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Moderator: Gurjit Kambo

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Operator: Good day, everyone, and welcome to Petershill Partners First-Half 2024 Results Call. At this time, all participants are in early listen-only mode. After the speaker presentation, there will be a question-and-answer session. I would like to advise all parties that today's call is being recorded. Now I would like to hand the conference over to Gurjit Kambo, responsible for Investor Relations for Petershill Partners. Please go ahead.

Gurjit Kambo: Good morning, everyone. A very warm welcome to you, and thank you for joining us today to discuss Petershills Partners first-half 2024 results. Before we begin, I'd like to remind you that during this call we may make a number of forward-looking statements which could differ from our actual results materially, and Petershill Partners assumes no obligation to update these statements. A replay of today's call will be available on the investor relations section of our website, along with a copy of our interim results and presentation.

Today, I'm joined by Ali Raissi-Dehkordy, Co-head of the Petershill Business Unit within Goldman Sachs Asset Management, and Adam Van De Berghe, who is responsible for the CFO function for Petershill Partners. Ali will provide a business update and some market context, followed by Adam, who will run through our first half 2024 financials and forward guidance, leaving sufficient time for Q&A. With that, I'll turn the call over to Ali.

Ali Raissi-Dehkordy: Hello, everyone. Thank you for joining as we present our first half 2024 results. To summarize the first half of the year, the company showed good strategic and financial progress, delivering strong returns to our shareholders. Company delivered strong earnings momentum with double-digit growth in fee related earnings, driven by growth in fee-paying AUM. Our partner firms

continue to experience good asset raising during the period, supported by their resilient investment performance and attractive mid-market positioning.

Strategically, we have successfully executed on a number of acquisitions and disposals, delivering on our strategy to increase exposure towards FRE generation across private market strategies and enhancing the overall quality of earnings, while also demonstrating considerable value in our underlying holdings.

Our strong cashflow conversion and stable balance sheet has allowed us to return and announce substantial capital return to shareholders, including our ongoing progressive dividend, share buybacks, and the completion of our tender offer. In addition, today, the board has announced a special dividend of $0.09 per share, or approximately $97 million, which relates to the return of the majority of the upfront consideration received for the disposal of our stake in LMR Partners announced on the 4th of September. And this continues to demonstrate the board's commitment to capital efficiency.

Turning to page four, I'll provide a summary of our results during the year and Adam will provide further details later. As we previously announced in our AUM update in July, our partner firms continue to fee eligible assets at or above target sizes and on time, totaling $14 billion during the first half of 2024, which helps underpin our 2024 target of $20 to $25 billion. Our AUM and fee-paying AUM increased by 11% and 21% respectively over the last 12 months. Partner FRE increased by 13% year on year to $112 million, reflecting similar growth in ownership weighted fee-paying AUM over the past 12 months. Partner distributable earnings for the first half were 12% higher, year on year, to $140 million, reflecting higher FRE, higher partner realized performance revenues, offset partially by lower realized investment income.

The strong cash flow conversion and strong balance sheet continues to support capital return to shareholders and M&A. During the first half, we returned $222 million to shareholders, consisting

of the final dividend for 2023, buybacks, and the tender offer. In addition, the board has announced an interim dividend of $0.05 per share and a special dividend of $0.09 per share, which combined equates to a return of over $150 million. Since the IPO, we've made new investments of over $800 million and have returned a total of around $700 in capital to shareholders, equivalent to approximately $0.62 cents or £0.50 per share.

2024 has been a more active period in M&A, having completed four acquisitions during the period and executing on two disposals and valuations above the book value. The transactions align with our strategy of continued focus on private markets and greater FRE-centric earnings and are a demonstration of the value of our $5.5 billion book. I'll touch on these transactions in more detail later, but before I do, I want to spend a moment to speak to the broader activity across the private market industry to the first six months of the year.

Turning to page six, whilst the asset raising environment remains challenging with industry asset raising during the first half 4% lower year on year, there has been an improvement relative to the approximate 20% year on year decline that we saw in 2023. Deal value did increase significantly during the first half, up 76% versus the comparable period last year. Although the significant increase came during the first quarter of 2024, the pace of industry exits remains subdued, tracking 26% lower in the first half versus the comparable period in 2023, which may in turn be impacting growth in asset raising across the industry peer set.

Looking forward, with the rate of inflation close to the federal reserve's target, there is an increasing expectation that interest rates may start to trend lower, which we would view as a supportive development for the sector. And I touch on the long-term attraction of the sector on the next slide.

Turning to slide seven, we wanted to highlight that our strategy of focusing on the private markets is aligned with the attractive industry outlook with double-digit asset growth expected over the next

five years, with industry assets predicted to reach around $19 trillion. the strongest growth is expected in North America, which is the core market for our partner firms.

I wanted to share a few observations from the latest Preqin Investor outlook survey, which considers expected trends over the next 12 months. Firstly, a greater portion of investors expect to either maintain or increase their allocations as opposed to reduce allocations towards alternative assets with the strongest demand for private debt and private equity.

Secondly, there's an increasing expectation for an improvement in private equity performance, which may reflect the potential for a decline in interest rates over the next 12 months. Thirdly, there's an expectation by investors for stronger opportunities in small to mid-market buyouts and sector specialists relative to large to mega buyout funds. If such trends materialize, this would be a positive tailwind for our partner firms, which are predominantly sector specialists, mid-market managers. We expect the industry to benefit from continued growth from institutional investors in the medium to long term, but see additional opportunities from the wealth and retail channels, which remain significantly under allocated to alternative assets. With an estimated low single digit percentage allocated to private markets currently, this supports industry growth.

Finally, whilst economic uncertainty can present industry challenges, there are signs that inflation is moderating and we've already seen rate cuts in the UK and across Europe and expectations for the Fed in the US to begin reducing rates, creating a more supportive environment for the industry, in our view. We believe our partner firms are well positioned, sitting on just under $100 billion of capital raised over the last two and a half years, delivering strong investment performance and exposed to the attractive mid-market segment.

Now, turning to slide eight, having provided some context on the broader industry trends, we are pleased that our partner firms raised $14 billion of fee eligible assets on track, relative to both size and timing. Private equity was the largest contributor to asset raising, reflecting our partner firm's

greater skew towards that asset class, but our partner firms also saw momentum in areas such as private credit. To highlight a few partner firms, Clearlake is making good progress on asset raising for its Fund VIII, with around $7.5 billion raised to date representing around 50% of its $15 billion target size. We saw strong contributions from Arlington with the flagship Fund VI raising $3.8 billion, more than double the size of the previous Fund V. And Wind Point raising $2.3 billion for Fund X, with an increase of 50% versus Fund IX.

On slide nine, we showed that our partner firms have a good track record in scaling up their funds over time. If we take our five largest private market firms by ownership weighted AUM, these firms have seen their flagship funds scale up on average by 83%. We believe this reflects the attractive growth in specialist mid-market managers and strong investment performance, which has led to aggregate partner firm AUM CAGR of 23% since the end of 2018.

Turning to investment performance, on slide 10, we show our partner firms, in aggregate, have delivered robust returns on both an absolute basis and relative to benchmarks, which underpins our confidence that the underlying partner firms and, consequently, Petershill Partners is well positioned for long-term growth.

Turning to the investment performance across our five largest private market partner firms, we see that they have delivered an average net IRR of around 21% in their flagship funds with approximately 800 basis points of our performance against the benchmark. We view this as strong alpha in a competitive environment.

Turning to slide 11, I wanted to take a moment to highlight the momentum and milestones across some of our partner firms during the first half of 2024. The period saw the successful asset raising from Clearlake, which is on track to meet its $15 billion target, and General Catalyst increasing the target size of its Fund XII by 30% to $6 billion versus the previous fund. We've also seen a pickup in deal activity with a number of acquisitions announced during the period across our partner firms.

The key theme is that given their quality and competitive positioning, our partner firms have been able to raise assets on time and above their targets in a tough fundraising environment. Our GP services team continues to be active with the strongest engagement relating to capital formation, but we're also seeing a broadening out of engagements. We have several new initiatives which we expect to drive a higher level of engagement during the second half of the year. Partnership and alignment with our GPs remains a core tenant of our business model.

On slide 12, I wanted to spend some time reiterating our M&A strategy, which continues to be focused on growing our exposure to attractive sectors within the private markets industry. Firstly, we continue to look for acquisitions that increase the high quality earnings from private market strategies. The acquisitions we made this year are consistent with this strategy. Kenny Lewis Investment Management increases our exposure to the growing private credit space, especially in the mid-market and non-sponsored lending segment where availability of financing from the traditional lenders is more restricted. In addition, we acquired additional interest in three existing partner firms that we already know well at a discount of around 16% to the book value. Both acquisitions support management fee centricity.

Secondly, we've been active on realizations which we have achieved at attractive prices relative to the book value, with a focus on capital efficiency. The Petershill team has a long history of successfully realizing assets at attractive valuations relative to the book value in our private funds. And prior to the PHP listing, examples outside of Petershill Partners PLC include the disposal of Thrive Capital, a venture capital firm, and Oak Street, a real estate focus firm, that were both sold at attractive valuations relative to their book value in 2021 and 2022. We have now started to execute successfully on realizations within Petershill Partners PLC, aligned with our strategy to increase our exposure to private markets and higher quality earnings.

Earlier this year in March, we sold a partial interest predominantly in balance sheet investment income in KKR back to management for a total of $51 million and a slight premium to the December year-end holding value. A couple of weeks back, on the 4th of September, we announced the sale of our stake in LMR Partners, an absolute return firm where the majority of future earnings would be derived from performance realized fees. The nominal consideration of $258 million represents around a 30% premium to book value of the stake and a very significant premium to the value implied by the Petershill Partners share price. With these realizations, we are increasing the proportion of our earnings towards higher quality FRE from private market strategies. In addition, these realizations are at attractive valuations relative to the book value and they support our conviction and the fair value of our portfolio.

On the final point, we started to witness greater industry consolidation with increasing interest in specialist mid-market firms from both alternative asset managers and from traditional asset managers seeking to accelerate and diversify their growth. Given our firms are specialist mid-market firms, such trends could provide attractive exit opportunities across our portfolio. Capital from these strategic realizations will be available subject to board decisions for reinvestment and attractive new investments or return to shareholders. With that, I'd like to hand over to Adam to run through the interim results in more detail.

Adam Van De Berghe: Thanks, Ali, and good morning everyone. I'll discuss the results for the first half and we'll then discuss the outlook. Turning to page 14, the company had a strong first half with robust asset raising and double-digit FRE growth leading to higher overall partner distributable earnings. Our aggregate AUM grew to $332 billion, 11% higher year-over-year. Aggregate fee paying AUM grew to $238 billion, 21% higher year-over-year. The growth in fee paying AUM reflects new and previously raised funds being activated.

Fee-related earnings were $112 million, up 13% year-over-year. Partner-realized performance revenues were $19 million, 27% higher year-over-year. 2023 was a low period for realizations.

Adjusted profit after tax was $94 million, compared to $68 million in the comparable period in 2023, with adjusted tax and tax related expense rate of around 16%.

During the first half, we spent $109 million buying back the company shares. $103 million was through the tender offer and the remaining was part of our previously announced buyback program. The board has approved an interim dividend of $0.05 per share. The board has also approved a special dividend of $0.09 per share, or approximately $97 million, in connection with the sale of LMR partners. Now, let's look at each of these in additional detail.

On page 15, fee-paying AUM grew 21% year on year. During the first six months of 2024, the growth in fee paying AUM of $17 billion was supported by new fee eligible assets raised, and previously announced AUM not yet paying fees switching on during the period, totaling $14 billion. Partially offset by 8 billion in realizations. The period also included the acquisition of Kennedy Lewis Investment Management, adding $11 billion in fee-paying AUM. Total AUM stood at $332 billion, up 11% year-over-year, and our partner firms had $8 billion of AUM not yet paying fees, broadly consistent with the amount at the end of 2023. Our ownership weighted fee paying AUM stood at $30 billion, 15% higher year on year. And ownership weighted AUM stood at $40 billion, up 8% year on year.

Turning to page 16, our partner firms delivered strong growth in gross management fees at $202 million, up 16% year-over-year, consistent with the increase in ownership weighted fee paying AUM we experienced. Transaction fees net offsets was a negative $10 million, compared to a negative $5 million in the first half of 2023, due to the slower transaction environment. Despite the lower transaction fees, net management fees totaled $192 million, increasing by 14% year-over-year. On the right side of the page, you'll see that gross management fees from private markets continue to represent the majority of our fees, which we would expect to continue going forward.

On page 17, we can see that we experienced double-digit growth in partner fee related earnings, up 13% to $112 million for the first half when compared to the same period in 2023. The increase was primarily driven by higher gross management fees, which increased by $28 million. Net management fees were $23 million higher. Partner fee related expenses were $80 million, growing by $10 million, or 14% year-over-year, consistent with the growth in net management fees. This translated to a partner FRE margin of 58% for the first half, stable with 2023.

Turning to page 18, partner realized performance revenues were $19 million, all coming from private market strategies as absolute return strategies typically crystallized performance revenues in the second half of the year. First half partner realized performance revenues represented 9% of total partner revenue and continue to be impacted by the slower realization environment. Our share of partner private markets accrued carried interest increased by 13% to $696 million since the year-end 2023, indicative of positive underlying performance. Realized investment income was $9 million during the first half, modestly lower versus the comparable period in 2023.

On page 19, you can see our balance sheet is primarily comprised of the fair value of our investments in partner firms. The fair value of investments at 30 June was $5.5 billion, increasing by approximately 5% since the end of December, 2023. The growth was primarily driven by net investment activity. The weighted average discount rate used in determining the fair value of our private markets fee related earnings was 12.6% in the first half of 2024, slightly lower compared to 13% in 2023. The weighted average discount rate used in valuing our private markets PRE increased slightly to 25.4% from 25.2% in 2023. The disposal of investments during the year at a modest premium to book value supports our valuations.

Turning to page 20, we ended June with a cash balance of $97 million. We also have a revolving credit facility of $100 million. We did not draw on it during the and it had no balance at 30th June. The announced special dividend of $0.09 per share will be funded out of the upfront proceeds from

the sale of LMR partners received at the time of closing. Our cashflow conversion continued to be strong in 2024.

On page 21, we see the company is underpinned by the strong free cash flow generation. And our capital allocation continues to support our progressive dividend policy, finance growth, and provide optionality for additional capital return, as evidenced through our buybacks, tender offer, and the announcement today of the special dividend. We have been more active undertaking several strategic M&A transactions during the year, including the recently announced disposal of LMR partners. These transactions are in line with our strategy as we continue to focus on private markets and their FRE-centric nature.

On slide 22, we turn to our financial guidance and outlook. Consistent with our AUM update in July, we reiterate our guidance for organic gross fee eligible AUM raise in 2024 of $20 to $25 billion, which we expect to be equivalent to $2.5 to $3 billion in ownership weighted gross fee eligible AUM. Total realizations during 2024 are expected to be in the region of $5 to $10 billion, and we may end up higher given the $8 billion of realizations in the first half, but we will see how the second half progresses.

We reiterate FRE of between $200 and $230 million for the full year 2024, which incorporates the impact from the disposal of our stake in LMR partners. The ownership weighted fee paying AUM related to LMR partners is approximately $2 billion, and we expect that to come out of the $30 billion we're reporting today when we report our trading update for the third quarter in November. We also expect around $3 million of transaction costs to be recognized during the second half of the year, relating to the disposal of LMR partners. We expect to exclude this amount from the adjusted profit after tax for the full year and reported as a reconciling item to the IFRS results, similar to transaction costs reported in the first half of this year.

We expect PRE as a percentage of partner firm revenues to fall between 15% and 30% in 2024 as we typically see higher PRE contributions during the second half of the year. We continue to expect the company's adjusted EBIT margin to be in the range of 85% to 90%. Our medium term guidance for M&A remains at $100 to $300 million per annum, and we are sitting within this range at the half year, having completed $205 million of M&A. We will continue to identify and evaluate attractive acquisitions within the fastest growing areas of the alts industry where we can be the most impactful with our capital.

With that, we thank you for joining the call, and we'd like to open it up to questions.

Operator: Thank you. If you would like to ask a question, please do so by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is still off to allow your signal to reach our equipment. Again, press star one to ask a question. We'll pause for just a moment to allow everyone an opportunity to ask for a question. For our first question, Angelique, by - Tarin[?] from JP Morgan. Your line is open, please go ahead.

Angelique: Good morning, and thank you for taking my questions. I would like to ask a few, please. So first of all, thank you very much for the information on page eight, showing the existing fundraisings for some of your partner firms. How should we think about the eligible AUM raise in the second half of the year and also in 2025, given the ongoing fundraisings that you see among your partner firms? Second question, in terms of the discussions that you are having with your partner firms, do you see them making steps in private wealth distribution? We know that private wealth, especially in North America, is considered a big future opportunity for AUM growth, so I was wondering whether that also factors into your expectations for growth over the medium term. And last question, how should we think about performance revenues and investment income in the second half of the year? Thank you very much.

Adam Van De Berghe: Thanks, Angelique, this is Adam. I'll take the first question and the third question, and then I'll turn it over to Ali to cover the second point on the private wealth distribution. I think on your first question, in terms of asset raising for the second half, we've guided $20 to $25 billion. Obviously the firms are - have done well in the first half of this year with just over $14 billion in fee eligible assets raised. There's a couple of - as you mentioned on our slides, we've indicated a couple of - where firms have announced publicly the assets that they've raised, which we're very pleased with.

I would say in terms of the second half, we we're still pretty confident with the guidance of $20 to $25 billion. The firms that have done well so far continue to do well. We seem to have strength, our partner firms in asset raising, given their historical performance. It's probably a little too soon right now to talk about 2025. I think as we get closer to the end of the year and we issue our results for the full year, we'll be able to give guidance on 2025 asset raising.

In terms of your third question on performance fees and investment income for the second half, I'll kind of break that down in two parts. So, as we mentioned, we did have kind of 9% of partner firm revenue in PRE this first half. First half was higher than the first half of last year, albeit last year was, quite a low bar in realizations in the market, so it wasn't too challenging for firms to outperform the prior year. That being said, we still view the current market for realizations as a bit muted, as a bit soft, and you've probably seen that out there in the industry. Which is why our guidance still sits kind of at the 15% to 30%, with 15% being below the kind of medium term range we've typically seen. We'll see how the second half develops in that regard.

In terms of investment income, I think the one thing - two things I'd probably note, first, we've mentioned I think in the past, is investment income tends to be a bit lumpy. It's difficult to, with precision, to know exactly when the partner firms will dispose of certain assets for which they hold interest in that will generate investment income. The other thing I would note, and Ali mentioned this earlier, was we did a partial sale in one of our managers of balance sheet interest, which

probably reduced our balance sheet exposure by about 15%. So as a result of that, we would anticipate exits in balance sheet interest like that to probably bring down our expectations on investment income on the go forward. And with that, I'll turn it over to Ali for your second question on the private wealth distribution channels.

Ali Raissi-Dehkordy: Thanks, Adam. Hi Angelique. With regards to private wealth distribution, it's clearly a point of conversation in the industry. It's an attractive near and medium term distribution channel that many firms are focusing on. I'd say it is probably, on our side, a point of conversation with GP services. But many of our firms are also looking at this channel in the medium term, not necessarily for the current fundraise but also for establishing relationships for the future fundraisers. And that's really a reflection of the fact that your typical firm that's raising a $3.8 billion fund is not saturated in their space. So if you kind of think about a sector in terms of total addressable market, they may be number five, six, or seven in that sector, they're still an ability to gain market share even in flat fundraising environments. And so they haven't necessarily had to go out to the private wealth channels as much as the larger cap players have, because they're also looking to, sort of gain new sources of capital.

I think it does become more important over time and clearly some of our firms have had success in the space. But it's probably a little bit more focused on the large cap space given the need for alternative sources of capital for those larger fundraisers.

Angelique: Thank you very much. If I may just follow up on that, do you have any partner firms that today have semi-liquid funds that are already issuance, or not really because they're mid-cap and they're looking to tackle the institutional side at this stage?

Ali Raissi-Dehkordy: I believe we do, and I think a lot of those sort of vehicles are today probably more focused around things like real estate and credit, and so a handful of our firms in those areas do have permanent vehicles or semi-liquid vehicles.

Angelique: Thank you very much.

Operator: Our next question is from Nicolas Visalia[?] from BNP Paribas. The line is open, please go ahead.

Nicolas: Hi, good morning. Thank you for taking my questions. There's three I'd like to tackle. The first one is on the FRE margin dynamics. I was in quite an improvement between Q2 and Q1. If you can run through the different dynamics. I know there's various contributors there like sweeping[?] AUM growth, fee margins, as well the blended fee margin. But also I'm interested in the dynamics of FRE expenses at the partner firms. It's been going down quite a lot, Q and Q, and over recent quarter it's been done as well. So I'd like to know if you expect the FRE margin, the current one, the Q2 one, if you think it's sustainable, particularly into H2, and how do you feel about your guidance for now? So that's the first question.

Second question is on your - the valuation of your investment portfolio. So I've seen what you've been talking about on the discount rates, but if you look at your blended FRE multiples, they have been flat to slightly down over the period. We've seen a material rerating of the sector over the summer. So I'd like to know how should we think about it, about value creation, into H2 given the rerating of the sector and also US long-term rates going down significantly?

And lastly, a bit on capital allocation. You've mentioned it on the presentation, but you trade at the 47% discount to NAV, your PE[?] ratio is still in the low teens, depending on what timeframe we look at. So I'd like to know how you think about the trade-off between share buybacks and M&A? And also why choosing a special dividend rather than further share buybacks? Thank you very much.

Adam Van De Berghe: Thanks very much. I'll - this is Adam, I'll take your first two questions on the FRE margin and on valuation, and I'll turn it over to Ali to go through thoughts on capital allocation. I probably would note a couple of things on the FRE margin, you're right in that we've seen the FRE margin improve a little bit across the book. I'd just remind folks that it is a weighted average blend of all of the discreet partner firms. And so there are firms that obviously have margins above the blend and some below, and it at times really depends on their relative contributions. Firms could generate more fee related earnings but have a lower margin, and therefore their contribution into the portfolio might cause the average to go down or cause the average to go up.

I would say that when we look back at our reporting, really since we've gone public, the FRE margin in the first half tends to be higher than the FRE margin in the second half for our partner firms. And that's driven by the fact that most of the firms, while estimating expenses like comp expense, et cetera, will finalize those numbers usually in the fourth quarter. And we tend to see slightly upward revisions versus maybe what they were budgeting and forecasting throughout the year. And so that's kind of how we see the trend on FRE margins. And I don't necessarily think that we might see anything any different this time around.

In terms of expenses at the partner firms, we have come up off of a period of pretty high inflation where we saw both operating expenses and comp expenses grow quite a bit. Expenses were up in terms of absolute dollars, but the growth, I think as I noted before, was kind of in line with growth in revenues, and that's something that we like to see, which has helped contribute to the bottom line FRE margin.

I think on valuations, what I probably note broadly, a couple of things. One is in the public sector we've seen public comparables - market caps of publicly comparable firms up about 9% in the first half. Earnings of probably of those companies and forward-looking earnings have probably grown more than that, which probably - which has led to effectively kind of a decline in some of those multiples. That's just the public aspect of it. In terms of our business, we've had a slight increase

in the overall fair value in terms of absolute terms since December. That was principally driven by new investment activity. If you strip that out, we're probably - mark to market valuations are probably up between 1% and 2%, but market caps on public companies were up around 9%.

So I'll note a couple of things in our slides. As I mentioned, we did see the discount rate we're using on FRE come down slightly, and that's really driven by higher quality earnings from the partner firms within our portfolio. That being said, discount rates on performance fees have kind of ticked up slightly within our portfolio, and I think that's just really indicative of what we've seen in terms of kind of the realization market. And that'll take a little bit longer to play out in that regard. So, with that, I'll turn it over to Ali for your third question on capital allocation.

Ali Raissi-Dehkordy: Hey, and thanks for that question. So on capital allocation, look, I think we are a growth orientated business, and so focused on that growth, we're always looking to acquire faster growing businesses and sectors that we want exposure to. And clearly have a focus on capital efficiency but also growth in long-term lockup fee related earnings. And you saw that this year with our acquisition of Kenny Lewis Investment Management, the other two acquisitions. So we're well within that M&A budget for 2024, and the guidance that we sort of guide to $100 to $300 million. And so, coming off the back of that with the realization of LMR, the board determined that the best way to kind of continue that capital efficiency focus was the return of the upfront payment as part of a special dividend.

Last year we actually had a pretty slow M&A environment. And so you'll recall we had a much higher - we had a high bar for transactions, we had no real M&A activity. And so at that point it was determined that a tender would actually be a good way to not only effectively be buying a fast growing business that we know really well, which is our existing partner firms, but also do so at a very attractive price, given the share price at the time. And so you saw that tender offer be enacted as well as the share buybacks. I think going forward, clearly we're going to continue to prioritize growth, and so where M&A activity is going to be using our cash flow, clearly that takes priority, but

the underlying tenet is always going to be capital efficiency. And so you'll see the board has enacted a number of different tools in that space, whether it's the buybacks, the vendors, or in this case, the special. So I think in terms of the difference in that capital allocation last year versus this year, is really more reflective of also the background M&A activity that we had across the rest of the business.

Nicolas: Right. That is clear. Thank you. Just a very quick follow up on the FRE question, was there any significant one-off at your partner firms in terms - in revenue terms, like catch up fees, late fees, in Q2?

Adam Van De Berghe: No, there wasn't - nothing material in the second quarter that contributed to that.

Nicolas: All right. Thank you very much.

Operator: Once again, press star one to ask a question. We'll take our next question. Alex Bauer from Berenberg. Your line is open. Please go ahead.

Alex Bauer: Good morning. Just two questions from my side. Firstly on performance fees, are there any specific funds or managers that are big drivers for H2? And are you able to provide a rough split around where those fees are from sort of private asset class investments versus absolute return funds? And then my second question was just on fundraising. On the specific fundraising news, you called out on page 11, so for General Catalyst, Clear Lake, and LLR, how much of those fundraisings is already in your H1 numbers? Just want to make sure I understand with the kind of three-month delay that you report. Thanks.

Adam Van De Berghe: Thanks. I'll take those questions. This is Adam. So in terms of performance fees, I first - in the first half, our PRE was from private markets. Absolute return did not contribute any revenue to performance fees in the first half. They'll typically crystallize if they have performance

fees in the second half of the year. And so we would expect, if there were PRE from absolute return, that to be second half.

In terms of firms, it was spread across a handful of different firms. We don't necessarily give out specific names in terms of their relative contributions, but it was diversified over a number of different firms. In terms of asset raising, yes, the information that's out there publicly, that's been offered up by the firms is in our numbers that we've reported. And also those products were factored into the guidance that we've given for the full year. Thank you.

Alex Bauer: Thanks.

Operator: Once again, press star one to ask a question.

Gurjit Kambo: Okay, it looks like that was the last question. So thank you everybody for joining. And if you have any questions here, please follow up with me directly. And once again, thanks very much and have a good day.

Operator: This concludes today's call. Thank you for participation. You may now disconnect.