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Q2 2026 ACADIAN ASSET MANAGEMENT INC EARNINGS CALL

EVENT DATE/TIME: July 30, 2026 / 3:00PM UTC

CORPORATE PARTICIPANTS

- **Melody Huang** *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 Inc - Analyst*
- **Joe Tumillo** *Morgan Stanley - Analyst*
- **John Dunn** *Evercore Inc - Equity 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 Second Quarter 2026. (Operator Instructions) Please note that this call is being recorded today, Thursday, July 30, 2026, at 11:00 AM Eastern Time.

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

Melody Huang *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 second quarter ended June 30, 2026. 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 2025 Form 10-K and our Form 10-Q for the first quarter of 2026. 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 slides that 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 products.

Kelly Young, 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 thanks for joining us today. I'm delighted to share our exceptional Q2 '26 results with you. As Acadian celebrates its 40th anniversary, our assets under management and profitability continued to reach new heights with recent strong growth underscoring sustained momentum in our business and disciplined execution of our strategic plan.

Before turning to the quarter in more detail, I want to highlight an investment team update that reflects both continuity and ongoing investment in our capabilities. We're pleased to announce that Alex Voitenok, our Deputy Chief Investment Officer, will become Co-CIO alongside Brendan Bradley, effective January 1, 2027.

Alex has been with Acadian since 2012 and has played an increasingly important leadership role across our investment organization, specifically in the areas of portfolio construction, implementation, data infrastructure and investment engineering. This move further strengthens dedicated oversight across data, process, risk and trading as we continue to scale and allows Brendan to focus on investment policy, research innovation and strategic investment priorities.

We're also pleased to have welcomed Jonathan Briggs, formerly of TC43 and CPP Investments as well as certain other members of the former TC43 team to Acadian's investment organization. Their research, data engineering and modeling capabilities are highly complementary to our systematic investment platform and will help accelerate work already undertaken across our research and innovation agenda.

Taken together, these developments reflect the same strategic planning and organizational continuity that have defined Acadian for decades, disciplined systematic investing, continued investment in talent and technology and a steady focus on delivering long-term outcomes for our clients.

We are also pleased to see Acadian move up meaningfully in the latest annual Pensions and Investments largest money managers ranking, rising to number 62 from number 76 last year. While rankings are only one measure, we view this as further external recognition of the scale we've built and the momentum we are seeing across the business.

We continue to deliver outstanding results across all key metrics in the second quarter. Our U.S. GAAP net income attributable to controlling interests was up 170% and EPS was up 171% compared to the prior year, driven by increased management fees, partially offset by noncash expenses, representing changes in the value of Acadian LLC equity and profit interest.

ENI was up 107% to $47.5 million, and our ENI diluted EPS of $1.33 was up 108%, driven by revenue growth. Our adjusted EBITDA was up 79%. We realized $4.3 billion of positive net client cash flows in Q2 '26, representing a 9% annualized organic growth rate driven by enhanced and extension strategies. And finally, AUM grew 54% from Q2 '25 to $232.7 billion as of June 30, 2026, marking another record high for Acadian.

Turning to slide 3. Acadian's investment performance track record remains strong. Five major implementations comprise the majority of our assets. As of June 30, 2026, global equity, emerging markets equity, non-US equity, small-cap equity and enhanced equity have 100% of assets outperforming benchmarks across 3, 5 and 10-year periods with only one exception.

Global equity markets delivered strong double-digit performance in Q2 2026, while navigating significant volatility with a challenging geopolitical and macroeconomic backdrop. Emerging markets were standout performers, posting their strongest quarterly gain since 2009, which presented a tailwind for Acadian's portfolio returns.

Acadian generated strong investment performance with broad-based outperformance across most major strategies. Our short-term performance continued to improve in the quarter. 77% of assets outperformed over the trailing one-year period. We believe these results reinforce the consistency and resilience of our disciplined systematic investment process, which has been built and refined over Acadian's 40-year history.

Slide 4 details how our investment process has generated meaningful long-term alpha for our clients. Our revenue-weighted five-year annualized return in excess of benchmark was 4.3% as of the end of Q2 '26 on a consolidated firm-wide basis. Our asset-weighted five-year annualized return in excess of benchmark was 3.6% as of the end of the quarter.

By revenue weight, 96% of Acadian strategies outperformed their respective benchmarks across 3, 5 and 10-year periods as of June 30, 2026. And by asset weight, 94% 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 $4.3 billion in Q2 '26, representing a 9% annualized organic growth rate. Gross inflows were diverse across products and client types and driven by enhanced and extension strategies. We've now generated 10 consecutive quarters of positive net flows, and we continue to focus on renewing our pipeline, which remains very healthy and active after the funding of a number of significant client wins in Q2 2026.

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 7. Our key GAAP and ENI performance metrics are summarized here on a quarterly 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 8. Total ENI revenue of $183 million increased 47% from Q2 '25, primarily due to recurring management fee growth and an increase in performance fees. Q2 '26 management fees of $177 million increased 44% from Q2 '25, reflecting a 66% increase in average AUM, driven by market appreciation and continued positive net client cash flows. With average AUM of $220 billion in the second quarter of 2026, we continue to expand our recurring management fee base and strengthen Acadian's earnings power.

Moving to slide 9. In Q2 '26, ENI operating expenses increased 19%, primarily driven by higher G&A expenses, including continued investment in technology and infrastructure as well as AUM-driven servicing costs, increased sales-based compensation and higher fixed compensation and benefits.

Our ENI operating margin expanded nearly 10-percentage-points to 40.3% from 30.7% in Q2 '25, mainly driven by increased ENI management fees, while our Q2 '26 operating expense ratio fell 8-percentage-points year-over-year to 36.8%, reflecting improved operating leverage.

Q2 '26 variable compensation increased 39% year-on-year, primarily driven by higher profit before variable compensation. Our Q2 '26 variable compensation ratio decreased to 37.5% in Q2 '26 from 45.4% in Q2 '25. Assuming revenue mix and levels similar to Q2 '26, contractual allocations would imply a full year 2026 variable compensation ratio of approximately 38% to 42%.

Turning to slide 10 on capital resources and our strong balance sheet. As of June 30, 2026, we had $65 million of cash and $110 million of seed investments on the balance sheet. with a $200 million balance on our term loan credit facility and no outstanding balance on our revolving credit facility. Note that the company's strong cash flow generation supported repayment of seasonal revolver borrowings during the second quarter.

As of Q2 '26 period end, our gross debt to adjusted EBITDA ratio was 0.8 times, while our net debt to adjusted EBITDA ratio was 0.5 times. Note that our gross leverage ratio of 0.8 times is improved from year-end 2025, supported by greater last 12 months adjusted EBITDA and is well below the 1.5 times through-the-cycle gross leverage ratio target identified at our May Investor Forum.

Moving to slide 11. 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 35.7 million shares in Q2 '26. Over the same period, $1.5 billion in excess capital has been returned to stockholders through share buybacks and dividends. During Q2 '26, we repurchased 0.2 million shares or $10.6 million of stock at a volume-weighted average price of $69.92.

AAMI's Board has declared an interim dividend of $0.10 per share to be paid on September 25, 2026, to shareholders of record as of the close of business on September 11, 2026.

Going forward, we expect to continue generating strong free cash flow, prioritizing organic growth and balance sheet flexibility and then returning excess capital 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 12. 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 96% of strategies by revenue outperforming over 3, 5 and 10-year periods.

Business momentum continued at pace in Q2 '26. with net inflows of $4.3 billion for Q2, a 9% annualized organic growth rate, reflecting 10 consecutive quarters of positive net flows and achieving AUM of $232.7 billion, up 54% from Q2 of '25 and the highest in the firm's history. Q2 '26 financial results included record management fees of $177 million, up 44% from Q2 '25. ENI EPS of $1.33, up 108% from Q2 '25 and operating margin expansion to 40.3%, up 10 percentage points from 30.7% in Q2 of '25.

Finally, capital management remained a focus in the quarter as we strengthened our balance sheet with conservative leverage ratios and earlier than typical repayment of seasonal revolver borrowings and continue to invest in organic growth and return excess capital to shareholders. Pleased with our second quarter results, we remain focused on disciplined execution going forward.

And this concludes my prepared remarks.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Kenneth Lee, RBC Capital Markets.

Kenneth Lee *RBC Capital Markets Inc - Analyst*

Wondering if you could talk about your institutional pipeline, maybe some additional color, any details of composition as well, if you could share that.

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

Yeah, of course. Ken, nice to speak to you again. The pipeline continues to look very healthy across different strategies and client domiciles despite the record-breaking first half of 2026 that we've seen. We continue to refund. sorry, fund replenish if we've had these sizable wins.

I'd say the themes are kind of fairly consistent with those that we've talked about over the last couple of quarters. Demand for our enhanced equity strategies remains very strong. That was characterized, I'd say, by mostly by non-US clients a year or so ago, but we're seeing that really pick up as a global trend now. And the other area of real interest that we're seeing is within our extension strategies.

I think as you remember, when we laid out our strategic plan about 18 months ago, we talked about enhances a nearer-term opportunity, and we thought extensions more medium term. We are seeing that momentum continue to pick up.

And of course, Acadian's long-term track record in our long-only strategies continues to be the evergreen interest in those. I'd say particularly our broader and more diversified strategy, so global non-U.S. EM allocations, those are areas where we continue to see interest. As I noted, we there's broad interest from clients globally. So this isn't really a case of pockets of interest from different geographies.

This is very much, it's very much global in nature when we look at the pipeline.

Kenneth Lee *RBC Capital Markets Inc - Analyst*

Got you. Very helpful there. And one follow-up, if I may, just in terms of the variable comp expense came in a little bit lower than what we expected. Any particular drivers there that would explain the movement there in the quarter?

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

Yeah. Ken, it's Scott. Thanks again for joining. So on variable comp, the quarter-on-quarter move, the big driver there is a good news story for us, and that's the growth in the management fees, right, and the management fee profit. So when you think about that variable comp and both how it's moving quarter-to-quarter and that full year, if you will, statement we make about where we expect to land on the full year, for all intents and purposes, I'd encourage you to think of three things moving around in relation to another -- in relation to one another.

The first is the size and how we think or know, obviously, management fees have come in and the management fee profits have come in year-to-date and where, of course, we expect them to go for the rest of the year and performance fees. And then there's a piece that for all intents and purposes doesn't move around, that's the deferred compensation piece that has been there from years prior.

So long story short, if management fees are growing proportionately more quickly, larger than the performance fees, that would typically put that variable compensation ratio down. So that's what's going on here this quarter and why you saw the change quarter-on-quarter and why you saw that full year outlook tick down a little bit. It's because of the flows we saw and the relative growth in the management fees year-to-date.

We continue to feel really good about performance fees and how the year is shaping up, but it is proportional. So that recurring management fee profit pool has grown to an extent and the second quarter was so positive relatively that, that moved around the variable compensation ratio in the way that I described.

Operator

Joe Tumillo, Morgan Stanley.

Joe Tumillo *Morgan Stanley - Analyst*

Joseph Tumillo for Michael Cyprys. I guess my first question is on private wealth. Can you update us on your strategy and how you're thinking about the product wrapper and the approach to distribution, particularly around the tax aware dynamic extension strategy?

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

Joe, nice to speak to you. About 20%, 25% of our assets today are intermediated with the wealth channel. So we do have a sizable business. It's an area that Acadian has always had clients. But as you know, we were very excited in the second quarter to launch our tax aware capabilities.

And we actually launched two funds during the quarter, global tax aware and a US tax aware. And we now manage total assets in those two strategies of GBP100 million, and the vast majority of that is external capital.

So we think there's real opportunities for this as clients are thinking about after-tax outcomes. We think our process is particularly well designed to help clients with this. Again, obviously, long-term consistent alpha and our extension strategies are going to form the basis of this. So we're very excited.

On the distribution side, we have a very large distribution team, very experienced, well tenured. Again, we have had wealth clients for a number of years. So the team have built very deep and meaningful relationships there. And again, we feel very excited about the prospects.

I think many people will have noted, we recently were in the press with another large wealth win with one of our existing partners in the UK, a large UK wealth manager, one of the premier managers in the U.K. So again, continue to see real demand there. And we think that the tax aware capabilities just opens up an avenue to us in the US. And again, very excited to see the progress we've made there in the couple of months since we launched those two strategies.

Joe Tumillo *Morgan Stanley - Analyst*

Great. And I guess as my follow-up, as I recall at your recent Investor Day, I think you guys noted 27 of your top 50 clients are invested across multiple Acadian strategies. So I guess I'm just curious how much of your current sales pipeline is cross-selling versus new customers? And I guess if you could speak to some of your actions you're taking to expand penetration within the existing client set, what hurdles exist or challenges? And really, how do you plan to overcome those to really accelerate the traction on cross-selling?

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

Of course. No, it's a great question. We have incredibly deep relationships with our clients. And again, as we noted at the Investor Day, many clients have multiple mandates with us. And I think that speaks to the level of trust and commitment that our clients have in Acadian and our average tenure client tenure is longer than industry average.

So I think we have built a world-leading team on the client service side. I'm delighted with the work that they've been doing, and I think we're in very good shape when I look at our overall client retention and opportunities. But as I say, a huge number of our clients do have multiple mandates with us.

Cross-sell is always a meaningful part of our pipeline. I think that will continue to be the case going forward as we continue to develop strategies that we think are solving problems for our clients across the globe. I think a good example of that more recent trend we've seen with some of our clients moving towards extensions from long-only mandates. And we've obviously been working very hard to support them around that.

But a trend like that, Joe, I think we're attracting both new clients and seeing existing clients convert. So I think because of the nature of our client base is very broad, sophisticated, very large institutions. The issues that they're facing, the things that they're sort of wrestling with, that they're thinking about, I think often just reflecting broader market demand.

So I guess in answer to your question, again, we feel very well positioned with our clients. We're delighted with the relationship, the trust that we've built over the years. And again, cross-sell will be a very meaningful part of our sales going forward. But I don't think there's anything we need to do to change what we're doing. We've been very successful there.

And again, I think that's credit to what the relationship management team have been able to do at Acadian over the four decades that we've been around.

Operator

John Dunn, Evercore ISI.

John Dunn *Evercore Inc - Equity Analyst*

I think on systematic fixed income, I think the U.S. high-yield product hits a benchmark later towards the end of the year. Maybe has there been any movement or traction leading up to that? And then just more broadly, an update on where you think that segment can go in the next few years?

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

Yeah. That's a great question, John. Nice to speak to you again. As you say, US high yield will be hitting its three-year track record towards the end of this year.

And I'm very pleased with the performance and the resilience of not just that track record. I should say, sorry and as well as the US investment grade and our global high yield. I think the credit team here have done a great job building a very resilient, consistent positive track record. And that's starting to see traction with clients and new potential investors.

I'd say when I look at the pipeline, we're continuing to see that deepen, and we're seeing it start to mature from early-stage opportunities. I think as I've said on previous calls, we always expected asset raising to ramp up more in 2027 when those three-year track records are in place, and we don't set hard AUM targets around that.

But certainly, the conversations we've been having over the last quarter or two have led me to feel very good about some nearer-term opportunities. So I think we're completely on track with where we'd like to be with credit. So the nature of those conversations are changing and moving to more later stage versus kind of early-stage discovery type meetings.

And just in terms of the number of meetings and number of investors we're meeting, that's ramped up quite significantly in this year, and I think we'll continue to do so through the second half. So again, feeling very good about where we are with credit and again, feeling positive about a couple of near-term opportunities as well.

John Dunn *Evercore Inc - Equity Analyst*

Got it. And then maybe could you talk about the exit rate of the fee rate? It seems like the big St. James Place win is in the numbers. So going forward, maybe there should be it should moderate down, but at a more modest pace.

Is that the right way to think about it?

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

Yeah. John, it's Scott. Thanks again for joining in. Yes, I think the intuition is spot on. And for all intents and purposes, to be clear, there's no real change here from certainly from our investor forum in May or really last quarter.

And more specifically, we did have, as you know, a large installation again on the enhanced side late the prior quarter, meaning late in 1Q '26. So full run rate impact of that wasn't really realized until this quarter. That was the predominant driver of that rate move.

But for all intents and purposes, there's no real change here from the investor forum dialogue or the prior quarter and that year-on-year, we did see a meaningful change in the fee rate, call it again, upper 30s down to lower 30s today. But we think it's more stable than not going forward.

And that while there are still opportunities that Kelly has already noted on the enhanced side, which do typically come in at a lower fee rate, it's just not the same step change year-on-year now that enhances, call it, 30-some percent of our AUM mix. So again, I think the direction of travel is more stable than not where we're at this quarter. As you know, there's a lot of external factors at play with that blended fee rate, client demand, things that are going on in the market.

So it can move around a bit. But again, I think the direction of travel as we look at our forecast and the pipeline and how it's most likely than not to play out would be relative stability here in and around this quarter.

Operator

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

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

I'd like to thank everyone for joining us today, and hope you all have a great day. Thank you.

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