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The Carlyle Group LP (CG)

Credit Suisse Financial Services Forum

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Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

MANAGEMENT DISCUSSION SECTION

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Let's get started. Good afternoon, everyone, and welcome to the 20th Annual Credit Suisse Financial Services Forum here in Key Biscayne. My name is Craig Siegenthaler, and I cover the asset management and brokers here at Credit Suisse. And it's my pleasure to introduce Kewsong Lee.

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

How are you, Craig?

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Kew is Co-CEO of The Carlyle Group, which we assumed from David Rubenstein and Bill Conway last year. He also chairs the executive committee and is a member of the Board. In 2013, Kew joined Carlyle as the Deputy CIO. And in 2016, he became head of the firm's global credit business. Carlyle is one of the largest alternative asset managers in the world with $216 billion in assets under management. The firm has a large, well known private equity business. But over the last decade, Carlyle has been focused on building out its credit, real assets and investment solutions business.

So, Kew, thank you so much for coming.

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

Thanks for having me.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

So, we wanted to host this presentation in a fireside format to keep it more interactive, so we can dive deeper in some of the topics that are difficult to cover in the earnings call. So, Kew let's get started.

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

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Sure.

QUESTION AND ANSWER SECTION

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

We can kick it off with the 2019 outlook. You talked about your focus for 2019 on the 4Q call. But can you walk us through them and tell us how you think you're positioned to achieve that?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Sure. So, first of all, thanks, everybody, for being here and I'm happy to be here. Look, 2019 can't be set up unless you have a really good 2018 with great momentum going into 2019. And I think we clearly established that with our performance on a whole bunch of metrics. And I think the firm is better positioned than it's ever been. Moving forward, we're going to continue our emphasis on fee-related earnings and driving fee-related earnings because that is a very important metric to how we think we should [ph] evaluate (00:01:54).

Clearly, driving growth in our global credit business continues to be an important strategic priority. And maintaining our superb investment performance has to be paramount. But I think the most important thought to keep in mind – and give me 30 seconds to get through this, which is – it used to be – we had a singular obsession 30 years ago when we formed the firm. To think about doing what was absolutely in the best interest to driving returns for limited partners. If we focus on limited partners, great results would happen. And if great results would happen, then we could drive shareholder value.

The fact of the matter is the world is complicated. It is. There are multiple stakeholders that we have to optimize for. And there is an important driving realization but also objective with new management, which is we need to do things that are best for all investors, our limited partners and our shareholders, our unitholders, our investors. And so, that kind of underlies a lot of what we're trying to do as we continue to take the momentum in 2018 and drive it into 2019.

So, with respect to that, you saw things like we're getting rid of ENI. You don't think that's a useful metric to manage the firm or to drive value. We're focusing on FRE, which is an important driver of shareholder value. And we're thinking very carefully about unitholder-friendly actions as it relates to shareholder dilution as it relates to thinking about how to reinvest capital back into our businesses, which I think is really, really important.

So, really, it doesn't [ph] – there's a (00:03:36) momentum in 2019 [ph] that's terrific (00:03:38) but it starts with something that began over a year ago, which is an appreciation that what we're trying to do is drive performance at the institution that. That means not only performing well for your limited partners, but really driving value for your unitholders.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

Kew, can you talk about your backlog of performance revenues? And I think this was one area in the call where the guidance came in somewhere below what the markets we're looking for.

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Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP
A

Sure. Well, if you take a step back, you can't help but acknowledge there's volatility and that there is potentially a recalibration of future earnings happening as the global economy starts to slow down. And we are seeing that around the world. And it's not going to be easy – as easy as it is to capture realization. So, that was the big picture backdrop. But the real – the other reason why realizations are coming down is quite frankly, we are accruing carry, we have $1.7 billion of accrued carry available. But we have a lot of funds in which we're not realizing that accrued carry. We just haven't gotten to the point yet where we feel comfortable to turn that carry on from a realizations perspective.

So, it's just the timing of some of our funds and the fact that the backdrop in the markets give us pause for a little bit of not concern so much, it's just moderation of expectation. But the really important point to understand with net realized performance fees – and it's hard to predict these quarter by quarter. If you take a step back, we have funds that are 30% to 40% greater than they were. And we have a lot more AUM invested in the ground now than we've ever had before.

And that, in combination with the $1.7 billion, it's not about this quarter or next quarter but we're highly confident over the next three, four, five years as the investments in the ground start to mature and the funds start to mature, so that they grew to a place where we can turn on and realize the carry, that there is going to be an enormous magnitude of net realized performance fees coming out. It's just not going to be potentially this quarter or next quarter. But over the next three to five years, we're pretty confident about the absolute level of carry that's going to be paid out.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC
Q

So, initially, you mentioned there is a few different ways to grow FRE. Could you spend a minute going through them?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP
A

Sure. Perhaps, the easiest way and maybe the most accretive is just taking our existing funds and scaling them larger. [ph] U.S.A. (00:06:23) used to be $13 billion. Now, it's $18 billion. Asia, we grew over 40% – 30%, 40%, scaling that fund recently. All of our current generation fund, we're very fortunate that we're seeing significant pickup in scale. So, the head count and the expenses are not going to grow by the same amount that these funds grow in size. So, naturally, you're going to see that come to the bottom line in terms of increased leverage from an earnings perspective. That's the first thing.

Second the emphasis on global credit, which runs at a higher FRE margin naturally, once it's fully up and going, then the other businesses will be extremely accretive to driving FRE margin growth. Of course, prudent expense management, very, very helpful. And then, when we find great opportunities to acquire in adjacencies with companies that are a good fit for our platform, you'll see us do that. So, last year, for instance, we did the DSA Re deal and – now renamed Fortitude, as well as Carlyle Aviation Partners. Both early days, but they are tracking exceptionally well and we think they're going to meet our expectations with respect to what it's going to do vis-à-vis FRE.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC
Q

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So, shifting gears, what's your investment portfolio around the world telling you today? And how is it impacting your investment decisions?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Well, we have close to 300 companies around the world, and it's a pretty good indicator for what we're seeing in the real economy. And I want to be really careful in how I state this because the words actually matter. The growth rate today is positive. However, that rate of growth is at a lower rate of growth than it was a year ago at this time. And right now, across our entire portfolio, EBITDA is growing at about 9%. But last year, it was a little bit higher. So, we see the real economy around the world moderating, but not solid.

And I think it's really important to appreciate the nuance there now a lot of things that happened and included a lot of things in the headlines and geopolitical risk and things that could happen to knock sentiment even worse than it is. But to me, the global economy continues to move along and continues to grow. It's just not at the same healthy rate that it was growing a year ago. And that in combination with all the stuff you're hearing about and reading about makes it to be quite a challenging investment environment, especially when you have as much a dry powder in the industry in aggregate as there is.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

So, let's move over to some of your recent shareholder-friendly actions. You mentioned several things here. What's sparking this focus? And what do you hope to achieve over time?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Well, it goes back to the first thing that I said, which is we are trying to improve performance at the institution across all of our major stakeholders. And it is very important for us to drive shareholder value and unitholder value. And it is one of the primary objectives of what we're going to try to be shooting for in addition to creating and driving great investment returns for our limited partners. The specific actions or examples of actions would be things like tightly managing equity comp, figuring out how to use shareholder capital in the right way to manage future dilution.

It's getting rid of ENI, which was probably not the best way to manage nor measure performance at our firm and it's increasingly but always has been but will be very important for us to understand what are the opportunities for organic growth to reinvest money back into our business. At what capital rate of return on capital to do investment opportunities present themselves and to make those investments when appropriate.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

Kew, can you talk about your half-year updated $110 billion fundraising target? What's in there? What's left?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Okay. We set out to raise $100 billion a couple of years ago. I'm knocking on wood as I say this. Thank you very much to all of our limited partners. We're very fortunate to have raised 90% of that goal already. It's ahead of schedule. We feel pretty good about raising, let's say, $20 billion this year, which means we'll push through the $100 billion target sometime this year ahead of schedule.

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What we have in the market today would be finishing off our European [ph] buyout (00:11:15) fundraising, our second-generation international energy partners. We have our long-dated private equity fund in the market. We have a credit opportunities fund in the market. Later on this year, we're thinking about whether or not we should drive a launch for Carlyle Japan partners. We've just last year finished our U.S. real estate fundraising. We have some European real estate continuing and so on and so forth.

I mean, Carlyle is always raising money. This year, it will be about $20 billion. It won't be the $30 billion or $40 billion that we've raised over the past couple of years but that's because so many funds met with so much success so quickly that that number is down a little bit this year. But in general, we're really pleased with the progress we're making in fundraising. And by the way, as the environment gets a little bit more choppy, I am so glad we've gotten most of that done because we now have about $75 billion of capital undeployed that's fully committed to us that we have available to put to work and deploy into new deals.

Craig Siegenthaler Q
Analyst, Credit Suisse Securities (USA) LLC

So, global credit has been a big focus for Carlyle here. What opportunities are out there that will help you really kind of develop and build [ph] those business (00:12:25)?

Kewsong Lee A
Co-Chief Executive Officer & Director, The Carlyle Group LP

Sure. So, I think you have to be careful in talking about the credit business because there are so many aspects to the credit markets and so many different investing strategies. And I think it's fair to say, in general, the credit markets were flushed with capital over the past several years. Spreads were not as high as they – as you – as investors want them to be. But the recent volatility and the recent changes in kind of global macroeconomic outlook certainly make certain types of investing strategy in credit very, very attractive now for us. So, we're starting to see real opportunities in distressed. We're starting to see credit opportunities [indiscernible] (00:13:10) and capital solutions for – directly [indiscernible] (00:13:14) the borrowers are getting much more attractive than it used to be.

So, we're seeing real deal flow come in on what I would call the more optimistic side of the spectrum on credit. I do think that CLO market, the volume last year was just so huge you're going to see that come down. But given we're number one, number two in the market, we are a – we will more than hold our own with respect to market share. And it's such an important element of the leverage finance market [ph] and now the CLO (00:13:43) business. But I think that business continues to do well. It's just that the industry volume had got to come down a little bit from the levels they were at last year.

But in terms of – if I had to say what it has become the most appealing, I would say the opportunistic and distressed and special [indiscernible] (00:13:58) type of credit investing has become much more interesting now than maybe a year ago at this time.

Craig Siegenthaler Q
Analyst, Credit Suisse Securities (USA) LLC

Are you concerned in terms of the credit cycle impact [ph] under business (00:14:10) there and this is a big topic for investors [indiscernible] (00:14:12).

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Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP
A

So, we're always concerned about where we are on the credit cycle. We are very focused on the impact as the economy rolls over or potentially rolls over, but that does to all of our businesses not just in credit. If you were to focus in on credit, I would argue that if you break our businesses down that as I just talked to you about on the opportunistic and distressed side, the rollover could actually help deal flow. And so, we're feeling very good about the prospects in that segment of the business. The CLO side, we manage over $20 billion of AUM and we have a world-class team [ph] there credits that are a (00:14:53) fraction. They've run an annual industry [indiscernible] (00:14:58) I believe 50, 60 basis points, somewhere in that range annually, whereas the industry averages more than two times that.

And so, this is a team that's been around. They've been through cycles. They've been through the great financial crisis. Their ability to manage through the credit cycle is something that isn't of great comfort. But keep in mind, when conditions get tough and things get volatile in the CLO business, these are committed capital structures. They can go out and buy and replace existing assets with new re-priced assets, which is more attractive. And so, the whole notion of having captive and locked-in capital in these structures is very attractive as we hit upon more volatility and a potentially softening in the macroeconomic environment.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC
Q

And you briefly said this earlier with the opportunistic side of credit business. But today, what areas in the sort of the credit spectrum and across your businesses you think are better positioned for a downturn? And what areas might actually signal maybe not today but in future potential canaries in the coal mine that things are going to get worse?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP
A

Well, I just talked to you about the CLO business. I think they're well positioned just because the experience and the nature of the structures that are formed in that business. I talked to you about the opportunity in the distressed side. I think there's more opportunities there than not. The direct lending business is the one business that I haven't yet mentioned or touched on. There's been a lot of capital that's flowed into the direct lending business over the past 5, 10 years. I would claim that that's among the most overbought sectors in terms of flow and imbalance between issuer and buy side. You are seeing some spread reverting back to levels that may be a little bit more attractive, but not as much as I've seen in other segments of the market.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC
Q

If the economy does start to roll over, you could see losses happen from an industry perspective in that portfolio. Now, so, how does Carlyle position ourselves and how are we different?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP
A

Not all direct lenders are created equal. And you have to really look at the underlying portfolio and understand how senior are the direct loans that, that institution has made. And at Carlyle, a huge proportion, I think it's close to 80% or 90% of the direct lending loan book are in true first lien loans, which is very important because, in the industry, you sometimes make what's called a first-in, last-out senior loan or it's a unit tranche loan or it's a pure

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second lien. And those type of technical terms matter when you start having a rollover because where you really want to be when stuff hits the fan is you want to be as high up in this capital structure possible and that's the true first lien position which is where 80% to 90% of our book is.

Second of all, our direct lending book, we have about $4 billion of assets in the ground. We have at least that, if not more, dry powder. So, while it's a big team and we've done great over the past five, six, seven years, relatively speaking, compared to my $20 billion CLO book, for instance, the direct lending book is still relatively small. So, if there is a rollover in the economy, sure, we'll manage through those issues. But really, we're better positioned with the dry powder to be able to put new money to work at more attractive terms and conditions.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

Any other thoughts on bear market risk across your entire portfolio, real assets, private equity? You're seeing private equity at Carlyle...

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Sure...

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

[indiscernible] (00:18:43)

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Sure. So, on the private equity side, by and large I think our portfolio is incredibly well positioned. Not every fund will have one or two situations that you're not happy about and they're trying to do better with. But quite frankly, the – what we've been driving our investment teams over the past several years has been refinance everything you can, lock down the capital in your capital structure and exit it as aggressively as you can which is why our realizations have been so high as the firm over the past several years and really prepare your companies to either get out of them or to capitalize them properly but to get ready for more economic softness.

So, by and large, I think our portfolio in private equity is pretty well positioned. Remember, in our business, we are never [ph] fore sellers (00:19:35). So, if the markets are volatile, if valuations are trending down, we're not in a position where we have to sell anything. We can literally just keep working on our portfolio of companies and derive value that way. 60% to 70% of all the returns on the private equity side that Carlyle generates for LPs is driven by operational improvement, revenue growth, doing the right things to create fundamental value at these portfolio of companies. So, with all the volatility we're seeing and potential macroeconomics softness, we'll just keep focusing in on that because we're never forced to have to sell. When the time is right, that's when we'll figure out a way to exit in the right way.

When you look at our longer-dated investing strategies in infrastructure or on the private equity side as well, either companies in deals that are designed to not really have to worry about volatility and near-term economic softness because they're designed to be held for 5, 10 and in some cases even longer. And so, specifically, the investing strategy is to say let's just pick situations or companies that are a little bit more defensive but actually don't have to worry about the noise of the volatility that we're seeing in the short term. So, I think we're going to be well positioned there.

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In real estate, I think it's fair to say, if rates were to go up, valuations in general would likely come down. That has an impact on your portfolio. We are aggressively selling, and we are sellers by and large [indiscernible] (00:21:15) portfolio. But every market is different and every region that we're in is different. And we're seeing much more interesting buying opportunities now, given the noise that we see and as potentially cap rates could start to trend up depending on what we see – what happens in any particular local market.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

So, in the private equity business, there's lots of talks of high prices, lots of competition for deals, yet you guys have actually managed to deploy a lot of capital. Maybe just update us on that trend.

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Sure. I think, in the past two years, we've deployed over $10 billion – closer to $11 billion in our private equity business each year. And the run rate before that was closer to $5 billion, $6 billion, $7 billion. So, it's a tremendous step-up in our ability to invest and deploy. It's a huge testament, I think, to our investment organization. We have close to 650 investment professionals around the world, over 30 offices, sector expertise. We have a huge platform set up to help them with human capital and technology and capital market issues. And that platform is just able to see, find, originate, work on deals that we just could not think of doing 5 to 10 years ago.

The level of complexity that we can manage in doing carve-outs for instance is something that we're known to be able to do. Atotech, AkzoNobel, these are deals that only a firm like Carlyle can get it done. And so, the strength of our platform and the investments that we've put into it, we have human capital but also organizational capabilities to support our deal teams, really has advantaged us in not only being able to source deals but in being able to really add value to these companies that we can create the value that we need to drive returns for a limited partner.

So, in terms of deployment, the – it's hard to predict deployment quarter-to-quarter. But over a multi-year period of time, I'm pretty confident that this engine that we have, this global platform is capable of really finding interesting opportunities and scaling and putting money to work in deals that should drive good returns.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

So, the returns are maybe good on a relative basis, but the investments today, the vintage today versus 5 or 10 years ago, are your expectations that future returns will be somewhat lower than the older vintages just given prices, valuation, competition?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

Everybody always talks about how returns are going to go down, yet when we look at our numbers the return that private equity is generating in general right now is almost as good as they've ever been. And it is certainly – the asset class is performing the best for our partners – for our limited partners, especially relative to public equities. For instance, last year at Carlyle, our private equity portfolio generated over 1,700 basis points of outperformance relative to public indices.

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When – we're an investment committee. The gross rate of return that our deal teams are shooting for are not much different if at all from what we were looking at three years ago, five years ago. I mean, everyone is shooting. We're shooting to drive two times our money and close to 20% rates of return, sometimes a little bit higher, sometimes slightly lower.

Over the next 5, 10 years, is there a case to be made that with so much dry powder that returns will come down? I think people might superficially try to arrive at that by saying, look, [indiscernible] (00:25:16) dry powder, how could returns not go down? But let me just point out, at Carlyle, we've raised $100 billion – let's assume we get to our $100 billion fund raising target. We have about five years to put that money to work. That's, as a firm, $20 billion a year that we have [ph] to find to (00:25:34) invest.

Last year, we put to work $22 billion. A year before that, it was a little bit over $20 billion. I guess, my point being, we're already deploying at the pace of what we have from even with the stepped-up capital. So, I'm pretty confident, we'll be able to put some money to work. We'll find opportunities to do it because we've right-sized our investing funding base to the actual deployment that our big – our platform is driving right now.

Craig Siegenthaler Q
Analyst, Credit Suisse Securities (USA) LLC

You're transitioning into real assets. When you think of this business and I look at your size across sort of a real estate infrastructure, I mean, it looks like there's a ton of upside that these funds could be in the future. Maybe just give us your thoughts on the growth of the real asset business.

Kewsong Lee A
Co-Chief Executive Officer & Director, The Carlyle Group LP

Sure. If you break real assets down, for us, it would be our energy business, our real estate business and our infrastructure business. So, kind of working backwards, our infrastructure business is new. We are very pleased – and I think Glenn mentioned it on the call. We're very pleased with initial fundraising success and a few deals that we've – that have been announced. And this could be a multi-billion dollar franchise, for sure. And it's early days, so I don't want to say too much about it. But it's a brand-new business line and it's off to a terrific start.

If you look at our real estate business, we are very large in the United States and we have much more ability to grow in Europe. And in Asia, we have very little right now. And that clearly is a huge market that we could do something with in the future. So, I do think there's plenty of white space in real estate for us as a firm including the fact that we've recently, a couple of years ago, launched more of a permanent capital vehicle in real estate [indiscernible] (00:27:25) a core-plus type of investing strategy, which has had a lot of success and we could raise multi-billions of dollars for that strategy.

And then, finally, when you look at energy, we're writing them in the market today with an international energy fund. Energy is a huge sector of the global economy, obviously, clearly volatile. We have billions of dollars in our energy segment. But what's interesting is not only can we find more opportunities to deploy especially internationally. You're also seeing the emergence of renewables and alternative technologies, which gives us an opportunity to say there is another way to find investing strategies that can make sense, which is real white space for us in the energy segment for all these reasons.

Craig Siegenthaler Q
Analyst, Credit Suisse Securities (USA) LLC

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So, big picture, when I kind of look at Carlyle versus the Blackstone model, the Apollo model, what would you say is really differentiated about your business model versus those other [indiscernible] (00:28:24) competitors at large?

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

So, first of all, I think we are the most global. So, no matter how you stack us up against the rest of our competitors, we are the most global. And that's a huge advantage from a platform perspective, as we're sourcing, looking for and trying to work with our portfolio of companies to drive value. Second, quite frankly, we have more room for improvement. These other firms have generated great results. And we've now been at it for just a year, year and a half.

And I think, with respect to absolute level of where FRE can go, where our margin could expand to and the fact that we have just started to drive on global credit and that we have a lot more opportunity in real assets. We have a, what I would call, relatively much more opportunity for growth than potentially some of our other peers.

And then, finally, in each of these businesses, it's important to figure out [indiscernible] (00:29:37) place, the culture, like, what really drives that firm. I won't make any comments with respect to my peers. At Carlyle, we're all about being great investors. And if we can keep that going and obviously [ph] that endures (00:29:55) to our benefit as it relates to our customers and our limited partners. But as we keep that going, to overlay on that in the way I started the session to say we're also trying to drive shareholder value for unitholders. To be able to build the firm and grow the firm with as much improvement opportunity as I've outlined, I think we have a huge runway ahead of us in terms of the ability to drive growth and performance.

Craig Siegenthaler
Analyst, Credit Suisse Securities (USA) LLC

Q

Excellent. So, at this point, let's see if there's any question from the audience. Please raise your hand, and Steve will get you a microphone. We've got one in the front up here. You got to turn the mike on.

Q

I just want to make sure I understood something you said. So, you said that real estate rising rates could affect cap rates valuation [indiscernible] (00:31:00) looking to redeploy at higher cap rates? Is that...

Kewsong Lee
Co-Chief Executive Officer & Director, The Carlyle Group LP

A

All of that is true, if rates do rise. But you are seeing a recalibration. And obviously, valuations could become more attractive in the future. And with all the dry powder that we have in our U.S. real estate business, it positions us quite well to be able to find pricing that's more attractive now or tomorrow than they had been yesterday.

Q

Okay.

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Craig Siegenthaler

Analyst, Credit Suisse Securities (USA) LLC

And with that, we are out of time. Kewsong, thank you very much.

Kewsong Lee

Co-Chief Executive Officer & Director, The Carlyle Group LP

Great. Thank you for having me.

Craig Siegenthaler

Analyst, Credit Suisse Securities (USA) LLC

Appreciate it.

Kewsong Lee

Co-Chief Executive Officer & Director, The Carlyle Group LP

Yeah.

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