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Q3 2026 ACADIAN ASSET MANAGEMENT INC. EARNINGS CALL

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CORPORATE PARTICIPANTS

- **Melody Huang** *Acadian Asset Management Inc. - Senior Vice President and 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*
- **John Dunn** *Evercore Inc. - Equity Analyst*
- **Joseph Tumillo** *Morgan Stanley & Co Ltd - Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Acadian Asset Management Inc,. earnings conference call and webcast for the third quarter 2026. (Operator Instructions) Please note that this call is being recorded today, Thursday, October 29, 2026, at 11:00 AM Eastern time.

I would now Ilike 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 and Director of Finance and Investor Relations*

Good morning and welcome to Acadian Asset Management Inc.'s conference call to discuss our results for the third quarter ended September 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 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 8-K filed today containing the earnings release of 2025 Form 10-K and our Form 10-Q for the first and second quarter of 2026.

Any forward-looking statements that we make on this call are based on the 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.

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Finally, nothing herein shall be deemed as 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. I'm pleased to report another strong quarter for Acadian with outstanding investment performance, continued positive client flows, record assets under management, and record profitability.

As we mark Acadian's 40th anniversary, our business continues to build significant momentum. Assets under management have more than doubled since the end of 2024, and we're seeing the benefits of that growth translate into our financial results.

Before turning to the quarter, I'd like to offer some broader perspective on the progress we're making across the business. We've now delivered 11 consecutive quarters of positive net client flows. Following organic growth of more than 20% in 2025, we've generated $28.3 billion of net inflows in the first nine months of 2026, representing 21% annualized organic growth.

These are exceptional levels of growth and reflect sustained demand for our investment capabilities. Institutional funding will naturally vary from quarter to quarter, but our pipeline continues to replenish and we're encouraged by the level of client activity and the opportunities ahead of us.

Enhanced equity remains an important growth engine, now representing more than 30% of our assets under management. Our extension strategies also continue to attract strong institutional interest and now represent approximately 5% of AUM.

Second, our investment performance remains exceptional. Across the firm, 96% of our revenue-weighted strategies are outperforming their benchmarks over three, five, and 10-year periods. And our shorter-term performance has strengthened considerably with a proportion of revenue represented by outperforming strategies over the trailing one-year period, increasing to 95% from 73% a year ago.

We believe this combination of strong long-term track records and improving recent performance reinforces our competitive position and provides a solid foundation for continued client demand.

Third, we're making progress in expanding our growth opportunities. In systematic credit, we expect to receive our first external institutional funding later this year from a prominent US asset owner, an important milestone.

We're also seeing encouraging early traction in our tax aware strategy, which launched in May and has received initial client funding.

During the quarter, Acadian was selected as an inaugural investment manager for UBS Global Wealth Management's new Exclusive Manager Access Fund program in Asia, creating another opportunity to bring our institutional investment capabilities to wealth clients. These initiatives are still at different stages of development, but they represent additional avenues for growth alongside our established strategies.

Finally, the growth in our business is translating into strong financial performance. Reoccurring management fees increased 38% year over year, while our E&I operating margin expanded to 42.6%, reflecting the operating leverage in our business model.

Taken together, I believe these results demonstrate the strength of our investment franchise, the consistency of client demand, and the opportunities we have to continue growing the business.

With that context, let me turn to our third quarter results. As seen on slide 2, we continue to deliver outstanding results across key metrics in the third quarter.

Our US GAAP net income attributable to controlling interests was up 135% and EPS was up 138% compared to the prior year, driven by increased management fees and partially offset by non-cash expenses representing changes in the value of Acadian LLC equity and profit interests.

E&I up 78% to $48.3 million and our E&I diluted EPS of $1.36 was up 79% driven by revenue growth. We realized $2.6 billion of positive net client cash flows in Q3 2026, representing a 4% annualized organic growth rate driven by enhanced and extension strategies.

And finally, AUM grew 44% from Q3 2025 to $239.6 billion as of September 30, 2026, marking another record high for Acadian.

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Turning to slide 3, Acadian's investment performance track record remains strong. Five major implementations comprise the majority of our assets. As of September 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.

Global equity markets advanced modestly in Q3 2026. Impacts from resilient economic growth and continued AI-driven investment more than offset elevated geopolitical tensions as well as higher energy prices. Developed markets outperformed emerging markets, while value and quality significantly outperformed growth and momentum factors in general.

AMI generated strong alpha in the third quarter across most major strategies, driven primarily by the strength of the Cadience factor model, with particularly strong contributions from EM, small cap, and extension strategies.

Our short-term performance continued to post meaningful improvement in the quarter. 95% of assets outperformed over the trailing one-year period. We believe these exceptional performance 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 4.8% as of the end of Q3 2026 on a consolidated firmwide basis.

Our asset-weighted five-year annualized return in excess of benchmark was 3.9% as of the end of Q3 2026. By revenue weight, 96% of Acadian strategies outperformed their respective benchmarks across three, five, and 10-year periods as of September 30, 2026. And by asset weight, at least 94% of Acadian strategies outperformed their respective benchmarks across three, five, and 10-year periods.

Turning to net flows, we continue to see positive momentum across the business. We generated $2.6 billion of net inflows in Q3 2026, representing a 4% annualized organic growth rate and bringing year-to-date net inflows to $28.3 billion or 21% annualized organic growth. This marks our 11th consecutive quarter of positive net flows.

Gross inflows remained healthy and diversified across products and client types led by our enhanced and extension strategies. Our extension strategies, which provide clients with a higher conviction approach to systematic investing, now represent approximately $13 billion of AUM, reflecting continued strong demand. While net flows moderated this quarter, this largely reflected certain rebalancing portfolios following strong equity market appreciation.

And with that, I'll turn it over to Scott to review our financial results and capital allocation priorities.

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 E&I performance metrics are summarized here on a quarterly basis. As previously noted, we manage the business using E&I metrics, which better reflect our underlying operating performance. You can find complete GAAP to E&I reconciliations in the appendix, and now to our core business results.

Starting on slide 8, total E&I revenue of $189 million increased 39% year over year, primarily driven by growth in recurring management fees. Management fees of $188 million increased 38% year over year, reflecting higher average AUM driven by market appreciation and continued positive net client cash flows.

Moving to slide 9. E&I operating expenses increased 18%, primarily driven by higher G&A expenses, including continued investment in technology and infrastructure, AUM-driven servicing costs, and higher compensation expenses. Variable compensation increased 21% year over year, primarily driven by higher profit before variable compensation.

Our E&I operating margin expanded nearly 9 percentage points to 42.6%, primarily driven by higher recurring management fees, while our operating expense ratio fell 6 percentage points year over year to 37.1%, reflecting improved operating leverage.

The variable compensation ratio decreased approximately 9 percentage points year over year to 32.6%. The full year 2026 variable compensation ratio is now expected to be approximately 34% to 38%, with the realized ratio informed by the level and timing of performance fees and deferred compensation.

Turning to slide 10 on capital resources and our strong balance sheet. As of September 30, 2026, we had $150 million of cash and $113 million of seed investments on the balance sheet. Facility and no outstanding balance on our revolving credit facility.

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As of September 30, 2026 period end, our gross debt to adjusted EBITDA ratio was 0.7 times and our net debt to adjusted EBITDA ratio was 0.2 times. Note that our leverage ratios have improved from year-end 2025, supported by greater last 12 months adjusted EBITDA and our gross leverage now well below the 1.5 times through the cycle target detailed 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 59% from 86 million in Q4 '19 to 35.6 million shares in Q3 '26. Over the same period, $1.5 billion in excess capital has been returned to stockholders through share buybacks and dividends.

AAMI's Board has declared an interim dividend of $0.10 per share to be paid on December 23, 2026 to shareholders of record as of the close of business on December 11, 2026. There were no share repurchases in Q3 '26.

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 three, five, and 10-year periods.

Business momentum continued a pace in Q3 '26 with net inflows of $2.6 billion for Q3. A 4% annualized organic growth rate and reflecting 11 consecutive quarters of positive net flows and achieving AUM of $239.6 billion, up 44% from Q3 of 2025, the highest in the firm's history.

Q3 '26 financial results included record management fees of $188 million, up 38% from Q3 '25. E&I EPS of $1.36, up 79% from Q3 of '25 and operating margin expansion to 42.6%, up 9 percentage points from 33.2% in Q3 of '25.

Finally, Capital Management remained a focus in the quarter as we strengthened our balance sheet with conservative leverage ratios and continued to invest in organic growth and return excess capital to shareholders. Pleased with our third 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*

Hey. Good morning and thanks for taking my question. Just curious whether you could talk a little bit more about your institutional pipeline, what you're seeing within their composition and any color around that?

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

Of course. Hi, Ken, nice to talk to you again. The pipeline remains very robust across strategies and client geographies. We've continued to replenish it after following some very sizable mandate fundings in recent quarters.

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I'd say demand for enhanced equity remains strong and we're seeing particularly good momentum in our extension strategies. And I think extensions is an area that I'd highlight. Assets have grown there from approximately $5 billion a year ago to over $13 billion today, so an increase of nearly 170%. Those strategies are offering clients higher conviction implementations of our approach.

I think, as we offer those in 130/30 and 160/60 flavors and that growth, I think, has really been supported by very strong investment performance. So we continue to see real significant interest coming through in the pipeline there. I think importantly, we have meaningful capacity to support further growth and attractive fee economics make extensions particularly interesting for our business.

The tax aware capability is also building on those established extension capabilities. And again, I think that's providing another avenue for growth for us. Beyond enhanced and extension, we're seeing some really healthy demand across our core equity strategies as well.

And that has been quite diverse in nature, but particularly global emerging markets and a number of our non-US and international strategies. So very encouraged to see that as well as an uptick in our systematic credit pipeline over the past quarter.

I think importantly, we're continuing to convert opportunities into mandate wins. We have a meaningful amount of awarded business that's awaiting funding again across those extension enhanced dimensions and several of the core strategies that I mentioned.

The timing of institutional fundings is obviously ultimately client driven, but I remain very encouraged by the breadth of those opportunities and by the mandates we're winning and the continued strength of investment performance which is supporting that pipeline growth.

Kenneth Lee *RBC Capital Markets Inc - Analyst*

And just one follow-up, if I may, just in terms of capital management, you didn't repurchase any shares in the quarter, but just wondering if there's any updated outlook around capital returns, more specifically repurchases?

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

Yeah, Ken, it's Scott and thanks for your time this morning. No real update, particularly since the May investor forum, which I know you joined with us. The priorities remain unchanged in this regard in that we're primarily focused on organic growth, maintaining a strong balance sheet and then returning excess capital from there.

So buybacks continue to be an important piece of that framework. And I've used the word athletic before, I'll use it again, we just want to remain athletic, look for particular opportunities when there's real efficiencies and buying back and that continues to be the posture today. So looking forward, no changes, I would say that on the balance sheet we're conservatively levered.

But for all intents and purposes, I think Kelly and I inherited some senior debt, which has now been refinanced into a term loan. I think we could still have an opportunity to chip away at that in an accretive way to EPS, but no urgency there, particularly given that we're conservatively levered today. So no real change in the priorities. Like I said, we literally look at it every day and actively manage it, and it continues to be.

A priority going forward. It's just balanced again, like I said, against organic growth and maintaining a robust balance sheet, which again we have today. Hopefully, that's of help.

Operator

John Dunn, Evercore.

John Dunn *Evercore Inc. - Equity Analyst*

It was good to see the fee rate stable quarter-over-quarter. Maybe beyond extension equities, could you go through some of the puts and takes there and maybe the outlook for the next stretch?

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

Yeah, John, it's Scott, and I'll start. In all kind, I think it's a completely sympathy with what Kelly just said on the first question there. I think extensions was an important driver. I've continued to be impressed and you see it in the fee rate.

We talked with you about this before that it is very dynamic that we did have a bit of a step change or reset, if you will, as we saw those very large institutional driven enhanced wins. Those pulled through the very large chunky ones.

But make no mistake, the AUM mix from Enhanced, as has grown substantially in the last few years up to now about 30% of AUM. So that's important.

But again, I think that's pulled through and why it continues to be a source of growth going forward. It is dynamic each quarter. And as Kelly said, there are other strategies, there are other products that are top of mind and increasingly so from our clients and extensions is there.

I would note and that was obviously a large driver of the stability in the fee rate we saw quarter on quarter was that the basis points fee rate all in on our inflows this quarter was higher than the outflows. That's not something we had seen in all candor when inflows was predominantly weighted on enhanced, which as.

Typically would come in on a blended basis in that 30, mid-30ish, lower 30th blended basis. We've been running often lower than that given the size and their intentions.

But as we said, each quarter is dynamic and it's not just one way. And I think in this quarter, as I said, you had the dynamic go the other way driven by extensions. And I would also add in that regard that extensions with that also helps inform performance fees going forward. The relative amounts of our performance fee eligible AUM remains roughly unchanged, call it around 12%. But within that, it's populated more and more by extension.

So that's a nice opportunity there. So long story short, it is a dynamic situation. That blended fee rate we print every quarter is subject to market conditions and various puts and takes and inflows and outflows that we're not completely in control of. But like I said, we are hard to see the stability of the blended rate quarter on quarter.

And like I said, it can go in various ways. And it did this quarter, like I said, the inflows of fee rate being higher than the outflows, again, largely driven by the very good news from extensions. And we continue to see demand there. So we'll wait and see. But like I said, it is not a one-sided story in regards to the direction of travel, the fee rate per se. It is dynamic. And again, that's why I think we saw it hold in the way that it did flattish this quarter.

John Dunn *Evercore Inc. - Equity Analyst*

Got it. And then on the lowered range for variable expenses, is there something a one-time nature about that for the fourth quarter or has something changed and that could be more of a sustainable range going forward?

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

John, if I heard you right, I think you're talking about the variable compensation ratio. That was the question? Yeah. So it is noisy. Look, I think stepping back, our compensation structure, I think, as is largely formulaic.

However, having said that, in any given quarter, you also see that ratio be informed by not only the relative level of earnings before the variable compensation, and that of course includes management fees and performance fees, but also some deferral dynamics, right, incurred in regards to prior deferral awards, particularly from prior performance fees. And awards associated with those performance fees. So there's some recognition timing that comes through in any given quarter.

Now we do look ahead and try to provide a steer for our investors of where we think that ratio lands on a full year basis. And I would remind people again that there is, for all sense of purposes, some real noise given those deferral dynamics I suggested.

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Or referenced earlier in any given quarter. So I think the full year is the right way to look about it. There is some seasonality there, particularly given where performance fees land. So that is the ratio we've provided that range of 34 to 38% in part informed by an outlook on performance fees.

But to be clear, we feel very well positioned today. I think you may have noticed. And we referenced it in our prepared remarks that the trailing one-year percentage of our strategies outperforming fence marks increased materially year over year from something like mid-70%s to a year ago outperforming to closer to 95% trailing 12 months as of this most recent past quarter. So we feel like standing where we are here at the end of October, we're well positioned for a solid performance big year.

All else equal, that would push, if you will, the variable compensation ratio down. But it's very dynamic in any given year. So short answer to your question is I would not necessarily at all pencil in a 34 to 38% range necessarily going forward for each and every year. It is where we think we land right now, recognizing there is a lot of variability with two months to go in the performance fee picture, but we feel good about it, but it's our best year. Hopefully, that's of help.

John Dunn *Evercore Inc. - Equity Analyst*

Yes, great. Thank you.

Operator

Joe Tumillo, Morgan Stanley.

Joseph Tumillo *Morgan Stanley & Co Ltd - Analyst*

Hey. Good morning, everyone. Joe Tumillo for Mike Cypress. I just want to talk about the wealth, private wealth opportunity and the scope to extend your IP to distribute more to the wealth channel, especially in light of the EBS partnership you just listed.

I guess, first, when should we start seeing or start to expect a flow dynamics to be impacted by that partnership? And then secondly, is there any scope for other organic or inorganic partnerships to help accelerate more. Penetration to that channel? And then can you also talk about the resources you have in place to capture that opportunity?

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

Sure. Hi, Joe. Nice to speak to you again and thanks for the question. Yeah, global wealth is an important growth opportunity for us. It's an area that we see is continuing to expand our presence. I think, as we already have established business in the channel and so we see considerable opportunity to really build on that foundation over time.

The approach is very much to leverage existing investment capabilities and the. That we already have developed for institutional clients versus going direct to retail, for example, and making them available to a broader investment base through partnerships.

In recent quarters, we've obviously announced the partnership with St. James's Place, as you noted, I referenced. The partnership with UBS Global Wealth Management, we've already seen funding starting to come in from that partnership. We're really excited about the dynamics there.

And again, it's the opportunity to bring our extension capabilities to private wealth clients. So again, another channel for extensions, again, where we have long-standing track records there for opening that new avenue of growth.

We're also expanding access through our USITS platform that's been established for well over 20 years at this point, but particularly in international markets, we're seeing real interest there and again continuing to build out that range and then obviously TaxAware, which is addressing specific needs of US wealth clients.

Our focus is very much continuing on establishing either working with established relationships, whether that be St. James's, UBS, establishing new relationships so that we can reach more clients through our partners.

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But again, it isn't about building out a new distribution infrastructure. So it's an attractive opportunity in large part because we see a way of increasing our client base, but also because we think we need fairly limited additional resourcing versus where we are today. Again, that may change over the next. 12, 18, 24 months of some of these partnerships develop.

But again, we feel very comfortable with the distribution team, the sales team we have today, certainly with the investment capabilities that we have today and some of those very deep institutional quality partnerships that we've been able to establish.

Joseph Tumillo *Morgan Stanley & Co Ltd - Analyst*

Okay. Great. Thank you for that color. And as for my follow-up, I mean, you guys delivered a really strong operating margin for the quarter, over 42%. I think this is a little bit above the the aspirational guide you guys laid out at your investor forum. I guess how should we think about the margin profile going forward? Is this result repeatable on a more sustained basis? I guess if you could unpack some of the more of the moving pieces here.

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

Hey, Joe, it's Scott. Thank you for that. Look, we feel good. But in sympathy with what I said in a different way about the variable compensation ratio, I think it's important that we hear ourselves around full year results. But again, I think we feel very good.

As you rightly pointed out in May, we identified a near-term aspirational target of 38% to 40%, standing here at the end of October, we feel like we're really well positioned, knock on wood, literally, to realize that perhaps a little earlier than expected for the full year if things go as we're looking at today.

Now, if that happens, might we revisit the aspirations, we might because the business continues to scale awfully well. Again, there is some noise and puts and takes about compensation and obviously it is important.

In this regard, again, where we land on performance fees and reading that across for any year. But again, I think we're very well positioned this year for the full year. I know we printed just a little bit above 42% for the quarter, so that feels good. But now the onus is on us to realize it for the full year within or above that target range. Again, I think we're well positioned to do so.

I think unpacking a little bit, like I said earlier on in regards to the variable compensation ratio, that's largely a formulaic dynamic and the puts and takes are laid out in our quarterly filings. So it's largely symmetrical with earnings and sharing with the employees in an appropriate way.

In regards to OpEx, it's behaving in a good way. As you'd expect, we continue to see some growth. That effectively scales with our higher levels of AUM. So those fund servicing costs, including also sales related costs, you've seen those come up, but that's as expected and in no way surprising given really a step change in size of the AUM just in the last 12 to 18 months.

And then alongside of that, we continue to invest, but it's in a disciplined way and it's in the areas that you might expend, so where are we seeing. Growth and expenses, it's not only talent, which obviously continues very important, but as a systematic manager, as you would expect, technology, data and obviously ongoing, like I said, on the distribution side and people in that regard. So we continue to invest there, but feel like we're well positioned to do so.

And none of that adds up to a step change in our expenses. So again, feel good for the year to realize that full year aspirational target of 38 to 40%.

And then we'll take it from there, but I think we remain optimistic as a management team as I'm looking at my CEO here that we can continue to invest, deliver what we need to our clients and invest in the business and continue to realize some ongoing margin expansion because it feels very good right now.

And again, hopefully, if we have the opportunity to revisit that target, we'll do so, but let's print the full year first. Again, it feels good right now. Hopefully, that's of help.

Operator

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

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

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

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