \$549 million, up 9% from 2024. We also expanded our ENI margin more than 2 percentage points to 35.5% and reduced our gross leverage to 1x as of year-end 2025, down from 1.5 times at year-end '24. Finally, we delivered record annual 2025 ENI EPS of \$3.25, up 18% year over year, supported by greater ENI earnings and the efficient return of capital to our shareholders in the form of share repurchases. These milestones and financial results reflect our team's discipline and dedication in executing the organic growth plan we articulated when I assumed the CEO role at the beginning of 2025.

As we enter Acadian's 40th year in business, I believe we're better positioned than ever. We remain focused on delivering solutions and generating alpha for our clients as well as expanding targeted product and distribution initiatives that promise to deliver long-term growth and value for our shareholders. Turning to slide 5. Acadian's investment performance track record remains strong despite a challenging 2025. We have five major implementations, which comprise the majority of our assets.

As of December 31, 2025, global equity, emerging markets equity, non-US equity, small-cap equity and enhanced equity have 100% of assets outperforming benchmarks across three, five and 10-year periods. Global equity markets delivered strong returns in Q4 '25 to close out 2025. However, crowding in lesser quality, high beta stocks created a more challenging environment for the fundamentally driven signals such as quality that drive Acadian's approach, particularly in the second half of the year.

Towards the end of the year, value and quality-orientated stocks performed better, a welcome change after their struggles in Q3, and our performance improved in Q4 '25. As we enter a new year, we remain confident in our disciplined systematic approach and believe we're well positioned as markets begin to refocus on company fundamentals. Slide 6 details how our investment process has weathered various market cycles and generated meaningful long-term alpha for our clients.

Our revenue weighted five year annualized return in excess of benchmark was 4.7% as of the end of the quarter on a consolidated firm-wide basis. Our asset-weighted five year annualized return in excess of benchmark was 3.8% as of the end of the quarter. By revenue weight, 95% of Acadian strategies outperformed their respective benchmarks across 3-, 5- and 10-year periods as of December 31, 2025. And by asset weight, 91% of Acadian strategies outperformed their respective benchmarks across 3-, 5- and 10-year periods. The next slide highlights our sustained momentum in net flows. We realized positive net flows of \$5.4 billion in the fourth quarter, representing 3% of beginning period AUM.

The quarter's net flows were again diverse across products and client types. Enhanced extension and emerging markets equities all generated strong net client cash flows. As I referenced earlier, for the full year of 2025, we generated net flows of \$29 billion. And with positive flows of \$2 billion in 2024, we've now generated eight consecutive quarters of positive net flows. Our current pipeline remains robust and active after the funding of a number of significant client wins in 2025, and we expect continued positive momentum in the year ahead.

I'm now going to turn the call over to our CFO, Scott Hynes, 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 9. Our key GAAP and ENI performance metrics are summarized here on both a quarterly and full year basis. 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 10. Q4 '25 management fees of \$146 million increased 32% from Q4 '24, reflecting a 43% increase in average AUM, driven by strong positive net flows and market appreciation. Total ENI revenue of \$170 million increased from Q4 '24 by 2%, primarily due to recurring base management fee growth, partially offset by a decline in performance fees.

We have now delivered nearly 8% or higher quarter-on-quarter management fee growth for three consecutive quarters. And with fourth quarter end-of-period AUM of \$178 billion, we entered 2026 with a significantly stronger recurring revenue base. This stronger entry point enhances our confidence and our ability to deliver earnings, generate free cash flow, self-fund organic investments and return capital to shareholders.

Moving to slide 11. Q4 '25 ENI operating expenses increased 5%, primarily driven by higher sales-based compensation as well as general and administrative costs, including continued investments in IT and infrastructure. Our ENI operating margin expanded 338 basis points to 45.7% from 42.3% in Q4 '24, driven by increased ENI management fees, while our Q4 '25 operating expense ratio fell 10 percentage-points year over year to 40.9%, reflecting the impact of improved operating leverage. Q4 '25 variable compensation decreased 18% year on year, primarily driven by reduced performance fee-related compensation as well as increased noncash compensation.

In sympathy, our Q4 '25 variable compensation ratio decreased to 29.4% in Q4 '25 from 35.7% in Q4 '24, while our full year 2025 variable comp ratio decreased to 39.4% from 42.3% in 2024. Assuming revenue mix and levels similar to 2025, contractual allocations would imply a 2026 variable compensation ratio of approximately 40% to 43%. Turning to slide 12 on capital resources. As of December 31, 2025, we had \$101 million of cash and \$97 million of seed investments on the balance sheet with a \$200 million balance on our new term loan credit facility and 0 balance on our revolving credit facility.

We completed the previously announced refinancing of our \$275 million senior notes in Q4 '25, reducing our gross debt by \$75 million and helping lower our gross leverage ratio from the prior year by 0.5 turn to 1x and our net leverage ratio to 0.5 times. This refinancing has left our balance sheet stronger and more durable, better positioning us to navigate various market environments and to continue to return excess capital going forward. As a reminder, Acadian's leverage typically peaks in the first quarter of each year as we draw down on our revolver to fund annual compensation, but then declines through the year as we generate cash and pay down the revolver. We expect this dynamic to continue in 2026.

Moving to slide 13. 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 shares in Q4 '25. Over the same period, \$1.4 billion in excess capital was returned to shareholders through share buybacks and dividends. Share repurchases were suspended in Q4 '25 as balance sheet cash supported the previously discussed deleveraging. We repurchased 1.8 million shares of common stock in 2025, a 5% reduction in our total shares outstanding from the end of 2024 for an aggregate total of \$48 million.

Acadian's Board has declared an interim dividend of \$0.10 per share, an increase from the prior \$0.01 per share level to be paid on March 27, 2026, to shareholders of record as of the close of business on March 13, 2026. This increased dividend level reflects the Board's confidence in our recurring revenue base and continued strong free cash flow generation. Going forward, we expect to continue generating strong free cash flow and returning excess capital to shareholders through dividends and share repurchases.

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 on slide 14. Acadian is competitively positioned as the only pure-play publicly traded systematic manager with a 40-year track record and competitive edge in systematic investing. Our investment performance track record remains strong this quarter with more than 95% of strategies by revenue outperforming over 3-, 5- and 10-year periods.

Business momentum continued at pace in Q4 of '25 with net inflows of \$5.4 billion for the quarter and \$29.4 billion for the year, the highest annual NCCF in the firm's history and with record AUM of \$177.5 billion. Q4 '25 financial results included record

management fees of \$146 million, up 32% from Q4 '24. Record ENI EPS of \$1.32, up 2% from Q4 of '24 and operating margin expansion to 45.7%, up from 42.3% in Q4 '24.

Finally, capital management remained a focus in the quarter as we strengthened our balance sheet with the Senior Notes redemption and Term Loan A refinancing and announced an increase in our quarterly dividend to \$0.10 per share. Acadian is well positioned to continue to drive growth and generate value for shareholders through targeted distribution initiatives and strategic product offerings. Our talented and dedicated team is acutely focused on achieving these goals, and I look forward to building on the momentum we saw in 2025.

This concludes my prepared remarks.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

John Dunn, Evercore.

John Dunn Evercore Inc - Equity Analyst

I wanted to go back to the institutional pipeline. You said it remains robust. Maybe if you could just give a little flavor of the composition of it and maybe the cadence of timing you expect over the course of 2026.

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

John, of course, thanks for the question. Yeah, as I said, I think the pipeline remains very strong. And the pipeline looks exactly how we would want it to. So in terms of very diverse by product type, by geographies and by vehicle. We continue to see a lot of interest in enhance. As you know, that was a theme that we saw a lot through 2025. That continues, I think, to resonate with clients looking for lower risk but consistent returns at a lower fee, and we continue to see that as a key feature in the pipeline.

On the other end of the risk spectrum, our extension strategies, we've seen real interest there. I'd say, particularly from North America, but increasingly across the globe. So those are two key features and again, two of the key tenants that we talked about in terms of our growth strategy last year. And then a real resurgence of interest in some of our core strategies like areas like EM, which has been muted over the last few years. And that was a feature of cash flows in Q4, and we continue to see interest there, I think, as clients are looking for diversification away from the US and with strong tailwind from dollar weakening.

So again, it looks very diverse, really is, I'd say, the features of enhanced core and extensions continue to hold as themes. And again, we're continuing to see that diversification and interest really across the globe, driven by not just our US clients, but internationally as well. So again, broad pipeline, a continuation of some of the themes that we saw in '25. But as I say, with areas like EM that historically perhaps been a little more used over the last couple of years continuing now to sort of feature as a theme.

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

John, it's Scott. I'd just add to what Kelly provided there that since I joined last spring, and we obviously stare at very granular pipeline data, the levels have been remarkably durable even through, as you know, the digestion or the realization of some really large wins. So again, we feel incredibly well positioned going into the year. And as Kelly suggested from my chair, it's just remarkable the extent to which we've seen that pipeline refill.

John Dunn Evercore Inc - Equity Analyst

Got it. And then maybe just a word on your current areas of investment. And looking over the course of the year, any changes we should be thinking about in the more like fixed expense line items?

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

Yeah. I'll start, and I'll let Kelly add anything if she'd like. I mean, one, stepping back, I think we are very bullish in this regarding our ability to continue to generate positive operating leverage. We're focused on scaling the business. We're confident in our ability to do so. When we think about investment areas, I think there are some key areas, some of which are related to certain of the product initiatives that we've already announced in the last year.

So if you think about areas like systematic credit, I know Kelly and team have already talked to you and others about some of the continued investments we make there that takes the form usually at this point of people. So to make that more real dedicated salespeople, for instance, in systematic credit. When we think about technology, that's obviously a huge focus for us. It's part of the moat around the business. So we're seeing continued investments there, particularly around areas like data, how we work with data that does involve some ongoing AI investments just to allow our research team, for instance, to be more focused on strategies, achieving outcomes and less on manipulating data, so to speak.

So hopefully, that gives you a bit of a flavor of where we're headed. But again, I think overall on expenses, we made a lot of headroom this year in terms of realizing margin improvements. And as Kelly said earlier, we remain really confident in our ability the way the business is today to effectively self-fund the investments we see going forward. But there's certainly no step change. It's just ongoing investments in the areas where we see incremental growth like this amount of credit.

Operator

Kenneth Lee, RBC Capital Markets.

Kenneth Lee RBC Capital Markets Inc - Analyst

Just one on the outlook for capital returns and realize that you increased the quarterly common dividend there as well. How do you think about share repurchases in this context? Is there a certain level that you could be looking at or some kind of payout ratio? Any kind of guardrails around that?

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

Yeah. Thanks, Ken. I appreciate the question. Look, I think we feel really well positioned, right, in terms of capital return. I know as you know and our investors know we completed a refinancing last year. We think that makes the balance sheet much, much more durable, provides a lot more flexibility here. The business is behaving really well, generating a lot of free cash flow. The dividend, I would add, up from \$0.01 to \$0.10 a quarter is a signal, as I suggested earlier and Kelly underlined as well, a signal of confidence in the way the business is behaving and for that to be durable.

I would add that when you set that aside share repurchases, I would not want folks to misread that, that's some sort of either/or conversation. More reflection in that dividend increase of the business growing and scale in such a way in our level of free cash flow that we think that's durable, right? But that in no way is a binary either/or conversation with share repurchases. To be very direct on the levels, as I said, we want to be athletic. No, there's not a payout ratio per se that we're managing to.

And stepping back in terms of balance sheet management over time, and this is over the long term, I do think it is our intention to march more toward a net cash position versus net debt position. And the term loan we put on provides us flexibility in this regard. That was purposeful. But that's certainly not a rush. And we do think that share repurchases will be a priority this year. Again, very healthy free cash flow.

We did pause in the fourth quarter with that planned refinancing. That is over. That is done. And with more than \$100 million on balance sheet as we printed at the end of 4Q, let's put it this way. It wouldn't be our intention to just sit on that, right?

We're going to be athletic. We're going to be active. It is an output balanced against the investments that Kelly and the team would be looking at us for the finance side. But again, we think no step changes there. We largely have the investments we need for announced product initiatives. Could there be incremental seed capital? Yes. But again, there's no huge step change.

So again, that's a long way of saying that pause in repurchases is over. And we think, again, we're really well positioned heading into this year and the business is behaving well. And we're going to be active and athletic in this regard.

Kenneth Lee *RBC Capital Markets Inc - Analyst*

Got you. That's very helpful there. And one follow-up, if I may. I'm not sure whether I might have missed this earlier in the call, but what was the composition of net flows in the quarter in the fourth quarter? Were there any particular outsized mandates? Just want to see what strategies were driving some of the flows there?

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

Yeah, sure. Of course, Ken. Yes. No, just -- again, it was the sort of quarter that we really want to see from an NCCF standpoint. So no one big dominant mandate that's driving those numbers. Again, very diverse across, I'd say, everything from enhanced at the lower risk end through to extensions on the higher risk side. As I noted earlier, EM was EM core strategy was a core feature of Q4 flows as well. And very much balanced, I'd say, between international and our US clients.

So very diverse, not one large sort of theme there that's dominating on one particular mandate, very diverse, as I say, by strategy group, by geography of client and then by vehicle type, some of those separate accounts, some of those coming into our existing funds. So broad and diverse and exactly what we really want to see in the quarter from an NCCF standpoint.

Operator

(Operator Instructions)

There are no further questions at this time. 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*

In closing, I'd like to reiterate our excitement for the business. We were delighted by the 25% increase in net client cash flow in the period, the 52% increase in AUM and the 32% growth in management fees, and we remain incredibly positive for the trajectory for Acadian in 2026 and the continued strong growth ahead.

Thank you, everyone, for joining us today.

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