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The Carlyle Group, Inc. (CG)

Q2 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen and welcome to The Carlyle Group Second Quarter 2021 Earnings Call. At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to hand the conference over to your host, Mr. Daniel Harris, Head of Investor Relations. Please go ahead.

Daniel F. Harris

Managing Director & Head-Public Investor Relations, The Carlyle Group, Inc.

Thank you, Whitney. Good morning, and welcome to Carlyle's Second Quarter 2021 Earnings Call. With me on the call this morning is our Chief Executive Officer, Kewsong Lee; and our Chief Financial Officer, Curt Buser. This call is being webcast and a replay will be available on our website.

We will refer to certain non-GAAP financial measures during today's call. These measures should not be considered in isolation from or as a substitute for measures prepared in accordance with generally accepted accounting principles. We have provided reconciliation of these measures to GAAP in our earnings release. Any forward-looking statements made today do not guarantee future performance and undue reliance should not be placed on them. These statements are based on current management expectations and involve inherent risks and uncertainties including those identified in the Risk Factors section of our Annual Report on Form 10-K that could cause actual results to differ materially from those indicated. Carlyle assumes no obligation to update any forward-looking statements at any time.

Earlier this morning we issued a press release and a detailed earnings presentation, which is also available on our Investor Relations website. For the second quarter, we generated $143 million in Fee Related Earnings and

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$395 million in Distributable Earnings, with DE per common share of $0.88. We declared a quarterly dividend of $0.25 per common share.

To ensure participation by all those on the call today, please limit yourself to one question and one follow-up and then return to the queue for any additional questions.

With that, let me turn the call over to our Chief Executive Officer, Kewsong Lee.

Kewsong Lee

Chief Executive Officer & Director, The Carlyle Group, Inc.

Thank you, Dan. Good morning, everyone and thank you for joining us today. In February, we unveiled a new strategic plan to accelerate growth in earnings over the next four years. We laid out the targets, initiatives, and changes we are implementing to drive our firm forward. Essential to our objective of performing well for our stakeholders is scale and speed, which is why our senior leadership team is focused on ensuring we're the best investors we can be and leading the company to operate better and faster than ever before.

I am pleased to tell you that we are delivering results that are larger and occurring sooner than previously expected. With our investment platform firing on all cylinders, we are confident in the momentum we are building to drive growth in earnings in the years to come. We have built a talented and diverse leadership team that is executing well. Together, we've made meaningful changes that are helping us deliver very attractive, and in some cases, record results as we usher in a new chapter of growth at Carlyle.

What our performance this quarter really underscores is that the changes we've made are paying off for our stakeholders, which I'd like to summarize with the same framework I outlined at our Investor Day: think bigger, perform better, move faster.

Let me start with moving faster, as the velocity of virtually all aspects of our business has increased. Deals are being completed on shorter timelines. Financings are being executed more quickly. Opportunities for exits are presenting themselves sooner. Funds are being raised faster than ever before. And accelerating impact from disruptive technology and changes from the pandemic are powering an increased demand for private capital across sectors and regions.

The new direction of our organization positions Carlyle well to capture growth from the increased velocity within our industry. For example, we've integrated our investing activities to take advantage of our global platform that is built around sector and regional expertise and to make better investment decisions while deploying capital faster. We've also reduced or discontinued smaller, less profitable strategies that historically distracted our firm. As a result, our investment organization is operating and connecting more effectively than ever with an ability to pursue buyout, growth and core strategies utilizing a common platform.

On the fundraising side, the past year has demonstrated the benefits of adopting a hybrid approach that has helped us raise capital faster and more efficiently. We moved quickly to adapt to virtual LP meetings, diligence sessions and road shows. We now interact with our LPs more regularly, strengthening already deep client relationships.

Not only are we able to move faster, but we are focused on scale and thinking bigger. Notably, we are successfully scaling up our largest funds organically. If you look at our latest US opportunistic real estate strategy, we have already closed on nearly $7 billion of capital and expect to hit the hard cap of approximately $8 billion by this fall, at which point the fund would be 45% larger than its prior vintage. Similarly, our recently closed

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secondaries and co-investment strategies in Investment Solutions were each approximately 40% to 50% larger than their predecessors. We continue to see healthy demand for our strategies across the global platform.

We are also busy building large new businesses in global credit and capital markets. For instance, in just a little over three years in opportunistic credit, we built a team from scratch, launched and invested a first-time fund, and are well on our way to raising a second fund. Today, this strategy has almost $6 billion in AUM, with further growth ahead.

Given we are moving faster and thinking bigger, simply put, we are performing better. Our results are improving across the board, as Curt will detail in a moment. Whether it's FRE, FRE margin, carry, or investment income, our financial results are attractive and ahead of previous expectations. Importantly, the DE generation from our business in the coming years should provide strong retained earnings, which we intend to invest in growing FRE-generative businesses.

Let me give you some additional details on just how well our investment platform is operating. Fundraising has increased nearly 50% year-to-date. We remain confident in the plus of our $130 billion-plus target by 2024. This is made possible in large part because our funds are generating attractive returns and our net accrued carry balance is at record levels. Our corporate private equity carry funds are up 28% this year, and we've seen strong results across virtually all our investment strategies. This appreciation drove our net accrued carry to a record $4 billion, which we believe is an important indicator of our future earnings power for shareholders. Speaking of which, realizations across our platform continue to accelerate, with the growing pipeline of announced sales amounting to more than $40 billion of total enterprise value, which sets the stage for increasing Distributable Earnings in the quarters ahead.

And finally, our deployment pace has also been robust, more than double the first six months of last year, as we continue our thesis-based investing in attractive growth areas like technology, healthcare and e-commerce. We have announced deals equating to almost $50 billion in enterprise value that will close in the next few quarters. Our platform is investing in growth private equity investments like NEOGOV and TriNetX in the United States and in Europe and HUTCHMED in Asia, as well as in large buyout transactions like Medline, the largest deal in more than a decade in our industry. As I said, our platform is really firing on all cylinders and benefiting from a virtuous cycle where strong performance and increased return of capital results in commitments being made to reinvest back into our funds that are organically growing in scale.

Let me finish with some comments on the macro and industry conditions more broadly, where trends are providing tailwinds to everything we are doing as a firm. The recovery of the global economy continues with the United States growing at high-single digit rates and both China and Europe currently expanding mid-single digits. With respect to our customers, the largest LPs continue to increase their exposure to private capital as our asset class continues to outperform public indices in this current low-yield environment. By way of example, our own global carry fund portfolio has delivered 900 basis points of outperformance versus public markets since the end of 2019. And, importantly, LPs continue to seek fewer, more strategic relationships. For instance, more than 80% of the capital from our largest LPs is now in four or more strategies with us, four times the level it was a decade ago. And, as I stated before, our client relationships are deeper and broader than they've ever been.

Despite these tailwinds, we remain mindful and acutely aware that the pandemic is by no means over around the world. We closely monitor geopolitical, regulatory, and policy risks, the threat of inflation and market conditions. So while we have momentum in our business and are confident in the factors we can control, we remain vigilant to avoid complacency. We believe Carlyle is well-positioned to navigate the environment, manage risk and capture opportunity.

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Before handing the call over to Curt, let me pull this all together and summarize very simply by stating I'm excited about the momentum we have across our entire organization. We are delivering great results and we are ahead of schedule. We know if we invest well and continue to build and operate the firm well, we will accelerate our earnings and generate sustainable growth for our shareholders.

Thank you for your time this morning. And now, over to you, Curt.

Curtis L. Buser

Chief Financial Officer, The Carlyle Group, Inc.

Thank you, Kew and good morning everyone.

In my remarks, I will address three themes that complement and expand upon Kew's comments. First, our Fee Related Earnings growth is accelerating, producing near-term results greater than our prior expectations. Second, the spigot for generating larger realized performance income is wide open and is likely to remain so. And finally, we're focused on converting lower-value performance income and excess capital into higher-value and sustainable FRE platform growth.

So let's begin by discussing the accelerating growth in our Fee Related Earnings. As Kew mentioned, fundraising is ahead of schedule for our largest and most successful funds. Our capital markets activity is strong, and our platforms are well positioned for growth. Over the next year or two, we expect top line fee growth will drive higher FRE and margins even with an expected increase in expenses.

During the second quarter, we generated $143 million of Fee Related Earnings and year-to-date FRE of $272 million increased 20% over 2020, when adjusting for $30 million of expense recovery in Q1 of last year. The FRE increase owes both to top line growth and continued strong focus on expense management. I previously expected 2021 FRE to be at a similar level to 2020 when excluding the expense recovery, but now expect the first half of 2021 FRE run rate to be generally sustainable in the back half of the year.

While premature to predict 2022, we believe we are set up for even greater FRE growth next year. Our confidence in near-term FRE acceleration is underpinned by fundraising, capital markets activity, and platform construction. First, fundraising activity is substantial, not only in real estate but in various growth vehicles, biofunds, CLO formation, credit strategies, and AlpInvest platform activity. The strong first close in our new opportunistic real estate fund is a great example of what we expect across our platform as we close larger successor funds. As a reminder, we recognize fee revenue when a fund starts its investment period, which may not be in the same period of the initial close.

Second, we expect long-term fee growth from our capital markets team as it broadens its reach and larger fund strategies come online. Transaction fees net of rebates were $24 million across the firm in the first half of 2021, and increased more than 60% compared to 2020. Our current run rate is about $30 million to $40 million annually just from capital markets activities, and we believe we can at least double this over the next couple of years.

And finally, investments we have made in our people and platform allows us to scale with high incremental margins. Over the next few years, we expect significantly higher top line growth while compensation expense should grow at a slower rate, and our progress can be seen in our FRE margin expansion to 34% this quarter, although margins could be subject to volatility over the next several quarters as we continue to scale.

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Let me now switch to the strong growth opportunity ahead in performance income. We expect a very strong back half to this year, and performance revenues are on pace to achieve our $800 million goal this year, far sooner than 2024. We has line of sight to more than $500 million of incremental net realized performance revenues from already-announced exits in Atotech, PPD, [indiscernible] (15:05) and others that are likely to close in the second half of this year.

As long as capital markets remain supportive, I foresee us delivering an annual average of $800 million or so in net realized performance revenue for at least the next several years, if not longer. Averaging $800 million annually is about 25% larger than our prior average of just under $650 million in net realized performance revenues that we generated from 2012 to 2017. The remaining value in the ground of our traditional carry fund portfolio is at a record $116 billion and is almost 90% higher than it was during our last realization cycle. As we highlighted earlier, net accrued carry hit a new record at $4 billion, reflecting a quarterly net increase of more than $800 million.

In addition to performance revenues, we generated $68 million of realized investment income in the first half of 2021, almost 80% more compared to the first six months in 2020. Over the past decade, we have methodically invested into our funds and strategies and today have $1.9 billion in balance sheet investments that we believe will support a sustainably higher level of investment income.

The last topic I want to discuss is how to flesh out further what Kew alluded to in his earlier comments, namely how we think about converting lower-valued performance earnings into higher-valued fee earnings. There are several areas we are focused on. First, raising and co-investing into larger funds. Our balance sheet will continue to co-invest as we scale our funds. And while those investments should drive higher investment income over time, larger fund sizes will help drive substantially higher FRE in the near-term.

Two, seeding new products, we are also seeding and launching scalable new strategies like real estate credit, infrastructure credit and renewables amongst others. And as these areas also attract outside capital, it will drive higher top line growth, and over time, increasing levels of Fee Related Earnings.

Third, providing capital to underwrite a growing capital markets business. We have already seen a significant uptick in revenues, and with various transactions on the horizon and a capital markets group increasingly integrated with our [indiscernible] (17:42), we expect to see a sustainably higher level of revenues going forward, and of course, providing capital for M&A.

We've largely been focused on growing our business organically which we believe produces the highest return on investment capital for our shareholders. But we also see opportunities to inorganically and accretively build our business, like we've done with Aviation and Fortitude in the recent past, and our focus will be on building new capabilities with a high degree of fee earnings.

During the second quarter, we also saw an opportunity to raise $500 million in junior subordinated debt with a four-year term at attractive rates. We'll use this capital to help with what I just discussed, and it positions us with near-term firepower to continue to grow our platform.

In sum, we're right on track to grow our Fee Earnings and our Distributable Earnings while also investing in longer-term growth. Our portfolio is performing well, and early feedback on fundraising is positive. Our firm and people are firing on all cylinders, and we are excited about what we can deliver for our shareholders over the next few years.

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With that, let me turn the call over to the operator for your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question is from the line of Ken Worthington with JPMorgan.

Kenneth B. Worthington
Analyst, JPMorgan Securities LLC

Q

Hi. Good morning, and thanks for taking my questions. Maybe let's start on fundraising. You set out the target of $130 billion at Analysts Day, and the press is suggesting good investor feedback on your funds in the market. And both Kew and Curt, you both highlighted how things are doing much better, more funds reaching their hard caps or expected to reach their hard caps versus just their targets. Yet, your expectations are $130 billion-plus. So maybe help us out what might be the upper end of your comfort zone, assuming that this constructive environment would persist? Is $130 billion-plus, could that be $150 billion? Is it $160 billion? Like how high might that be if everything were to go perfectly and you were to hit the hard caps on the majority of the funds that you expect to be in the market over the next few years?

Kewsong Lee
Chief Executive Officer & Director, The Carlyle Group, Inc.

A

Hey, Ken. It's Kew. Thanks to your question. Look, let's focus on the plus of the $130 billion-plus. And things are just going great right now. As you pointed out, market conditions are strong, and we very much are ahead of schedule. We're seeing real success in driving organic growth in our biggest and best-established funds.

Now look, not all funds are going to keep growing at the 40% to 50% rate that we've been seeing more recently. But having said that, it's about our performance, it's about the LPs' view of us as a consistent, trustworthy partner over time, it's about our ability to deploy well, and it's about our ability to return that capital back to them. And so this is a multiyear campaign. We've got several years to go. But we're really confident based on the reception that we've seen thus far in the market with respect to the plus of that target that you pointed out.

And then finally, I'd say, look, the trends we're seeing with our LPs, the fact that the cross-selling opportunities just continue to increase, the fact that the fundraising cycle for us is happening faster, in other words, velocity of fundraising is higher, all of this bodes well. And I'm really proud and excited for our team. But it's early days. We have several more years to go. But suffice to say the initial feedback is positive and we very much are focused on the plus of the $130 billion-plus target we laid out for you.

Kenneth B. Worthington
Analyst, JPMorgan Securities LLC

Q

Okay. Thank you. I tried to put you on a number, but at least it was worth a try. And then, Kew, you suggested things are happening faster. Fundraising, investing and harvesting all happening faster. How much of the life cycle of the fund is compressed? Like what is the life cycle of a fund now versus what it might have been in the last cycle? And is this compression purely cyclical and really just a function of a great environment or is there something more secular here? And if it is more secular, ultimately the dividend is still $0.25. If things are feeling so much better and feel like they're sustaining themselves, why not increase that $0.25? Thanks.

Kewsong Lee
Chief Executive Officer & Director, The Carlyle Group, Inc.

A

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Okay. Let me tackle the first part of your question first. And I guess the answer, in a pithy way, is yes to all the factors you laid out. Clearly there are cyclical reasons why things are happening great right now because of the current environment that we're in. But there are also some secular and structural things happening in our industry.

Let's start first with just the changes that are happening because of COVID and because of technology disruption, the fact that entrepreneurs just want to stay private for longer, the fact that all types of companies, whether they're growth disruptors or large incumbents, are approaching private capital to partner with us because we can help them make their companies better and we can help them accelerate their growth. All of this longer-term bodes well for the fact that our opportunity set in private equity continues to grow.

Second, yeah, the speed is accelerating. There are changes to how deals get done these days because of the hybrid environment. I personally think some of those will stick. Post – and I want to be careful in terms of even saying post-pandemic, but when we get through the worst of this, I do believe you're going to see some of those changes stick because it's just more efficient the way processes are handled these days.

And finally, I think we as a firm, because we're better connected, because of the big investments we've made to build out teams, deep sector expertise, we just have conviction and can move faster. We have domain expertise. We have huge platform resources. We bring it to bear on deals. And it enables us to move quicker while still having great investment judgment on opportunities.

Now, finally, you marry that with the fact that when we raise our funds, typically we've, as a rule of thumb, have thought about investing a fund across, let's say, a four-, maybe five-year time horizon. But that clearly has sped up. Because of the opportunity set increasing, because of the demand for private capital increasing, five has become four and in some instances three years, maybe even sooner in certain high-velocity asset classes like credit. So the timeline to deploy a fund has in fact increased. But look, none of this matters if you don't perform well. We're focused on being the best investing firm we can be. If we can drive great returns over the long-term, the fundraising will continue to be easy. So let me just stop there.

With respect to your dividend comment, let me ask Curt to comment on that.

Curtis L. Buser
Chief Financial Officer, The Carlyle Group, Inc.
A

So, Ken, on dividends, just as you'll recall, what we've consistently said is we look at dividends first and foremost to make sure that it's fixed and sustainable. I don't want fluctuations and definitely do not want it going down. Do want it to grow over time. And what we've said there is we're looking to growth in Fee Related Earnings and looking at that in arrears on an after-tax basis. And we all know, we're reading the press, we're seeing what's going on, we'll probably see some increases in taxes. You've seen an increase in our own tax rate. And so, we're looking at all that on an after-tax basis. But look, I'm feeling comfortable about our FRE growth. I'm feeling really good about the $800 million. And we'll be assessing that in due course, but pursuant to the guidelines that I just laid out.

Kenneth B. Worthington
Analyst, JPMorgan Securities LLC
Q

Great. Thank you very much.

Kewsong Lee
Chief Executive Officer & Director, The Carlyle Group, Inc.
A

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Thanks, Ken.

Operator: Your next question is from the line of Alex Blostein with Goldman Sachs.

Alexander Blostein
Analyst, Goldman Sachs & Co. LLC

Q

Great. Good morning. [indiscernible] (26:45), and thanks for taking the question. I was hoping you could spend a couple minutes on your capital priorities. Obviously, Carlyle is going to be generating a lot of cash flows over the next couple years as you enter the sort of super cycle for performance fees. Can you help us frame how this will be used? What are the areas of inorganic opportunities you might be looking at? And if you were to use some of this cash to seed additional products at Carlyle, what are some of the areas of new investments you're looking to deploy that capital? Thanks.

Curtis L. Buser
Chief Financial Officer, The Carlyle Group, Inc.

A

Great. Hey, thanks, Alex. Let me start on this one. So, really just taking off on what I just said in the prepared remarks, you're absolutely right that we're going to be accumulating a fair amount of cash over the next few years, and particularly as we grow FRE and the carry gains that we see really embedded and as well the balance sheet investments come through.

We've been focused on growing organically, which we believe is the highest return on invested capital for our shareholders. And we see plenty of opportunity for doing that, and quite frankly, the forecast that we gave at Investor Day was really predicated on that organic growth. And so what are we going to do here in the near-term? Well, first, we're going to do just what I said, is we're going to invest into our larger funds. Second, we're going to see new products, things like real estate credit, things like infrastructure credit, things like infrastructure more broadly, renewables. There's plenty of space in terms of new products for us to continue to seed and invest and drive growth. We're also – our capital markets business, look, it's a natural adjacency. We see real growth there. But you have to also have the balance sheet capital to support those activities. Alex, you ought to know this most of all, given where you're from. So that's one of the areas we're focused on.

And then last, obviously, we'll take a look at M&A. Prices are high right now. And so that's why we also like organic growth. But just has Kew has outlined before, we want things that are going to make a difference. We want things that will help us grow, particularly in our credit business where we think that scale also helps. And look, we've not lost sight of insurance and other things that we're looking at, but want to make sure that things fit in right and can give us the right ability to scale the firm.

Daniel F. Harris
Managing Director & Head-Public Investor Relations, The Carlyle Group, Inc.

A

Great. Operator, I think we can move on.

Operator: Okay. Your next question is from the line of Glenn Schorr with Evercore ISI.

Glenn Schorr
Analyst, Evercore ISI

Q

Hi. Thanks very much. Maybe a very high-class problem to have, but if you look at all the performance revenues, 80%, 90% continues to get produced by private equity because that's where the big base is. So, curious if you

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even think about it that way in terms of balancing at the firm over time. And maybe while we're on that topic, we could just touch on where you think you're at in the credit build-out by product, distribution, people, however you want to slice it. I appreciate it.

Curtis L. Buser
Chief Financial Officer, The Carlyle Group, Inc.

A

So, Glenn, let me take a shot. So, look, we've laid out our priorities really well in terms of growing earnings, focused on FRE, focused on improving margins, don't obviously want to be the lowest-cost provider. We want to be able to invest well. I think that that will deliver a higher Distributable Earnings.

But in terms of balance sheet, I want to be balance sheet right. And not all AUM is necessarily equally profitable. So the way we really think about our growth is how to drive earnings, first and foremost. And then what we're also looking at is, with the things that we have coming on, we think we can get very nice top line growth.

With respect to credit, there's a lot of growth that's already occurred. So credit, if you look at really the numbers from an AUM perspective, as of June 30, we're up about 22% in AUM over last year in the credit business, going from, call it, $50 billion to $61 billion in total AUM. In addition, there's very good top line growth, about 10% year-to-date over the prior year.

Now, what's confusing some of those numbers is what you are probably also seeing is the FRE margin hasn't ticked up the way I think it will tick up. And this is a business that we think we're going to double here in the next couple years. What's really happening now in terms of some of what you're seeing on comparison, remember in the first six months of last year we had the [indiscernible] (31:37) transaction generated a lot of transaction fees as well as some cost recoveries first half of last year obviously not recurring in this quarter now.

Second thing is you have a little bit of a drag from energy business and distressed business. The energy business, you all know, is winding down, and this is not the right time in the world from a distressed play. And so we have a little bit of pressure there. But the growth in our direct lending business, the CLO business, is really performing exceptionally strong. Aviation is doubling. I mean, [indiscernible] (32:14) and are doing very well and I'm really proud of that team and think that we're going to see some very nice growth going forward.

Daniel F. Harris
Managing Director & Head-Public Investor Relations, The Carlyle Group, Inc.

A

And then, Glenn, this is Dan. As it relates to the accrual on your question on concentration, look, just by the way these products have been put together, you're going to see most of the performance revenues emanating from our Global Private Equity platform. Credit is much more of a fee business. And then, what I would say is, if you look at solutions from just a couple years ago where we had virtually zero net accrual, that's up to about $250 million-plus. And within Global Private Equity, we have good diversity across the US, Asia, Europe, real estate. And so we think about it more broadly, even though we report within Global Private Equity as single segment, there's a whole lot of strategies in there that make up that accrual. So it is diversified. You will always see the majority of the net performance piece from Global Private Equity, but keep an eye on solutions as well as that continues to grow.

Glenn Schorr
Analyst, Evercore ISI

Q

All cool points. Thank you. I appreciate it.

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Operator: [Operator Instructions] Your next question is from the line of Adam Beatty with UBS.

Adam Q. Beatty
Analyst, UBS Securities LLC

Q

Yeah. Good morning. Thank you for taking the question. I wanted to ask about the capital markets business. Appreciate the outlook. Looks like it's very strong, on track to meet or exceed the financial contribution objectives. Just wondering, in the semi-early days, if there were any qualitative takeaways from how that business is going. Obviously, the backdrop is strong. Any evolution in terms of how you see the purpose of it and the size and function three to five years out for Carlyle? Thank you.

Curtis L. Buser
Chief Financial Officer, The Carlyle Group, Inc.

A

Adam, hey, thanks for the question. So first, we did some work here to really kind of refocus, energize the group, and it's really playing out well. The business thus far is, what I'll say, ahead of plan. We're seeing nice growth in our activity as well as the transaction fees that we've been seeing. We're already at a run rate of about $30 million to $40 million in net fees out of just the capital markets part of the business. And I can see that growing very rapidly and being a double that in the next couple years, if not sooner. And one of the things that we've really focused on is making sure that we have the balance sheet capacity to support that growth. And what's really nice about what's happening is the team is engaging across the entire platform. So much more integrated across everything we do, both in credit as well as within the various private equity functions. And so, our ability to capture the appropriate opportunities out of our existing deal flow is fantastic.

And then, look, for the time being, we're focused on our own business and our own deal flow before going out and doing things elsewhere, but we've not lost sight of that opportunity as well. So I do think, very early days, very good on where we're headed.

Adam Q. Beatty
Analyst, UBS Securities LLC

Q

Yeah. Thank you, Curt. That last part was kind of what I was curious about as well. So I appreciate that. Thanks again.

Curtis L. Buser
Chief Financial Officer, The Carlyle Group, Inc.

A

[indiscernible] (35:35).

Operator: Okay. I'm showing no further questions at this time. I will now turn the call back to Daniel Harris.

Daniel F. Harris
Managing Director & Head-Public Investor Relations, The Carlyle Group, Inc.

Thank you, operator and thank you everyone for listening on what I know is a very busy day. Should you have any follow-up questions, feel free to reach out to Investor Relations at any time. Otherwise, we'll look forward to speaking with you again next quarter.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.

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