

The Carlyle Group (2026 Update)
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Corporate Speakers

- Daniel Harris; Carlyle Group; Inc.; Head of Public Investor Relations
- Harvey Schwartz; Carlyle Group, Inc.; Chief Executive Officer
- Jeff Nedelman; Carlyle Group, Inc.; Co-President Global Head of Client Business
- Mark Jenkins; Carlyle Group, Inc.; Head of Global Credit & Insurance
- John Redett; Carlyle Group, Inc.; Co-President and Head of Global Private Equity
- Lindsay LoBue; Chief Operating Officer
- Matt Anderson; Carlyle Group, Inc.; Chief Digital Officer
- Lucia Soares; Carlyle Group, Inc.; Chief Information Officer & Head of Technology Transformation
- Meg Starr; Carlyle Group, Inc.; Chief People Officer
- Akhil Bansal; Carlyle Group, Inc.; Head of Asset-Backed Finance
- Brian Bernasek; Carlyle Group, Inc.; Co-Head of Americas Corporate Private Equity
- Shane Clifford; Carlyle Group, Inc.; Head of Global Wealth
- Michael Hacker; Carlyle Group, Inc.; Global Head Portfolio Finance
- Justin Plouffe; Carlyle Group, Inc.; Chief Financial Officer

Participant

- Brennan Hawken; BMO; Analyst
- Bill Katz; TD Cowen; Analyst
- Chris Kotowski; Oppenheimer; Analyst
- Patrick Davitt; Autonomous Research; Analyst
- Mike Brown; UBS; Analyst
- Glenn Schorr; Evercore; Analyst
- Mike Vinci; Goldman Sachs; Analyst

PRESENTATION

Daniel Harris: As you heard, my name is Daniel Harris. I'm head of shareholder relations here at Carlyle. It is so great to see all of you here. Thank you for joining us today. We appreciate your efforts to get here through the weather, obviously. And to everyone around the webcast, around the world, we appreciate your time today and your interest in Carlyle.

Before we begin, I have the pleasure of going over some legal disclosures. So earlier this morning, we issued a press release and a detailed presentation which are also available on our IR website. This event is being webcast and a replay will be available. We will refer to certain non-GAAP financial metrics today. These measures should not be considered in isolation from or as a substitute for measures prepared in accordance with GAAP.

We have provided reconciliation of these measures to GAAP in our presentation to the extent reasonably available. 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 factor section in our Form 10K that could cause actual results to differ from those indicated. Carlyle assumes no obligation to update any forward-looking statements at any time.

Lastly, today's presentation does not constitute an offer to sell or a solicitation of an offer to purchase an interest in any Carlyle product. So, with that, we're really excited to get started today. It's been a really great experience for us preparing for this event. As you've heard us say, we have enormous positive momentum at the firm, which has really made preparing for this event so exciting. And it's given all of us here at Carlyle the opportunity to reflect on the transformation and growth and substantial opportunities that we have in front of us.

Our business today is exceptionally diversified across strategies, geographies, and distribution channels. We're incredibly proud of what we've been delivering for our shareholders over the past few years. And what's most compelling to me is that we are far from done. Today's program is designed to give you a clear view of our priorities and our long-term outlook and how we plan to execute on those priorities over the coming years. We have a targeted agenda, which you'll see on the screen for today's meeting.

Our CEO, Harvey Schwartz, will kick off our presentation, followed by a deep dive into our global client business led by our co-President, and head of Client Business, Jeff Nedelman. We'll then shift into a discussion of each of our segments. Global Credit led by Mark Jenkins, and then the Global Private Equity and Carlyle AlpInvest Business led by co-President John Redett.

After a quick break, we're going to shift into a few topical panels that I think you'll find really interesting on AI, and then some high conviction opportunities that we see here at Carlyle. And then our newly appointed CFO, Justin Plouffe, will go through our performance and multi-year financial outlook, which I know you're all very focused on. I'm going to ask that you keep track and hold all of your questions till the end, and we'll address them during our Q&A session when all the presentations have completed today. All this is going to wrap up later this morning, at which point we'll break for lunch.

So, before we kick off with Harvey's presentation, we have a brief video that we want to share with you. We all hope here at Carlyle that you leave today as excited as we are about what lies ahead for Carlyle. Thank you.

Harvey Schwartz: Hey, good morning, everybody. On behalf of the whole team, truly appreciate all of you being here. We know you're super busy, you electing to spend the time with us. We're very grateful. I also want to say for all of you who've engaged with us over the last couple of years, we really, we're grateful for your covering us, your engagement, your feedback.

So just over three years ago, as all of you know, I had the privilege of joining the firm as the Chief Executive Officer. And when I showed up, it was immediately obvious to me all the incredible strengths of the firm. Global iconic brand, recognizable everywhere in the world. Extraordinary talents, deep client relationships, and a culture that was inspired by the founders when they launched private capital on the firm nearly 40 years ago.

But of course, we also had some work to do. And we did this work not through a single initiative, but through a thoughtful decision-making process, really designed to build a more diversified, more durable firm. And it was a very systematic decision-making process. So let me summarize that for you a bit.

We basically distilled this process across three guiding principles. The first, creating a strategic growth plan. And we identified areas really where our strengths best fit our client needs. And you'll hear from Jeff later how we put the client at the center of everything we do, because that is most critical. So, we launched a series of growth initiatives, and then we invested heavily in those areas. You know many of them, but they included and not limited to creating a well-defined wealth strategy for our wealth clients, establishing an integrated credit, and insurance strategy that levered our partnership with Fortitude and our long history in private credit.

We invested significantly and strategically in Carlyle AlpInvest. It was very clear when we got here that was a power alley that could really be levered. The strength and secondaries co-invest, financial solutions, really critical for the marketplace. We also drove growth in our capital markets business and systematically integrated data science into the platform.

Second, we did a really thorough and rigorous evaluation of the operating business model. This included a review of the expense base, identifying expense savings. We needed that to fund scalable growth initiatives. And when we had to, we de-emphasized or just eliminated underperforming business lines. We overhauled the compensation plan to better align our teams with all of our stakeholders. And we created a capital allocation strategy that balanced investment and growth with the return of capital to our shareholders.

Now, the third thing and maybe the most important thing is really the leadership and organizational design changes we made because you can't drive significant change without change. You certainly can't drive this much change in three years unless you have a world-class leadership team. And you have to be able to mobilize the firm effectively. And so, since my arrival, we made a number of senior leadership changes each one very much designed to build the institutional management infrastructure that a firm of Carlyle scale requires.

Most recently as you can see on the slide, we appointed three co-presidents. Actually, for the first time I just noticed I'm the only bald part of the leadership team. We have a great -- our team has great hair actually. Most recently we appointed these three co-presidents, Mark Jenkins, Jeff Nedelman, John Redett, proven veterans who partner with me to drive overall firm-wide strategy, investment performance and client strategy across the platform.

Lindsay LoBue, not to leave Lindsay out, great hair, Lindsay. Lindsay LoBue joined as our chief operating officer. She brings more than two decades of experience building and scaling

businesses. And as of January, Justin Plouffe stepped into the chief financial officer role, been at the firm for nearly 20 years. And these changes are just part of more than a dozen senior leadership changes made across the firm in the past three years. And of course, this cascades down through the organization because they all bring their unique strengths and change to the firm. And they, again, they mobilize all this change.

You'll hear all from them during the course of the day, but they really drive the team and our success in everything we're doing. When Carlyle was founded by David, Bill, and Dan, they set the foundation for a firm's culture. And it's 1987, it's not 2026. If you're a startup in 2026, maybe hire some consultants, you use an LLM, you craft your principles. They didn't do this through elaborate studies or hiring consultants. They just lived it. They just started it. They walk the walk. They set the tone.

And we've all talked to them quite a bit about this. I certainly have since I got here. And what really became quite clear as they really pioneered private capital is that they focused on two fundamental values. The first is around care. The second is around excellence. Care for fellow colleagues, our clients, how we interact with our strategic partners and our portfolio companies. It's really centered around kindness. And of course, performance in all aspects of everything we do.

So, our leadership team, what do we do with respect to that? We feel the great burden and responsibility to enhance these principles and reinforce them in everything that we do. And you hear a lot about strategy today, but I really hope you get a sense for how deeply we care as a management team about the success of our firm and the success of our people in everything we do. We do really take the responsibility of protecting and promoting this culture quite seriously.

All right, so where are we today? I don't know if I have a favorite slide. It's a pretty good slide, okay? This team and everybody out there working globally for Carlyle has done an amazing job. As you can see on the slide, we come into 2026 off a super strong '25. Lots of records on this page, record FRE, record margin, realizations. Not an accident. This is really reflective of everybody's hard work over three years, and we are super grateful, maybe me more than anyone, of the collective effort of the 2,500 people at Carlyle that come into work every day and the effort of our global team.

Let's take a second and let's just dig into some of the financial performance more specifically. On this slide, you'll see fee-related earnings, FRE margin, DE per share. Record fee-related earnings of 1.24 billion. That's up 50% from 2023. That's a 20% compound organic growth rate. FRE margin in the middle of the page, 47%. That's a record of a thousand basis points, not easily achieved. And distributable earnings, \$1.7 billion, four dollars plus a share, up 11%. Fee revenues, 2.6 billion, a record reflecting 7% organic growth.

Obviously, everything we've done over the last three years has been 100% organic. Transaction fees in the middle of the slide hit a record \$225 million. That's almost triple the level from two years ago. Over the last several years, we have increased the amount of capital returned to shareholders by 70% through a combination of share repurchase and dividends. And at the same time, we invest in the growth initiatives and you can see the capital return on the far right.

So, when I got to Carlyle, all of you were great. Sometimes a little intense. I'm a big guy, but a little intense. And you were very, very focused on financial targets. And so, we set them. And you wanted them, and of course, you should have them. And given the team's performance, it's really no surprise. They set the targets. They exceeded the targets both in '24 and '25. And I will say it's a real testament. You can see it on the slide, whether it's FRE growth, FRE margin, inflows.

Again, it's really evidence of this team's ability to set a strategy, execute a strategy, exceed a target. And this discipline that this team has brought to the entire organization and drove these results is now really fundamental to this next phase of growth. So here are the targets. It's very clear to us. We see a path to scaling the platform and the targets reflect that.

Let's just quickly walk through them on the slide. So by the end of '28, we're targeting free-related earnings of 1.9 billion. That's a 15% compound growth rate. 2.8 billion plus in management fees. Every margin, FRE margins, excuse me, targeting 50%. Cumulative inflows of \$200 billion from '26 to '28, and distributed earnings per share of \$6 or more.

Now, the question you're all asking, of course, is the question you asked me when we put out the first targets, which is, how did you come up with these numbers? How do we set the targets? Super straightforward, bottoms-up build. We don't assume any organic, inorganic growth in these targets. 100% organic. We don't assume any significant strategic transactions. We don't assume any strategic partnerships.

So this is the fundamental model that we believe we can execute over the next three years. There are no magical surprises that we're hoping occur that we can't identify as we sit here today. So how would I describe it? I'd say there's a lot of operational leverage in the plan and upside to what we've laid out today. And as you can feel the momentum of what we're doing, I don't think the firm is ever been as well positioned as it is today, and certainly with this extraordinary team.

So, when I showed up at Carlyle, I spent a lot of time externally, a lot of time internally, obviously, and getting to know our teams, and I would speak to our investment professionals. And when I asked them about when they were investing, kind of like to give me a sense of their process. Obviously, it's quite intricate from diligence to execution. But there was one thing that really resonated with me. And they said, every time they look at a company, obviously, they do all the mathematical work and the analytics and everything else. But they come back to a fundamental question, which is, what is this company's right to win? What is their right to win?

And when we think about deploying capital on behalf of our clients, we have to ask ourselves, the people that are getting that capital, what's their right to win? So, obvious common sense applies. We apply that same lens to ourself.

So let me walk you through why we believe these targets are achievable and why we believe we're uniquely positioned to win. All right, we win because we're global, but have local expertise. In a deglobalizing, somewhat globally splintering world, this is incredibly powerful.

We operate across four continents, deep local knowledge, dedicated funds across global regions. It gives us a lot of advantages. Structural advantages in sourcing, building management team relationships, and accessing opportunities.

Again, I mentioned before we have 2,500 employees, 27 offices around the world, but it's not about just the offices and being in the regions, it's how long they've been in the region and the commitment to the region. So, 39 years obviously in America was with the launch of the firm, but 29 years in EMEA, 28 years in APAC. Japan just got exciting for everybody in the world. We've been excited about Japan for 25 years since we launched the office. Stayed, committed, grew, built relationships, built networks.

This is a talent driven business. The whole firm is about the people. It's also a business like all of you and the work you do; it's an experiential business, reps matter. And just to give you a sense of the partners at Carlyle, the average tenure is 15 years. They have experience, they've seen cycles. They know how to deploy capital, they know how to work with relationships and they know how to build value.

Why else do we win? We win because connectivity is embedded in our model. Since the founding of the firm, we've built one of the most recognized and trusted brands in global finance. And trust is critical. The teams built this over 40 years by creating deep, enduring connections with investors, companies, and stakeholders. We have CEOs that continually come back to the firm to lead portfolio companies because they like Carlyle and our investing teams. It's about trust and the experience they have.

What else makes us somewhat unique, our Washington, D.C. roots. They just differentiate us. It's a distinctive insight into policy, regulation, geopolitical dynamics, and obviously in the current environment and the foreseeable environment, all these factors increasingly shaped capital flows and markets and how capital has to be deployed.

A bit of an accident, David grew up in Baltimore, lived in D.C., started the firm, but ended up being a unique advantage. And know, global connectivity, for lack of better language, it's not just like part of the story as I just described it. It's a structural competitive advantage for Carlyle and it helps support our sustained growth.

All right, why else do we win? We win because we operate at scale and we have a diverse revenue stream. There are certainly times when you want to be more monoline focused. There are times you want to be more diversified. I would argue, the current environment, the foreseeable environment really plays a diversification.

You can see this on this slide we offer a full range of solutions across the platform. We're not wholly dependent on one solution set. You know, from private equity to Carlyle AlpInvest to credit, we have a really diverse set of clients. And the combination allows us when we go in a room to talk to the client and help them solve their problem. It's a broad set of solutions that allows us to fit their priorities. The geographic footprint, the breadth of the business lines and the global client base is diversified. Diversification creates durable earnings across cycles.

Today the discussion is about we don't happen to be a big SaaS player, but when I showed up everybody told me you should have been way bigger in direct lending before you got here, Harvey, you should have been way bigger in SaaS. Okay, three years later, now it's a virtue to be smaller in SaaS and still have a great direct lending business which we can now grow as others retreat. The world evolves, okay? But diversity underpins the financial architecture of this plan and why we feel confident about the targets.

Okay, why else do we feel good? We feel good about this because, you know the expression, you want to be, what is it? You want to be where the puck goes? The puck is coming to us. What do I mean by that? The markets today map pretty directly onto our distinctive footprint. A global focus on national security, rising global defense budgets, increasing geopolitical complexity, that's like home turf for our nearly four-decade track record in aerospace, defense, government services.

There is not a country in the world that is not prioritizing national security. We're the only ones that do this at scale for 40 years, nearly 40 years. Now, everywhere I travel in the world, the discussion is about economic growth. It's not just a U.S. phenomenon. It's everywhere in the world, Japan, Europe, Middle East, Southeast Asia, Canada. Everyone, every prime minister, every official, every company CEO wants to create economic growth.

And the capital that these companies and governments need, it can't come from the government exclusively. Deficits are too high. So there isn't a unique demand for capital of all forms, by the way, not just private capital, bank capital, but wherever that capital can be sourced, there is a unique demand for capital. It happens to map with our expertise, along with aerospace defense and government services. This cuts across all key industries for us. Industrial, financial services, all the real assets that we have decades of experience in. This fits us really, really well.

I said this to some reporters. I said, who knew the old economy was the new economy? But there's some real traction to that. I also happen to think the new economy is the new economy. But all of this plays to our power alleys. Healthcare, industrial, financial services. This is where we have decades of experience deploying capital. And it's exciting. It cuts across industries, geographies, again, the capital structure from equity to debt. And again, it's this diversification that makes the earning stream durable and gives us confidence.

If one thing is not firing, we're not wholly dependent on it. And the structure of the firm gives it lot of ballast. The secondary business, the primary private equity business, they can both fire at the same time, but there's ballast in that mix. And it's pretty fantastic for us.

So as we look ahead, we've organized around three firm-wide priorities, delivering exceptional investment performance, scaling the platform advantages that we have, and accelerating high-growth opportunities. These priorities, they're not independent of each other. They reinforce each other and they compound over time. And look, you're going to hear a lot more about each of them today from Mark, Jeff, John, Lindsay, and Justin and from the panels. They'll take you through deeper how we plan to execute.

But again, most importantly, we truly appreciate you being here. We truly appreciate you supporting Carlyle. We appreciate you challenging Carlyle. Again, never hurts my feelings. We love your feedback. It's actually been quite helpful for me over the last few years, joining Carlyle and hearing all your thoughts. But mostly we appreciate you being here today and engaging us. Everybody, thanks so much.

Unidentified Speaker: Please welcome Jeff Nedelman.

Jeff Nedelman: Thank you, Harvey. And by the way, before I start, I've worked with Harvey for 20 years. And so you know that puck analogy, that was going to be my analogy in my presentation, just to let you know. And by the way, for those of you who don't know, that's Wayne Gretzky on where the puck is going to go. But again, thank you very much, Harvey. And thanks to everybody in the room.

I am Jeff Nedelman. I'm co-president of Carlyle, and I lead the Global Client Business. Our strategy is simple. It begins and ends with our clients and solutions we create on their behalf. This really isn't a tagline. It's an operating principle. It's what I think of as our Rosetta Stone, the lens through which every decision in the business gets made.

So, everything I'm going to walk you through today, the organizational changes, the talent we brought in, the products we've built, the channels we're targeting, it all flows from the single commitment of our clients and solutions. You got an essence of this when Harvey spoke and you see a lot of our intellectual capital in the slide. But what connected me to an institution like Carlyle is the power of this brand. What does that mean? It's long-term track record. It's diversified and durable client base and the ability to convene and connect on a global scale.

So, whether we're in Davos meeting thought leaders or in Singapore with the Sovereign Wealth Fund or in a wealth advisor's office in Texas or California, our brand is consistent and our partners always lean in.

A lot has happened in the last three years and the power of the brand allowed me to optimize our client business strategy. This is really almost a three year look back on some of the things that have happened in the milestones or redesign, prioritizing talent, solution focus, advanced analytics. And just very quickly on advanced analytics, Harvey uses a term called clever. We want our salespeople to be clever how we use data science and AI and Lucia will talk about that later today.

But really on org design, we transitioned from a single product mentality to a generally client-centric multi-product model. Not in name, but how we're structured, how we're incentivized and how we show for clients every day. Also as importantly, we integrated global wealth into the heart of the platform. On talent acquisition, the people behind this transformation, our goal always and will be to find the best talent, whether within our organization or externally. Internally, we did that with new leadership in AlpInvest, credit sales, and the U.S. institutional business. But we also made several senior hires aligned with our strategic priorities.

Shane will talk later, be part of a panel, so I'll mention him by name. But we hired Shane in 2023 to redesign our wealth business. In a short time, he and his team and us created a durable, diversified business which gives us the right to win in wealth. In the last six months, we hired an exceptional person from Goldman Sachs to head our North American client business. We leveraged her dual fluency in both the institutional and wealth businesses to deepen our presence in both channels and manage our people. She's got exceptional EQ.

Finally, in the last few months, we hired a 25-year thought leader to actually lead our retirement business, building solutions for the 401k channel, define contribution and plan sponsor community.

Let me walk you through the key goals for the client business and the way we think about this. Priority one, grow diversified and durable client base, deliver exceptional performance, be a solutions first partner, invest in talent. Priority two, scale and expand our client solutions, exceed 200 billion of inflows over the next three years, scale our flagship strategies, deepen partnerships and expand into key channels. Priority three, drive excellence in wealth, expand and innovate our product suite, strengthen RIA channel penetration, and engage and educate our client base.

The wealth opportunity is generational. We are built for it. You're going to hear a lot about performance and exceptional performance. Before I talk about these goals in detail, I want to state the obvious. Any client conversation starts with exceptional performance. Performance is the price of admission in our business. It's purely just table stakes.

So the foundation of everything we do is rooted in the client relationship. Let me share a dashboard about our clients and our team. I do love this slide too. We have 32 limited partners across 87 countries. That's not a client list. That's a relationship map built over 40 years. In the last three years, we've added 450 new limited partners, while simultaneously seeing 250 existing LPs expand into multiple Carlyle strategies. That's simply cross-selling.

Our clients average 11 years with Carlyle. In wealth alone, we've developed over 200 distribution relationships. I'll talk about that in a bit. And today our sales team is 274 people strong, operating across 27 global offices. And our investor relation partners average 11 years at the firm. This is something we're exceptionally proud of.

So how do we source capital globally? And this is a '23 to '25 chart. Since 2023, we've sourced capital on every major continent, 110 billion from the Americas, 24 billion from APAC, and 15 billion from Europe, nine billion from EMENA. Our clients are everywhere their capital is deployed, and our team is structured to meet them where they are in their language and the contact that matters to them. So again, local to local.

Okay, Harvey did it, but everyone gets to at least use one sports analogy in their presentation. And when we think about Wayne Gretzky and where the puck is going, this is where I think the puck is going when we think the puck is going. Of course, the puck is going to retirement. That's a \$44 trillion TAM. It's the largest pool of capital in the world and it'll increase its allocation to the private markets. Our goal is to build a focused business around the defined

contribution and 401k opportunity. What does that mean? We plan to be key to the ecosystem of plan sponsors, financial advisors, managed account providers, and record keepers.

The puck also goes to the RIAs, the fastest growing distribution channel in wealth management. I call them the hyper scalers, gaining market share and massive asset flows. They are key distribution channel for the next generation of products, but are also our next generation of model portfolios. And lastly, the puck is going to family offices, \$5 trillion TAM. Sophisticated investors want institutional quality access. Carlyle's brand, track record intellectual capital resonates deeply here.

So, we built a team, we've deepened our client relationships. Now let me share some key financial results. This is our 2025 scorecard. In 2025, we raised \$54 billion and we beat our internal \$40 billion target by 35%. What's nice is we source capital from a diverse, durable client base. Pensions, sovereign wealth funds, family offices, private wealth partners, foundations and endowments, and insurance clients. Also, over the last two years, we raised capital across 30 different strategies.

This is exceptionally important for a variety of reasons. The first thing is our clients tell us repeatedly they want a solutions provider. They don't want a vendor, a partner who can meet them across their portfolios, across asset classes, geographies, and risk profiles. When I look at this, I see, yes, U.S. buyout nine. I see Japan partners. I see U.S. real estate 10. I see CCOF four. I see secondaries nine.

But here's why this breath matters so much right now. Almost every solution on our platform will be in the market in the next three years. This is what powers the multi-year super cycle. It's not about macroeconomic tailwinds, it's about our calendar, our platform, and our client relationships converging at exactly the right moment. And running across all of it, global wealth bringing evergreen access to this entire platform.

You heard this from Harvey, but this brings us to our new target of 200 billion plus of inflows by 2028. And we intend to exceed it. The composition tells the story. Fifty billion from Global Private Equity, 90 billion from Global Credit and insurance, and 60 billion from Carlyle AlpInvest. Every business contributes. Every channel is activated. Forty billion of that or 20% will come from Wealth Evergreen Solutions alone, a business that barely existed here three years ago.

Again, slightly repetitive, but I want to do this again. I want to connect this back to what I said on the last slide. The reason 200 billion is achievable. The reason it's not aspirational, but structural because every key Carlyle strategy comes back to the market in this window. The demand is built into the cadence of our platform.

Now I want to talk about where the biggest client opportunity is and how Carlyle is positioned to win it. And this is what I think about in the long game. The adoption of private markets and wealth. I intellectually call this the direction of travel. Obviously, it's topical right now and well-disseminated. It's hard to predict that the direction of travel is linear growth, geometric

growth, parabolic growth, and it's also hard to predict the timing. But I'm going to reiterate something that everybody knows. The pure opportunity set in wealth.

If you look at this, alternatives represent only 3% of high-net-worth portfolios. That's a \$4.5 trillion against \$150 trillion individual wealth market. In 10 years, depending on what third party you believe, that allocation is projected to nearly triple, reaching \$12 trillion. Again, the direction of travel is robust. I also, in my own mind, think about this as a superhighway. So what specific lane do you choose to play in? Carlyle will continue to be product quality, structural integrity, client education, and client trust.

And lastly, we'll play the systematic long game as we continue to scale and build new and diversified solutions for the wealth channel. Again, this is a bucket list of almost success. So let me spend a minute on the success for our wealth management business in the last three years. And congratulations to Shane and his team. On Evergreen products from three to nine, a threefold expansion of the solutions we can put in front of wealth clients on dedicated professionals, 46 to over 110, more than doubled because you can't serve a growing client base without growing the team to match.

And on Evergreen AUMs, three times growth in three years. That's the market responding to what we're building or what I think of as proof of concept. And then lastly, and this is very key, distribution relationships from 120 to 200, because the best products mean nothing if it can't reach the client. We've invested in distribution the same way we've invested in everything else, deliberately and at scale.

Our wealth strategy has two big gears, scale what's working and build what's next. Today we're scaling our platform strategies and we have acronyms from everything, CTAC, CAPM and CPEP, the flagship evergreen vehicles that have already earned client trust and capital. These are the engines of our current wealth growth. And then on a three-year look, '26 to '28, we have a clear build out agenda. Our asset-backed finance and our CIT build on the retirement channel are closest in scope.

Again, every product we build starts with the same question. What is the client need that they can't get today? That's the filter. That's the absolute discipline. Again, I'm very proud of this. This is a lot of time and effort for many people here, but in wealth product is only half the equation. The other half is something we call reach, getting our solutions in front of the right clients through the right advisors at the right moment.

Our collaboration with UBS on what we call CAPS is a perfect example. On one side, you see Carlyle AlpInvest, 25 years of experience executing complex secondary transactions globally. Forty-six billion in secondaries, 250 unique investments since inception, deep expertise, proven track record. On the other hand, UBS, 330 billion combined of invested assets, a global network drives a robust deal funnel and one of the most powerful distribution platforms in wealth management.

If you look at this, the result is a product called CAPS, a vehicle designed specifically around what wealth clients need, institutional quality secondaries exposure with the accessibility and

structure that the wealth channel requires. Simply, this is where expertise meets reach. For all you possible F1 gearheads, that is the new car for next year, okay? Just to be clear. But again, to emphasize expertise and reach, this is the new Oracle Red Bull car, and it's where we partner with the technology Ford performance-driven organization, Oracle Red Bull.

As it relates to F1 and demographics, it's pretty extraordinary. Eight hundred twenty-seven million fans with exceptional age and gender demographics. The partnership alone has generated \$325 million in total media reach and \$72 million in equivalent advertising exposure. For instance, when Harvey appears on CNBC with the Oracle Red Bull team manager, Laurent Mekies, we're able to connect to a vast audience, 500,000 strong. Again, this is where expertise meets reach. Which brings me to our targets for the wealth business.

We're targeting 40 billion in wealth evergreen inflows from 2026 to 2028. More than three times the 12 billion we raised in the prior three-year period. The growth will benefit from the same super cycle effect I mentioned earlier. Each business segment will contribute to enhancing our wealth platform to meet client demand.

So, the three things I want to leave you with today. One, performance first and solutions first approach. Two, we will continue to grow our wealth franchise methodically. The long-term structural shift into alternatives is underway. We build our wealth business the right way, the right products, the right team, and the right partners. Three, most importantly, deliver 200 billion of inflows by 2028. And I want to be specific about why this is achievable.

Again, every major Carlyle solution across every business segment comes back to market in the next three years. The super cycle isn't a vision, it's our fundraising calendar and it points directly to 200 billion plus. Again, I'm going to end where I began, which is clients and solutions, relentless and methodical. The team we built, the channels we're targeting, the partnerships we're forming, the products we're creating, all of it exists to serve one purpose, to be the best partner. Thank you very much.

Unidentified Speaker: Please welcome Mark Jenkins.

Mark Jenkins: Okay, well thank you, Jeff. I'm Mark Jenkins. I'm responsible for Global Credit and insurance, two areas I'm happy to oversee. It's not getting much focus on in the news lately. As Harvey mentioned in his opening remarks, Carlyle's Global Credit platform really represents the continuation of a strategy that, and a growth story whose foundation and differentiated strategy we started almost 10 years ago today.

Today I want to provide you with an overview of our Global Credit business, how we've built the differentiated platform and why we have extremely strong conviction in our continued growth opportunities going forward.

Global Credit is a purpose-built platform that delivers solutions to both our borrowers and investors. It's a scale diversified platform with over 211 billion of AUM and continues to grow. Nearly half of our capital, as you can see, is perpetual, giving us the benefit of semi-permanent

capital. I'm sure we'll talk about that in Q&A, with greater visibility into management fee streams going forward and obviously compounding value for our shareholders.

Now we combine that with scale and a highly active and differentiated origination, which has allowed us in the past year to deploy over \$30 billion alone, underscoring really the strength of our origination platform and our ability to generate management fees at scale. Credit, as you all know, is not a monolithic asset class. Right. It does span a wide risk-return spectrum. So we built a platform that covers that full spectrum of credit. Okay.

So, from liquid corporate credit, which is all of our CLOs, BSLs, to private credit, direct lending, which I know is in vogue right now, opportunistic hybrid capital, real asset credit, for us is infrastructure credit, aviation finance, and real estate, all the way through to and including asset-backed finance. This purpose-built platform provides a broad array of expected returns that allows us to invest at various points through a cycle, and more importantly, move capital to where we see the most attractive risk-adjusted returns for our investors.

So it's at breadth. A product that creates one of the industry's broadest origination funnels and it generates a vast amount of information flow for us to make investment decisions, obviously, and allows us to deliver very differentiated and direct outcomes for our borrowers and investors.

Now over the past three years, we've had significant strong growth. As you can see, fee revenue has grown at a 17% category, but probably more importantly, fee-related earnings have nearly doubled over that same period of time. So, it's grown at about a 34% category. That really demonstrates the meaningful operating leverage that we have in that platform and allows us to expand margins in our business as we grow.

Margin expansion for us really reflects all of the prior investment that we've made in infrastructure and technology, and most importantly, talent, as we've built out that broad array of product expertise that allows us for each incremental dollar of AUM is increasingly profitable. Okay. That growth has been deliberate. We set out a very deliberate growth pattern. We scaled high-performing strategies. We've expanded into fast growing areas of the credit segment, and we've launched evergreen vehicles, as Jeff talked about, which is bolstering our capital formation.

But at the end of the day, sustainable growth requires quality. Quality growth requires persistent and consistent investment returns for our investors within a very defined expected range of opportunities. And we have to provide compelling solutions for our borrowers as well. And that all translates into strong, durable AUM growth, which Harvey talked about.

Now, I'd like to frame, and I'm sure you've heard a lot of presentations on how people frame the private credit market. And I think the traditional view has always been this \$2 trillion market of what I would call leverage private credit. More than half of which, by the way, is in direct lending to sponsors. For us, private credit is a much broader opportunity set that exceeds \$25 trillion. It's 12 times that traditional view, as you can see here. And it spans all these multiple assets, classes and structures that our platform has built and designed to focus on.

So, our 211 billion of AUM represents actually less than 1% penetration of that addressable market. So, we have plenty of room to grow. And capital, as you know, is increasingly consolidating with skilled managers like Carlyle. And we know our diversified, differentiated platform positions us extremely well to capture our share of that market. But more importantly, or as importantly, I would say depending on how you want to look at it, I think as an investor, it allows us to maintain that investment discipline, right? And take advantage of that underlying operating leverage that we have in our platform.

And I think we've talked about it throughout that performance matters because nobody wants your products if you're not performing. So how do we capture that market share? Well, we're going to scale into what is already working, right? We're going to continue to expand in already proven strategies like asset-backed finance. Yes, direct lending, where we are probably underscaled relative to some of our peers. Opportunistic credit and cross-platform accounts.

Secondly, we're going to move into adjacent markets and geographies. So, we see a lot of white space in select regions. Let's think about Asia, Korea, Japan, Australia, India. We've been doing more in Europe recently. And we think there's specific sectors like sports, media, and entertainment that are attractive from an investment perspective. And then we want to optimize our distribution.

So, each of the institutional, insurance, and wealth channels have very distinct needs as to how we deliver what they want and how we deliver it. And we're well positioned to meet them through our broad product array and the multiple access points that we have as a firm. So we're targeting just over 90 billion of inflows over the next three years. A goal that's well grounded in our historical flows, which in the past three years were around 80 billion plus, with potential upside from insurance solutions, which I'll talk about, and other new product launches that we're considering as I stand here today.

So how are we executing it against our firm-wide priorities that Harvey laid out up front? Well, first, we have to deliver exceptional performance. Without strong, consistent performance, nothing else matters. Second, we're scaling our platform advantages, reinforcing that flywheel effect that compounds the benefits of the business as we continue to grow. And then third, we're going to accelerate in high growth opportunities, right? Insurance, as I mentioned, asset-backed finance, cross-platform credit, they're all scalable things that are going to drive our next phase of growth.

Now let's talk about performance. So across our platform, we have delivered exceptional performance and that is defined as consistent and persistent returns through cycles. Our track record stands multiple market cycles. Think of the GFC, think of COVID, think of like the interest rate increases in '22, '23 and a lot of other minor little dislocations along the way. And liquid credit. Our CLO management equity returns of 13% reflect 26 years of investment experience and underscore our history of outperformance.

We have driven double digit performance in private credit and we've made and delivered a premium to the index benchmarks that we use in asset-backed finance. Now just looking at

CTAC for a minute, which is our flagship cross-platform vehicle, which provides investors with really exposure across all of our credit capabilities within Global Credit in one single allocation, it's delivering double digit returns over the past three years.

Now we're able to drive these outcomes across our platform of 211 billion through proprietary originations, rigorous underwriting, which everybody talks about, but it only comes out of the other end when you get your money back, and a focus on downside protection, right? And the integrated benefits of being in a scale provider, but not just scaled within Global Credit, but scaled within that broad context of Carlyle overall, that's how 40 years of operating history of dealing with clients and dealing with industries on a global basis.

Now Harvey has a favorite slide and I have a favorite one because I've been in credit, I've been a credit analyst for over 35 years. And for me, it's not how you generate the returns is really important. And to me it is, if you generate these returns with a lot of volatility, that's not a great outcome in credit. So ultimately our objective is not just to generate returns, but protect capital.

So over 26 years, if you take a look here, our historical banks syndicated loss rate has been about one third of the broad industry loss rate. And in direct lending, which I know people are focused on right now for different reasons, our default rate is roughly one ninth of the industry average, but importantly, our loss rate has been 10 basis points.

And translate that into what does that mean? That's about if you make 10%, 12 basis points, or you'd be making 9.88% versus 10%. That has been our loss rate. And an underscore is not just the underwriting discipline. Because that's part of it, right? Putting that investment in your portfolio. But it also underscores what we do after we put it in our portfolio. And what our asset management capabilities are. And when something goes wrong, how do we recover that capital?

So why is that matter for shareholders? Because durable earnings are built, I think, on a disciplined credit culture, right? The rigorous underwriting that we go through. That consistent focus on downside protection and that investors trust us with their capital when we invest it for them.

So, let's talk about how the platform is designed to compound growth and reinforce what's called a flywheel. At the core, you can see here of the flywheel is really that integrated platform engine I talked about, right? It's the breadth of our capabilities, all of our product knowledge. It's the scale of our capital. It's the industry expertise. It's our sourcing relationships. It's a proprietary sourcing relationships. It's the investment we'll talk about in AI and technology, which helps us drive these decisions. It's the engine that powers everything that we do as a platform.

And that middle layer right there, that's our credit foundation. It spans all of those products, all that content, if you will, that our investors are looking for. And frankly, our borrowers are looking for solutions. So that is the content to how we deliver that, right? From liquid credit, private credit, real asset, and asset-backed, don't think of them as individual products. We think of them as a universe source of capital for solutions and for investors. And each of these

strategies generates its own deal flow and market intelligence and borrower relationships, right? That inform investment decisions and help us create new investment opportunities for investors.

So, this allows us to scale and compound solutions for both investors and borrowers, right? Capital markets helps us enhance execution. It generates fees that we deliver to the firm and revenue for Carlyle. Cross platform accounts deploy capital across that whole platform of strategies at scale and give us that meaningful operating leverage where we don't have to hire more people to put something into a cross-platform account. Insurance solutions leverage that diversified credit complex, if you will, so we can deliver capital-efficient solutions to insurance clients.

So again, at our core, we are solution providers to investors and borrowers. There's an engine, we have a diversified credit foundation and scale that allows us to compound over time. So, we're just building and continuing to build on what we already have in place. So, let's talk about some of the flywheel in action.

I know Harvey showed part of this chart before, but really, when Harvey came in, we made a very deliberate focus on capital markets. And over the past three years, you can see that focus has driven significant growth. But importantly, what you can see is we've diversified the sources of capital markets fees. And we expect to see much further growth in Global Credit and AlpInvest going forward where we think there's meaningful fee growth going forward for the firm.

Okay, let's talk about insurance. Really there's three pillars to our insurance strategy, if you will. And we see significant opportunity to further accelerate the growth in the insurance channel. And there's three key things I'd focus on. One, it's our investment of Fortitude Re. We have a 10.5% interest in them. It was the catalyst, if you will, for our insurance solutions business. Now this partnership, which continues to grow, and Fortitude Re continues to grow, enabled us to deepen our understanding of insurer asset management needs and ultimately build purpose-built solutions for insurance companies.

So, think about, we have built the product array in our platform that allows us to deliver that to third-party insurers. So that expertise compare and our capital light approach to the channel has made us much more relevant to third parties. Why is that? Because we don't have a captive that we're feeding all the time. And our relationship with Fortitude Re is really based on an open architecture. And that open architecture approach has allowed us to penetrate more down the third party channel.

And then lastly, we are selectively exploring strategic relationships where we can use our capital light approach, but judiciously use our capital to expand our insurance AUM. So the growth of our insurance capabilities, both in structuring and in distribution has also allowed us to generate more fees, if you will, from a capital markets perspective.

So it's really a comprehensive approach again, that's going to provide solutions to insurers and also the growth of fortitude that will continue to drive revenue there. Asset-backed Finance, it's

one of our fastest growing verticals right now. It's supported by strong secular tailwinds, I'm sure you've all heard about, and we think there's significant runway for expansion.

As we highlighted in our market opportunity slide, the addressable market for Asset-backed is substantial, and we're moving very decisively, and you'll hear from some of my colleagues today about how we're seizing on that opportunity. But since 2021, we've actually scaled that business in virtually nothing to over \$10 billion. And as I mentioned, our partnership with Fortitude Re really was a catalyst, right?

But looking ahead, we have the launch of Evergreen vehicles in 2026 and beyond that we're going to lead to our next phase of growth in ABF. These vehicles, Evergreen vehicles will open up additional distribution channels, which will include non-insurance institutional and high net worth. But importantly, the growth drivers for asset-backed finance are really structural versus cyclical, I'm not sure you've heard it from my peers, but basically banks are retrenching from asset-backed lending due to mostly regulatory accounting and other regulatory events.

And then capital market volatility has constrained financing and pushed it into the private markets where there's more durability, if you will, of providing that. And that trend has created a sustained opportunity for private credit across hard assets, consumer, corporate and intangible assets that traditionally have been held on bank balance sheets. So, we're not really investing in anything that hasn't been held in the market for 50 plus years, probably by banks. And so, these are relatively good secure assets that have been held by different constituents.

So we believe our asset-backed finance strategy has potential to be multiples of what you see on the screen here in the next coming years. Evergreen vehicles, Jeff addressed these and talked about them. They have been one aspect of our growth. And they're very scalable and recurring. They provide semi-permanent capital. Again, we'll talk about that with more visible fee streams. And we've grown our evergreen vehicles from AUM from 12 billion to 19 billion.

So in a very deliberate steady way over the past three years, but it really does reflect the scalability that we have of these vehicles. So as you know, which are continuously fundraising and reinvesting. So it allows that AUM to compound over time for investors and for us and reduces reliance on going back to market with these drawdown funds. So we've got a comprehensive set of products that allows us to serve the institutional market and the wealth channels. And it does position us extremely well for the retirement flows that we anticipate down the road, where the demand for private market exposure continues to increase. And I argue probably they'll look to credit as their first step, if you will.

So again, we're leveraging the full breadth of the platform, differentiated exposures. That might be my time. Making us highly relevant across all distribution channels. And we think we've got a meaningful runway. Okay. CTAC, which you've heard about, I think, is proof of our platform creating a differentiated product for the wealth channel. Really, it's a multi-asset solution of credit that draws across that full breadth of Global Credit. It has grown at about a 44% CAGR over the past three years and represents roughly seven billion in AUM for a platform. And as I said, delivering 10% returns over the past three years.

What's the key to it? The performance is really driven by a dynamic asset allocation model that occurs through time. And what that means by that, we have a top-down asset allocation model that allows us, again, to move capital where we see the opportunities and we can -- the most compelling risk adjusted opportunities, but rather relying on one single strategy, like direct lending, for instance.

So today that portfolio holds over 950 positions. I'll say that again, 950 positions. They're marked daily, so it provides significant diversification, but importantly in this market, transparency to our investors. So, again, this just allows us to invest through cycles and lean in where we see the opportunities. So we built a Global Credit platform intentionally to enable this type of cross strategy approach which goes both institutional and high net worth. It's a key differentiator for a platform and it represents really the best of Carlyle Global Credit in a single semi-liquid vehicle with continued, we think enormous runway for growth in a methodical way.

So let me just finish by saying we have a purpose-built diversified Global Credit platform and it's differentiated by the breadth of that platform, which enables us again to deliver tailored solutions to both our borrowers, which we need on one side, and our investors on the other side. We operate across an opportunity set that exceeds 25 trillion, so we think we have a huge amount of runway for growth, and our target of more than 90 billion of inflows is highly achievable, and we think we have meaningful upside from there.

Don't hold that to me too much, but we think we have that upside there. And we have strong conviction, if you will, in Global Credit's ability to drive sustained AUM and earnings growth as we have demonstrated over the past 10 years of our platform's growth. So with that, I'll thank you and I'll pass it on to my colleague, John Redett

Unidentified Speaker: Please welcome John Redett.

John Redett: Good job. Morning, everyone. Great to see some familiar faces. So, I'm John Redett. I've been with the firm for nearly 20 years. Up until my recent new role as co-president, I was Chief Financial Officer for several years. But I spent the vast majority of my career at Carlyle on the Global Private Equity side of the business. This is a business I know really well. This is a business I really love.

For us at Carlyle, Global Private Equity consists of Corporate Private Equity in real assets. We have a 35-year track record in Global Private Equity. This is where it all began for Carlyle 35-plus years ago. We have an incredibly strong brand, a very well-respected brand. I think Harvey used the term iconic. It's very much an iconic brand.

The Global Private Equity business, it's scaled. It's a global business and it's also a very profitable business for Carlyle. We manage roughly 165 billion of AUM. In our portfolio companies globally, we employ 700,000 employees. That would rank us a top 10 employer in the U.S. And what does this give us? This gives us a tremendous amount of data. It also gives us great visibility into the global economy, which is a real advantage when you're investing.

Harvey touched on a little bit this earlier. When I think about this business looking forward, and I think it's going to be a great business, it's really going to come down to what I call the traditional private equity approach. You're going to have to be a disciplined buyer. You're going to have to be incredibly focused on driving returns through value creation. And you're going to have to monetize assets earlier in the fund life, like we've done in CP8.

I think the days of multiple expansion driven returns are largely, largely behind us. When we look at our returns in Global Private Equity, nearly 80% of the return is driven by value creation. And what do I mean by value creation? Improving the technology, the efficiency, expanding the business, focused on pricing, growing the business. These are just a few areas we focus on.

Look, AI has been something we have been using in Global Private Equity for years. It is obviously probably a topic that's top of mind for everyone in this room. It seems to be in every single article. And again, we've been focused on this for years. When we take an investment to the investment committee, AI's topics one through five. We spend the vast majority of the time talking about AI, how it benefits this investment, what are perhaps some of the risks of AI. But I'm not going to spend a lot of time on it. I don't want to minimize it. But we have a panel later today specifically dedicated to AI.

As I said, this is a diversified business. It's a very durable business. As you can see here, we're not overly reliant on any particular fund. You can see Corporate Private Equity is the cornerstone. Not surprising given our 35-year history and track record in Corporate Private Equity. This business really helps drive the Carlyle brand. When we buy a company like Vantiv, we get tremendous coverage. When we monetize, like the highly successful Medline IPO, we get even more coverage.

The business is a big driver of capital markets revenues. You saw that on Mark's slide. This has been a key focus area for the management team for last few years, and we've had a lot of success in Global Private Equity driving capital market fees. So, this is an incredibly important business to Carlyle.

In terms of firm-wide priorities as it relates to Global Private Equity, look, investment performance, we are laser-like focused on investment performance. It's core to what we do. We're incredibly focused on scaling, continue to scale the business, and we're looking for ways to find new areas to accelerate growth in this business. Investment performance in the Global Private Equity business has really been strong across the board. You can see on this slide in our U.S. Corporate Private Equity business in the U.S., a 29% gross IRR. We have strong performance in Europe and Asia in Japan. When you look at Corporate Private Equity across the globe, that's a 26% IRR in our real asset business. Real estate, a 17% IRR.

And if you actually look at the real estate business and look at it kind of post the great financial crisis, that 17% is closer to '25. So very good performance there. Look, I think it's very clear the management team in our investment professionals are very focused on investment performance. When you look at the Corporate Private Equity business, we could not be more pleased with

where it sits today. I actually do have favorite slides and this is probably within the Global Private Equity, my favorite slide.

The business is clearly showing real momentum. When you look at CP8, that's the current fund we're investing out of in the U.S., it's around 80% committed. It's looking like a great fund. CP8 is first quartile on net IRR, second quartile on other metrics. It appreciated 17% in 2025. DPI is already 0.3. Okay, DPI is 0.3 and it's only 80% committed or invested. So, we are returning capital to our LPs and CP8 and the fund is not fully invested.

CP7 is progressing and it's improving. When you look at CP7 relative to previous vintage funds, on the left of this slide, CP7's performance is generally in line at a similar point of those previous vintage fund lives. I'd also point out for CP7, DPI has improved to 0.7. So, we are very pleased with how the U.S. Corporate Private Equity business is performing. I think when you think about this extraordinary performance, and you add in the tremendous realization activity we've had, it really shows the momentum we have in this business and we're very happy with where this business is today.

This is another great slide. So actually, as I have two favorite slides. This is my second one. Maybe this is my first one. Look, in terms of realizations, and we've been talking about this for quite a while, we're an outlier. We are returning more capital to our investors than the industry. In 2025, we returned 18 billion of capital to our investors. It's continued in 2026. We're two months in, and we have already closed or pending closed \$7.5 billion, which is largely in our U.S. Corporate Private Equity business.

In U.S. Corporate Private Equity, which is again, largely seven and eight, we returned \$11 billion the last 12 months. That is a 100% increase year over year. How have we done this? It's been a mix of IPOs, trade sales, but it's driven by the great companies we own in CP7 and CP8. We basically opened the IPO market with StandardAero in October of 2024. We followed that with several more high-profile successful IPOs. We did Rigaku in Japan. We did Hexaware in India. And I think everyone in this room is fully aware of the highly successful Medline IPO we recently completed.

Medline was the largest ever sponsor-backed IPO, the largest ever healthcare IPO, and we are the number one sponsor by global IPO proceeds, over 10 billion of issuance. So clearly our investment teams are focused on returning capital back to our LPs.

I mentioned this is a global business and Harvey touched on this. Look, we're able to take on a very complex global company and work across the globe together and make that investment. Some of our better investments that we've done in our 35 plus year history, they span the globe with teams working together across multiple geographies, like our recently announced BASF transaction. I would just say collaboration is just part of the Carlyle culture.

Harvey touched on this as well. We invest out of regional funds, which we think today is a real strength. And we've been doing this for decades. We've been in Japan for 25 years. Amazing brand, amazing leadership in that business, really a deep investment bench. We've been

investing in Asia and Europe for 25 plus years, long tenured leadership. So very pleased with where we are in each of the regions we invest.

We've always had an investment focus that I would describe as highly specialized. It's sector-focused. It's always been sector-focused. Our power alleys include industrials, financial services, healthcare, and aerospace and defense. We have never been a big software investor. We think our sector focus is perfectly matched for today's market and the opportunities that we're seeing today.

We have a very deep bench of investors. I'm very pleased with that. That's a great thing to see. And our senior investors are long tenure. The average time at Carlyle for senior investors is 16 years. One of our real power alleys or real strength is just global corporate carve-outs. We are a leader in corporate carve-outs. We've done over 80 corporate carve-outs. We've invested \$30 billion in corporate carve-outs, and the returns are really strong.

We recently announced the BASF carve-out. That was a complex multi-geography carve-out, Asia, U.S., Europe working together and really leveraging that local market expertise that having local regional funds provides us. We announced Vantiv before BASF, and we also announced another carve-out world pack. Look, we think carve-out activity is going to accelerate, and we think we're perfectly positioned to capture that opportunity set.

Aerospace and defense, this is a real core strength at Carlyle. Any stat you look at or any projection you see, they all call for a substantial increase in global defense government spending. The increases are in the trillions of dollars. This will go well beyond just defense. This will be a re-industrialization of certain countries and it will require a massive upgrade in infrastructure.

Aerospace and defense is actually where it started at Carlyle in Corporate Private Equity. We are the only large global alt firm with a dedicated aerospace and defense team. I think being a D.C.-based firm, we just have an edge in this space. We've invested \$14 billion in A&D and you can see the returns at 3.3 MOIC, they're just fantastic. We have a really good A&D team. The leader of that team has been at Carlyle for 25 plus years. The bench is deep. But we see this as an enormous opportunity that's approaching us.

Real assets. For us, that is real estate. We have a great real estate business, energy and infrastructure. We've been in the energy space for 25 years. We invest in energy globally. Real estate, we've been doing real estate for 30 years and the returns are actually very, very strong. We were able to raise our 10th vintage real estate fund in the 2024, 2025 timeframe. We raised \$9 billion. This was in a time frame where no one was raising real estate money. So how did we do that? I think it just comes down to returns. We have outperformed the market, and our returns are durable and consistent.

In our infrastructure business, look, we have very good performance in infrastructure. I think this is going to be a big growth area for us going forward. Jeff touched a little bit on the flow, our views on flows for the next three years. We're expecting 50 billion of flows over the next

three years. That is up 70% from the prior three years. What is it driven by? Our existing core business. All flagship strategies will be in the market over the next three years.

Really, Jeff used the term super fundraising cycle. It is a super fundraising cycle for Global Private Equity. We're leaning into areas where we clearly have an edge, like carve-outs in aerospace defense, national security. And lastly, we're going to scale our private equity wealth product, which we just launched in the fall of 2025. And this product really benefits from the best of Carlyle across the private equity product or platform, sorry.

All right, so leave you with a couple of thoughts. Only have a couple of seconds left. We are incredibly focused on delivering performance excellence, investment performance excellence. We think the business is incredibly well positioned, particularly for the opportunity set we're looking at today. We have an incredibly strong brand in Global Private Equity. We've got a great long-term track record. We are delivering beyond what we have conveyed to our LPs. Business is really showing momentum. Targeting 50 billion of flows. It's a super cycle for Global Private Equity as well.

And now I'm going to shift gears and talk about AlpInvest. So, we don't need the voice of God. I'm still John Redett. I'm going to start by just stating the obvious. This is a great business. This is a high growth, scale business with over 100 billion of AUM. High growth, 100% organic. We didn't buy this growth. Business is diversified. We have a 25-year track record. The easiest way to describe this business and I like to simplify things. It's a liquidity solutions provider to the private markets.

Harvey touched on this a bit earlier. We really focused on integrating this business several years ago into the broader Carlyle platform. And the results are clearly positive. I think the integration actually accelerated this high growth we've seen. AlpInvest benefits from being part of Carlyle, and Carlyle benefits from AlpInvest.

Again, this is just an amazing business. As a PE investor, it has all the attributes one looks for when you buy a company. High growth, scale, strong margins, industry leader, and the last one I love, high barriers to entry. I think most people think of AlpInvest, and I would have put myself in this camp several years ago before I became CFO, as a secondaries business. And we have a great secondaries business, but it's a very diversified business. And we have a great co-investment business, a primary business, and a portfolio finance business. We have a 25-year track record. The returns are strong and consistent. High barriers to entry, I touched on that.

I'm not sure how you replicate 25 years of data on 30,000 companies and long-standing GP relationships. There are only a handful of scaled industry participants. You have really strong industry tailwinds that are both secular and cyclical. Supply, investment supply, exceeds capital formation. That's a healthy dynamic. And the wealth opportunity set, it's real. Wealth, I should say, wealth and retirement. It's basically diversified PE exposure with limited J-curve. And we've had great success scaling CAPM. Flows are up almost 3x over the last 12 months.

This business is certainly benefiting from cyclical tailwinds. But more fundamentally, it's structural. We are in the middle of reshaping how the traditional private equity model works.

For LPs, we buy exposure, we lend against exposure, help rebalance portfolios, unlock new capital, and we create liquidity. For GPs, we touch GPs at literally every point of their life cycle. We optimize every dollar of capital. We provide GP financings, midlife co-investment, continuation vehicles, and fund financing.

We go incredibly deep in the sponsor ecosystem, positioned to be a winner in both private equity and credit. You can really see how the businesses are connected. Over around 60% of our GPs use multiple AlpInvest strategies or products. So we're really a real solutions provider.

I mentioned earlier, this is a diversified business, but the businesses are incredibly connected. They're not just funds. Each business helps drive activity across the broader platform. So the primary business, that very much drives a lot of activity in the secondary business because of the connectivity with the GPs. Secondaries in portfolio finance are roughly 50% of the business. Primaries around 25% of the business and co-investment 25% of the business.

I don't have wealth on the pie chart, but wealth is roughly 7% of the AUM, but that's cross-platform, so that would be embedded into these percentages. I think this business is a scaled liquidity solutions provider, but it's also a data-driven business. There are only a handful of scaled competitors. We have 375 GP relationships, over 700 LP relationships. The scale and depth of these GP relationships, long track record, really enable us to capture new areas of growth, like credit secondaries.

This is a data-driven business. We have data on 30,000 companies. That's 11 million data points. This massive amount of data, it puts a moat around this business, and it really gives us tremendous, tremendous leverage in this business.

All right, I guess I have a lot of favorite slides because this is my absolute favorite slide. I probably don't even need to say much. But you can see we were able to drive management fee growth by nearly a 40% CAGR over the last three years in this business. FRE is up nearly 4x over the last three years. It's important to note again, this was 100% organic. We did not buy this growth. Three years ago, this business was 8% of Carlyle FRE. Today, that number is 22% of firm-wide FRE. Very, very pleased with that.

We are also able to drive real margin improvement in this business. FRE margins have improved 2,000 basis points over the last three years. The margin now better reflects the scale of this business. And these margins were achieved through growth and scale. We did not cut our way to these margins. And we had 40 billion of inflows the last three years in this business.

Okay, so the priorities for the firm relating to this business, look, investment performance is key to any investment business we have. It's been strong across the business. It's been consistent. We're really focusing on leveraging our current scale in this business. It's an advantage. And we're looking for ways to accelerate already a high growth rate. How are we doing that? Well, wealth retirement, credit secondaries, portfolio finance, and insurance. But again, the core of the business will continue to be a very high growth business as well. Real tailwinds in this industry.

Since inception, this slide is fairly self-explanatory, but since inception, the returns have been strong across the platform. Secondaries gross IRR, 19%. Co-investment around 18%. Our investment professionals take a view on the assets, the quality of the assets, and the quality of the GP. We don't approach the market like a big index buyer are a top-down buyer. We also don't play in the deep discount space. That's just never been a focus area for Carlyle AlpInvest. Again, we transact on 5% of what we see. So, we can be incredibly selective, which is a real advantage.

Look, I've said that this business has a lot of tailwinds. They're both secular and cyclical. In the secondaries market, that's a big market, let's use that one as an example. The secondaries market is doubling in size every four to five years. It's an incredible tailwind. And this is creating a real shortfall in capital versus supply. And I think this trend will continue for the foreseeable future.

When we talk to GPs today, 75% of the GPs we talk to are going to use the secondary market over the next two years. Five years ago, I think this number would have been closer to 25%. So real pickup in penetration on the secondary product.

Let's talk about the forward-looking flows. We expect this business to continue to be a high-growth business. That growth is going to be driven by the existing business secondaries, co-investment, their key growth drivers. Again, supply exceeds capital formation. There's only enough capital that's been raised to last to meet supply for a little over one year. And if you look at over time, that is been coming down for the last five years. Five years ago, it about three years. Today, that's one year. This is a huge tailwind.

But again, it's not a constraint to us deploying capital. It enables us to be very selective. Again, we transact in only 5% of what we see. The current secondaries platform is 80% committed. Deployment pace was similar to the previous vintage. So, I like our pacing on that. And as we think about scaling some of the newer businesses, we think that will further accelerate what we think will be already strong growth from our core business. So, credit secondaries, portfolio finance, and insurance should further accelerate growth when we look forward.

And again, wealth. We expect wealth to continue to be a driver. Maybe it's not linear, but long term, and we think it's a great wealth product. We expect 60 billion of flows over the next three years. To put it in perspective, we had 40 billion of flows the last three years. So we're looking for a 50% increase of flows in the next three years. And like credit, like Global Private Equity, this is a super cycle for Carlyle AlpInvest. Every single strategy will be in the market in the next three years.

All right, so a couple key takeaways. We've proven this is a high growth business, and we expect it to continue. The industry has real tailwinds. Our growth has been 100% organic. This business is driven by deep, long-standing GP relationships and proprietary data we've collected over the last 25 years. We touch the GP at every part of their life cycle. And you can't really replicate 25 years of data on 30,000 companies.

There are only a handful of scaled industry participants, and there are real barriers to entry in this industry. And you read a lot about new industry participants. I think they're highly specialized and they're small. They completely lack the depth and breadth of GP relationships, and we have the ability to attack them when we want. In this business, I think we have a clear right to win. Thank you.

Unidentified Speaker: We will now take a brief break. The session will resume momentarily with leveraging AI across Carlyle.

Lindsay LoBue: Hi, everyone, I am Lindsay LoBue, the Chief Operating Officer at Carlyle. This morning we've been talking about how Carlyle's continued to evolve and grow across the firm. And as part of my job as a Chief Operating Officer is actually to create an operating model that allows our businesses to scale and to build. And AI is a core part of our operating model.

So today I'm here with two of my colleagues to actually talk about how we're putting AI in the works of everybody's hands across the firm and actually how we're using it to scale our business. So here I have Lucia Soares, who is our Chief Information Officer and Head of Transformation, and Matt Anderson, who is our Chief Digital Officer and Head of Data Science. So with that, we're just going to get started. So Lucia, can you walk us through Carlyle's AI journey?

Lucia Soares: Yes, our journey with AI started years before the AI hype infused every boardroom. Six years ago, our data science team, led by Matt, posited that machine learning could actually help us drive superior investment outcomes. And they started seeing some early results even before foundational models came onto the scene.

Then in 2023, when generative AI became big news, we immediately recognized that democratizing this AI across the firm would have transformational power. And so, as a result of that, we decided to lean in early and very quickly. We were the first private markets asset management firm to deploy ChatGPT enterprise for our employees. And we didn't just deploy one tool, we deployed multiple tools because the size of our firm actually allows us to be more nimble and agile versus larger enterprises. We can play around with more things.

We achieved 90% adoption in nine months with these tools at employees' hands. They started to experiment with them, put them into their everyday work, and we saw recently an increase of about 213% usage of these tools. So the breadth and the depth of what we're doing is really transformational for how our employees are engaged.

It's important to think about these numbers, but really what we're seeing is that AI is being embedded into the DNA of the firm and it's transforming how people work. And because of that, our people are working alongside our engineers developing AI solutions with us. We have more than 50 AI solutions today deployed across the firm. 65% of our technology investments are focused at the tip of the spear, transforming how our deal teams and how our sales teams are operating.

We're also scaling our engineering platform. So we grew our generative AI talent by 180% since 2023. And we also have deployed, since April, 10 million lines of code into our environment, leveraging AI, which we would not have been able to do pre-AI period. And more recently, one of our LLM providers indicated to us that we're in the top percentile of token usage, which means that we're actually leaning in meaningfully developing solutions in our organization. Carlyle was really made for this moment. We saw the opportunity early, we leaned in, and we were able to execute with AI embedded across the firm.

Lindsay LoBue: Okay. So, clearly we were fast and we were early. But AI is only as good as the data that drives it. So Matt, can you talk a little bit about how data at Carlyle -- does it give us a little bit of a competitive edge?

Matt Anderson: Yes. We quietly entered the AI space about six years ago. And for actually many years before that, five, 10 years before that, we'd actually been accumulating the data into a database so it was structured and organized from all of our investing. So there had been a lot of work that went on really before even I arrived here. And I think we've really emerged as a force.

The reason for that is because Carlyle has a huge and rich history of investing and the data around that. And we've been capturing that data, right? Sometimes long, long ago before the computers had been in notebooks, but really, know, PDFs and other kinds of things. And so we've taken a very concerted effort to extract all that information out of what we call unstructured information and put it in databases where it's structured.

And so, now, if you look at our statistics, when I arrived in 2020, we had -- it was about 72 terabytes of data, and it covered about 11,000 companies at the time. Over the last five, six years, so as of basically last month, we've grown that almost 800%, it's around 790%, about 200% a year. If you want to figure out how much we've been adding, we've been adding the equivalent of 10 petabytes per year.

Harvey asked me yesterday, what is a petabyte? So I'll tell you what a petabyte is. 10 petabytes is basically equal to 100,000 4K high definition movies or if you were just to divide that by our employee count, it basically means we have hundreds of hours of movies per employee. It's really a lot of data about what we've been doing and how we've been working and that kind of thing.

And so now our data set is actually 62,770 terabytes, or 62 terabytes. And when you think about what that means, it means that we effectively have unstructured structured information, context around where companies are, employees, technology. We really understand a lot of the ecosystem around the company. And then we have some very highly proprietary data, about 30,000 companies. You heard John refer to it yesterday -- or sorry, earlier today. And that corresponds to about 11 million data points.

Why does all this matter? It all matters because one day, all of these great foundational models are all going to converge around basically the same capability. They're all going to be able to do something very similar to each other. And what's going to matter is how your data unlocks

incremental insights in the middle of a deal process. And that's what we've really been working on unleashing.

So our data is all organized, it's stored, we have it in snowflake and data breaks, a whole host of different solutions. And that means that we can sort of bring that data to our investors in days when we get new data sets, our new models. We've really been working on our agility around that data because it's going to be the source of differentiation in our industry and we have one of the largest data sets that I know of in this industry.

Lindsay LoBue: Well, clearly, we've led when it comes to adoption and scale and organizing our data. But how do we actually measure the value AI is creating and delivering into the firm?

Lucia Soares: Yes, early on, experimentation is key. Moving fast, we'll get tied down by bureaucracy. But because we already had hypotheses of where we could drive value with AI, We created a framework early on to measure that value. And what that means is you have accountable owners, you have targeted ROI for the different initiatives, and then you measure the value of those initiatives. As an example, we defined a BHAG, a big, hairy, audacious goal for ourselves. We said in three years, we want to drive a certain level of soft hard cost savings across the firm with the use of AI.

We're about a third of the way into that journey. We've already achieved 30% of our value realization target with line of sight to get to the ends. And that translates into roughly 217,000 hours of gained productivity already that is infused in the front office, in the back office, in the middle office of everything that we're doing.

That being said, we're not here to just use AI to automate the same processes we have today, because that would kind of be a waste of time. We're here to look at how we reinvent how we work, how we change the fabric, the DNA of the firm with a competitive advantage using AI.

Let me give you an example of what that looks like. Earlier today, you heard Mark talk about our asset-backed finance business and how it's growing very quickly. It's an important area for us. Well, our deal analysts in that area in the past, they would have a very manual process to do deal screening and deal modeling. It would involve lots of spreadsheets, lots of time, and lots of complexity and calculations. We decided to reimagine that process using AI.

Using AI, our solution that we custom built basically ingests and analyzes more than 100,000 of loans per tape. It then builds hundreds of rep lines across multiple dimensions, and it performs interactive loan stratification. That's really cool. You can do that with generative AI. But as we know, generative AI is not always 100% accurate and quantitative. So taking that base model, we then built proprietary Python code where we can drive accuracy and then our solution delivers results across the full loan pool at each rep line in seconds and it calculates millions of cash flow statements.

So our deal teams get the projected IRR, projected MOAC and other outputs. This speed of course is transformational because we've taken something that the deal teams were doing one to two days and now they can do it in 15 minutes. But besides it being faster, we've transformed

the actual process. We've strengthened our underwriting accuracy and we have built more deal velocity making us more competitive. Having all of that data now in one cloud repository with A on top of it, we can use it after the transaction and to build better models for the future. And we're doing these solutions across multiple of our segments in private equity and in Alpinvest as well.

Matt Anderson: And maybe I can jump in and sort of take a real life example. So when we talk about all this data being in our AI platform, this is not like experimentation. We certainly have things in proof of concept of pilot mode, but we've done hundreds of these diligence in private equity since 2024 and 3,700, what I would call light screens of companies, since that date.

And one of my favorite stories is there's a healthcare company. It basically is a contract manufacturer, so they put out raw materials and medical devices. And the deal team was looking at the deal and said, hey, we noticed the revenue is slowing down a little bit. We wonder if that's from demand poor forward or de-stocking, or maybe there's something structural inside the company that's a little weak. So they asked us to help take a look at it with our AI platform.

Our AI platform adjusted thousands of documents, databases, Excel files. And in basically two to three days, it had found another set of data sources that are industry specific. Now, this is true, right? Every time you do a diligence, you're interested in companies in general, but you're also interested in what are the data sets that say what they're doing. For instance, a hospital's nowhere near like a biotech company, right? They're two to totally different data sets.

So our actual platform grabs those data sets, connects it into the core data set, and links it in real time. And so what we're able then to do is to gain much more incremental insight. This case, we found a data set around the FDA certification, type one, two, three, that you get when your medical device is granted its ability to sell to consumers. And ultimately, the AI platform went and it took the SKU file. If you've ever seen a SKU file, they're just complete gibberish. It's 20 lines of A's and B's and 1's and 2's. You can't really understand it. And then it was able to actually tag that to the description, go back to that data set.

So we're talking multi-hop connections in real time across the data sets and figure out that what had been going on at the company was that their material was going into more and more what's called a type 1 certification, which is the least protected by the FDA, you can substitute for that more easily, versus type three where they had traditionally been, those are things like pacemakers, kind of mission critical, were kind of the core bread and butter.

And what's really interesting about this is, we actually had consultants working on this with us because we use them occasionally for our diligence. And they were able to look at the top 10 customers. And when you looked at that revenue, the revenue looked relatively stable. Our AI platform went and looked at every single customer, every single SKU, every single sale, every single day. And it calculated that the revenue had, in fact, been declining in the middle and in the long tail of that business. The reason was because that part of the business had weakened its position around those FDA certifications.

And so this kind of insight, would take months, if not years, in order to get that kind of insight out with the type of datasets we're talking about. We generated that in three days, and then we iterated it once or twice with the deal team. It's an incredible competitive advantage. It's a real flywheel.

Lindsay LoBue: I mean, the work that's been going on internally has been pretty amazing. And that's what we've been focusing on right now. But I want to actually just broaden the lens a little bit and talk about how we're actually adding value across our portfolio. So, Lucia, you want to start?

Lucia Soares: Yes, across our portfolio, we drive AI value creation with the same aggressiveness and passion that we do inside. Our deal teams work with our global portfolio solutions teams, and they look at the portfolio companies in three ways. They look at AI risk and exposure. How can AI change this industry or this market in the next three to five years? The other side of the coin is, what are the AI opportunities? How can AI drive more strategic opportunities for the company? And then finally we look at AI readiness and capabilities. Does the company have the right talent and the right resources to prioritize against the actions that they need to take?

Sometimes, by the way, we use AI to help to deliver some of these value creation plans. As an example, one of our AI tools helped to unearth new acquisition targets for highly acquisitive portfolio companies. But at the end of the day, we have these models in place and then we offer our portfolio companies two channels to accelerate AI value creation.

The first channel is our strategic partnerships around technology and AI that we offer our portfolio companies. We've built this platform over eight years of over 60 enterprise AI native companies that we have partnerships with for preferred pricing, for access to strategic talent. And we have leaned in early to build deep relationships that allow our portfolio companies to work with these companies with the same Carlyle AUM power and leverage.

The second channel that we offer our portfolio companies is access to AI leadership forums. We have over 200 technology portfolio leaders across our business. And we offer multiple webinars on different topics, as you know, technology, cybersecurity, AI. These are all interrelated topics. It's important for leaders to learn from each other what's happening, to share best practices.

One example that we did last year was we launched AI Innovation Day. We had more than 300 people attend AI Innovation Day, including CEOs from our portfolio companies. We curated some AI startups, and we got to listen to their stories, how they're approaching disruptive business models. And it gave our portfolio companies ideas about the art of the possible with how this is happening.

Across our portfolio, we're seeing AI value creation materialize. We're seeing, for example, profitability gains driven by AI-powered pricing. In one company, we've seen that AI has helped to drive a double-digit EBITDA increase for that company. We're also seeing

productivity gains. Productivity gains are not just manual work hours saved. Productivity gains are translating into higher customer satisfaction, into better products that our companies are delivering with higher accuracy and better quality. The overall theme that we're seeing is that when a company leans into AI, it unlocks new product ideas and it releases more competitive energy inside of the market.

I'll say also what was true is still true today. Meaning the way we approached value creation with our portfolio companies is to look at putting the right executive leadership team in place, driving disciplined execution, and making sure our companies have the ability to embrace innovation. Those three things are true, whether it's a digital transformation, a cloud transformation, AI transformation, that's where we're really focused on driving value in our portfolio companies.

Lindsay LoBue: Well, clearly our portfolio companies are using innovation to create value. Just to reiterate your point, because I think it's incredibly important. And so if we think about -- we take that same lens, but we actually turn it internally, Matt. How are we actually embedding AI within our investment teams to enhance performance and returns?

Matt Anderson: I think one of our real advantages, Harvey says this a lot, is that we can make our firm very small in the sense that we can work really closely with each other in a very agile and nimble way. I can't you the number of times Harvey or Lindsay connect me with a business leader, and I have a team of specialists I can embed in a business to solve a problem. So we actually, inside of AlpInvest -- Carlyle AlpInvest, we embedded about four or five of our team, these are AI engineers, LLM engineers, data scientists, really the gambit of how you deliver solution, and we co-created, we envisioned a tool that would really unleash something new inside of the business because it a massive growing team.

You heard John share that little earlier. This is a market that if you could get a bigger net, you could catch more fish is the idea, right? And so as we sort of stepped back, we said, okay, we need our people to be able to do more because a human capital business, it's hard to produce more, more humans of quality every single year. You can, right? But ultimately that's an apprenticeship model and this market is scaling really quickly. So we needed to bend our leverage curve, right? We needed to bend the leverage of our people.

What we developed was a platform that could ingest, locate and structured databases, build automatically LBOs for hundreds of companies at a time, roll those up and put evaluation. What that lets our very talented investors do is not do any of that work. That is very manual. It's usually done in spreadsheets. Instead, what they now do is they spend their time learning scenarios, running sensitivities, thinking about money car lows, having discussions with IC that are very robust, because on the fly, they can basically say, what if this one variable changes and see the impact to that underlying investment?

It's a real capability now that AlpInvest has been leveraging and through a lot of the operational work they've done, the strategic work they've done and this platform sort of working hand in hand. Again, this idea that we can make ourselves very nimble. That business has doubled its

deployments, not just on an overall basis, but in the secondary space, but actually per head count. So there's a real gain here right now in our ability to evaluate more opportunities.

Lindsay LoBue: Great. So one last question and sort of a lightning round. So for both of you, so in one minute or less. AI is going to continue to evolve and our industry is going to continue to evolve with it. So what do we actually think when it comes to why are we positioned not only to adapt but to win?

Lucia Soares: I think we're positioned to win because we've combined early conviction with operational excellence. We've been able to scale quickly across the firm. And we've matched that speed, by the way, with strong governance, with cybersecurity and data privacy and compliance, which are really critical to ensure we can use these solutions with trust and confidence.

We also have the strategic access to the partners, as we mentioned earlier, that has given us early insights around the AI corner. And because of that, we're more nimble and agile than people who started after us. And then finally, I think that's really important that AI has become a talent magnet for us. We're getting innovative employees wanting to work at Carlyle coming to Carlyle because they're seeing that they can innovate meaningfully and drive superior customer results.

Matt Anderson: Part of the reason that we get a lot of really innovative AI employees is because we've been very well positioned from the very beginning with some of the most important foundational model players. If you -- I won't tutor at home, but if you want to go watch Dev Days for some of these people, you'll see some of our work and our name featured in there. And that lets us see around the corner and lets us build a reputation in the market around talent.

And when you can see around the corner, you can do some really important work. And what I mean by that is this. In AI, there's a lot of people talking about AI use, AI to write an IC memo, or I use it to drive efficiencies. And our industry definitely needs to adopt more technology to become more efficient. But that isn't core to what we do. What we do fundamentally is we invest, right? And we need to use our capabilities in AI to invest better, to pick better investments, to manage those better, and to make our people be able to do more faster because we have this growing market.

And so when you step back and you say, how are we going to have enduring advantage? It's really that we're number one, we see what's coming. We can focus on the areas that are really going to matter. And we're right now not just trying to pick out a free efficiency, we're definitely doing that work. But we're trying to make our investors better by being able to handle these amounts of big data and not just external data.

We talked about it before. If you want to win an AI, you have to have a large data set. It's that simple. And if you woke up four or five years ago when GPT started to come out, you said, oh, wow, we should start capturing our data. That's water in the bridge. You can't go back and get it. Right? We've been capturing it, structuring it. It's not like theoretical. It's in structured

environments that we can turn on, basically present to an investor in a matter of days. And that kind of capability is the agility.

And what it means is this, Lindsay. If an investor has more time to look at more deals, it spits off more data. More data gives you a better perspective on the deals and vice versa. That's a flywheel. It's a real advantage, right? And the faster you go, the more and more you start to pull away.

Lindsay LoBue: Well, I appreciate everybody's insights here. I know it's a lot of content, so I'll leave you with three sort of core messages that we'd love for you to take away with. One is we moved early and we moved fast, which is rare in this industry, especially when it comes to tech adoption. Two, we're cutting through the hype and we're focusing on real value for the firm and for our stakeholders. And then three, we've unlocked a differentiated data set that gives us a level of precision that is hard to replicate. Data is our skilled advantage. So thank you, appreciate everybody's time today.

Unidentified Speaker: Please welcome, the High Conviction Opportunities panel.

Meg Starr: Good morning, everyone. I'm Meg Starr, Chief People Officer at Carlyle. My job is about talent, identifying it, developing it, and putting it behind our highest conviction opportunities. Because as Harvey said, our strategy is only as good as the teams that are executing it.

Today, we're profiling for high conviction businesses across Carlyle. This is not the fullest, but these are really important examples of where we see structural growth, differentiated access, and a real right to win advantage. Each of these leaders oversees high performing teams that are operating in markets that we think are compelling today and far into the future. We're going to explore why these markets matter, how Carlyle's positioned to capitalize on these opportunities, and what makes each of these leaders so confident in the forward trajectory.

So let's dive in. We're going to start with asset-backed finance, the liquidity solutions, aerospace and defense, and the bell of the ball, global wealth, to close us out. So first, Akhil Bansal, head of Asset Backed Finance for Carlyle. So Akhil, asset backed finance is one of the most attractive areas in private markets right now. What do think the structural reasons are for that growth and what makes us well positioned in that market?

Akhil Bansal: Yes, absolutely. When many people talk about the structural growth in asset-backed finance, they tend to focus on the accounting, regulatory, capital frameworks that are driving a lot of this real economy lending into the private markets. That's certainly important, but we think there's actually a more fundamental driver, and frankly, all of you in the room are driving it, which is your love for capital-light, recurring revenue businesses.

When you look into the public markets and when you see what businesses get the highest multiples, it's those capital-light, recurring revenue businesses. And what we see is banks, finance companies, corporates, they're looking to reduce their capital intensity, and they're looking to bring up their return on equity.

And they're doing that by partnering with players like Carlyle to buy their loans, to buy their assets, but where they can still contain control of their business, retain control of their customers, and still drive growth. And we think that, that dynamic is not -- is structural. It is beyond regulatory or accounting. And as long as the public markets continue valuing and rewarding businesses that are capital light and that have their recurring revenue, that this phenomenon will continue.

The second element of it is what's happening on the capital side. We are increasingly seeing investors wanting to diversify away from their leverage lending exposures and complement those exposures with real economy exposures. When you look at what we're doing in asset-backed finance, we're financing the consumption of goods and services. And that's an exposure many investors are underweight in. So we're seeing that be the other durable driver in the growth of private asset-backed finance.

Meg Starr: I can feel the high conviction, Akhil. So you've built a really interesting platform. What about the platform is differentiated? How does that set up your right to win?

Akhil Bansal: Yes, I really think that comes across four dimensions. First is that we have an agile, nimble, flexible investment strategy. We invest up and down the capital structure. We invest across asset classes. We invest across duration spectrums. The idea is that by having such a flexible investment strategy, we can find the areas with the best risk adjusted returns. But importantly, we can find the areas where Carlyle has a competitive advantage because of its multi-asset platform and its global reach. And those are the areas where we have a right to win.

Second is our balanced origination model. I think you've seen some market participants who have decided to focus solely on owning origination platforms. You've seen others who have gone and said, really want to own, just be partners. We think the right answer for Carlyle is a balanced model. Take stakes in origination platforms where there is a moat around them. There's a scalable, durable, competitive advantage where others can come in.

In other areas, partner with folks. Where Carlyle's platform can add value, where we can bring value beyond capital, which brings me to my third point, which is bringing that value beyond capital. Money is a commodity. And as ABF gets more competitive, what we look to bring to our companies is not only being a capital provider, but being a strategic partner by helping them with their growth initiatives, their capital structures, capital markets expertise. By bringing a value proposition beyond capital, we believe we're bringing a more durable relationship, a stickier relationship, while not necessarily having to own the platform. And we think that balance approach allows us to best attack the market.

And then the final thing that I talk about is diversifying our capital base. Insurance has certainly been an important part of our asset-backed finance platform and will continue to be. But increasingly, what we're doing and investing in is diversifying into other non-insurance institutional investors. Very sticky capital still, but trying to attack other areas when we think a more diversified capital base allows our strategy and our platform to have more durability by not being relying on one customer segment, but by having a diverse client base.

Meg Starr: So we're in a room of public market investors and analysts, so let's talk about what's most relevant. How do you see ABF contributing to Carlyle's long?

Akhil Bansal: Yes, think there's a couple of elements to that. I think it first starts with a multi-dimensional revenue model. As we scale our insurance mandates, our SMAs and funds, we are definitely going to be generating recurring management fee revenue streams. But in addition to that, when we're doing ABF deals, we're bringing our capital markets capabilities. Many of those deals require financing. And we're arranging that financing ourselves.

And partnering with Jeff Nedelman's team and the distribution network he's created, we are now distributing those financings directly to investors, which has a flywheel effect. They get co-invest, they get access directly from Carlyle, which helps feed back into the driving of insurance mandates and SMA and fund capital.

I think the second big driver is that ABF investing is not transactional, it's programmatic. When we do a transaction with a finance company or bank, that can lead to multiple repeat transactions that stack upon one another. We are not chasing one-off transactions. So what that means from a resourcing perspective is that we think this business has the potential to generate really attractive margins because that origination, once again, is not one-off transactions, it's repeatable, programmatic deal flow. And so that's why we're excited that with that scale that we have, with the multi-dimensional revenue model, the stocking origination, we can build a very accretive business for Carlyle.

Meg Starr: Amazing, thank you Akhil. All right, Mike Hacker, over to you, Global Head of Portfolio Finance for Carlyle AlpInvest. So, as John mentioned, AlpInvest has an incredible secondary's business, we're known for it, but we also have a much more diversified business. You look after a segment called portfolio finance, can we start with the basics? What is portfolio finance? What does that market look like? Why are we excited about it?

Michael Hacker: Everyone doesn't know that already. So portfolio finance, I think the easiest way to think about it, it's really the credit side of our secondary's business. So you can think of that in two different parts. One is thinking about that as lending to the private equity market. So everything we're doing in secondary is where we're buying assets from LPs and from GPs. Well, think about that on the credit side. We're lending to LPs, we're lending to GPs, we're lending to funds. So things like NAV lending to funds, that's a big part of that.

But actually the part that I think is really sort of unknown is really lending to LPs. This is a part of the market that we've really been pioneering in the last few years. So there's huge amounts of growth. We'll talk about that in just a minute. But if you think about the other side of portfolio finance are credit secondaries. And so in some ways that's kind of buried in the name, but that market has really achieved scale. I think it's gotten a lot of attention, especially with the continuous talk about what's going on in private credit more generally. We hope that credit secondaries will be part of the solution there.

And we've had a lot of activity in the last few years that markets really achieve scale. Think about \$20 billion of activity in 2025. That's up from less than 10 billion two years ago. So that market's sort of doubling every year. And we think there's sort of one way for that market to reach something like \$80 billion by the end of the decade, so 4x opportunity for growth there. So if you think about what that is, it's really building out a business that in some ways we think we can scale to be as large as where the secondary's business is today. So if you think about there's a whole opportunity to continue to grow that business in real scale and really complement what we're doing on the traditional equity side.

Meg Starr: So pretty tremendous upside to the current opportunity.

Michael Hacker: Yes.

Meg Starr: So liquidity has been a big focus in private markets recently, particularly noise around exits, which Carlyle has been a notable outlier to. But growth in AlpInvest secondaries and portfolio businesses really has predated that.

Michael Hacker: Yes.

Meg Starr: Do you see this as more of a cyclical moment, or is this more of a secular shift in terms of what types of solutions private markets need?

Meg Starr: So look, we've been through -- and I've been doing secondaries for over 20 years now, and we've been through multiple cycles. And so, what I think is interesting is that -- and there certainly is an element of cyclicity to what's going on today, but what's very interesting when you look at the secondary's market, each time there's been a cycle, when that cycle turns and recedes, the market stays larger than it was before the cycle.

And so what you're finding is that a couple things are happening. Each time there's a cycle, we and the secondaries in portfolio finance world were innovating. And so what we're trying to do is find interesting transactions that solve the problems of our counterparties, be they LPs or GPs.

If you go back to how we define secondaries when I first started in the business, it was a very niche sort of liquidity for LPs, buying LP interests. It was really a small market and not used broadly. And I think as you sort of saw the GFC and Brexit and COVID and obviously whatever the cycle that we've been in the last few years, each time you've gone through one of those cycles, we've innovated and that's first thinking about the continuation fund market, which is now really representing 10% to 15% of exits in private equity as an asset class, right? That's a massive part of what's going on in the private equity ecosystem. That's not cyclical, that's structural.

And what we're really doing, and John touched on it in his talk, we're hitting the private equity firm and the private equity fund at every point along its life cycle. And so what we've really been thinking about is, think about the traditional private equity fund structure in some ways very inefficient for what private equity is today. And what we've been doing, whether it's

lending the funds, buying assets, buying LP interest, what we're trying to do is create liquidity in a market that fundamentally wasn't.

So I think the answer is, it's structural. I think what's also interesting is, we talked about credit for just a minute. If you think about one of reasons why we're building portfolio finance and credit secondary is we want the business to be more diversified. We right now were clicking on every cylinder. So LP market's very active, the GP market's very active.

So we want to have more diverse parts of the market so that we're not under any illusion that all things will always be operating at full speed. And so for our business, we think that we're very well positioned. The Atlas platform and how the different parts of the business together, huge competitive modes. We talked about that earlier today. And what we're really trying to do is make sure that we're a leader in each one of the segments so we'll be ready for whatever cycles we do face.

Meg Starr: It gets back to those points of durable and diversified and providing solutions across there. Amazing, Mike. Okay, Brian Bernasek, co-head of America's Corporate Private Equity, 25-year Carlyle veteran and head of our Washington, D.C. office. So Brian, I want to talk about aerospace and defense, one of the core power allies for Carlyle has been since the very beginning. Can you talk to us, how does that sector fit into our Corporate Private Equity business? And given the massive amount of geopolitical turbulence in the world, how do you see the go-forward market opportunity?

Brian Bernasek: Sure. No, happy to do that and very grateful to be here with everyone. This is -- our aerospace defense practice is core to our overall practice, our private equity practice. It fits firmly into the power alley theme that's been mentioned a couple of times in the presentation today. We have other key power alleys as well. All of them share a few characteristics.

Key among them is that we're going to have a unique edge and angle in how we approach a segment and an opportunity. And we certainly have that in aerospace and defense. We take that edge, that angle, and we're assessing every opportunity to say, hey, is this a business that's unique, that's special, that we know it's special because of our edge? Is there something that we can do to drive value in this company that's unique and special? And are we able to attract world-class management teams because of those capabilities?

And this, as I said, we have it in spades in aerospace and defense. And it had been articulated very well earlier in the conversation and I think very well publicized massive spending trends heading towards the defense industry, around a trillion dollars in the U.S. on the spend, on the budget, expectations that it could go to 1.5 trillion. Even one trillion is an awful lot of money to spend. You see it in Europe where 3.5% of GDP targets on spend. And as Harvey mentioned earlier, they're in the country and the world that's not thinking about national security. So really massive trends.

Also underneath that, importantly, there's a real push towards innovation and modernization within this spend, where if you're well positioned, you can really benefit from that as well.

Also, look, we shouldn't lose sight of aerospace. It's a very interesting area for our team, very strong team focus in that area as well. Passenger miles, as you all know well, continue to increase year over year. Big aftermarket opportunity, big OE opportunity, big supply opportunity. So lots to do in this sector.

And then when I look at the team that we have and our position that we have, I mean, I'm just thrilled with what we've got. We have a fantastic unit that's been doing this for a long time. As has been mentioned earlier, 40 years of investing in the sector, was the beginnings of the firm in many ways in Washington. That team that we have leading that group today has over 125 years of collective service and focus on the A&D effort. They've invested in 40 different companies and over 100 different deals and platforms. Deals beget deals, opportunities beget opportunities. We have great relationships with CEOs, with advisors, with folks in town that you make it unique for us.

I can't tell you how many government services and defense businesses are located between our offices on 10th in Pennsylvania and Washington and Dulles Airport, there are a lot. So it's a really good target-rich opportunity for the team. They do a great job in finding those opportunities, no question. They're also able to leverage huge firm resources, right?

We have David Rubenstein, who I would argue is the most well-connected person in the world. I'd love to see somebody more connected than David. You have the Admiral Stavridis, who was the Supreme Allied Commander in NATO. You're really powerful man in many ways, very well networked, helps us tremendously, great government affairs team. I mentioned those board members, those CEOs, that connectivity in town. It is differentiating in our practice. Now, we seek that in every business that we have, every power ally that we have, this one, we're really bullish on going forward.

Meg Starr: Team also has some wild security clearances too.

Brian Bernasek: Yes.

Meg Starr: So our business is really well positioned for the current moment and clearly far into the future. Can you just give us a couple of examples of what are the types of investments that we're really interested in at this moment in time?

Brian Bernasek: Sure. Sure. So the nice thing about our practice is we're able to punch in the middle market, we're able to punch in large scale, we can punch in defense, we can punch in aerospace. It's a broad swath of opportunities. I'll mention a couple of deals that we've done that might give you a sense of the kind of opportunities that we've seen and what we expect to see going forward.

Two Six Technology is a good example. This is a cyber tools business that plays right in the center of national security. We bought that in 2020, had about 10 million of EBITDA after seven acquisitions, really good organic growth. We're pushing 80 plus, so we can play that middle market and grow, buy and build. That will be a very interesting asset for strategic or for a public offering at some point.

And then Standard Arrow has been mentioned previously, well-known business for sure. This is an aerospace company that's in the MRO side of the equation, so they're repairing aircraft engines. We bought this in 2019, interesting. I think this highlights as much as anything. Well, the sector is one we really like, but we're going to load up and really help businesses to grow regardless of what's happening on the outside.

You can imagine we bought in 2019. They manufacture or they repair aircraft engines. COVID comes through, a lot of folks are flying. So we were managing that business in a tough environment. The team did a great job on managing efficiencies, got a bunch of new contracts that had long lead times, did a bunch of acquisitions as well seven acquisitions in this business as well. There's 350 million to be but done the depths of COVID and it's well over 800 today. As you all know, It's a public company trading very well. It's a very nice win for both our -- both of them seven investors there.

Meg Starr: Very successful IPO. Congrats Brian and the team.

Brian Bernasek: Thanks, Meg.

Meg Starr: All right, Shane Clifford to close it out. So Shane, Head of Global Wealth for Carlyle. You have the privilege of looking after a business that actually enables access to all of these high conviction areas to our wealth clients. There's been a lot of emphasis today on global wealth being a major driver of growth going forward for Carlyle. It's a competitive landscape. So what is the Carlyle advantage and how does that translate to where you see our right to win in the wealth space?

Shane Clifford: I think broadly, first of all, hopefully you got a sense here from the excitement of this panel and really for the folks on the webcast and here in the room. From the analyst on up to the C-suite, there's a lot of excitement and energy right now at Carlyle. And when I think about why that is the case, it really is because of the expansion and growth journey that we're on right now. It's really a fun place. I don't know that that always comes across when you're up on a stage, but it's an incredibly fun place to work right now. It's hard, hard yards at times, but ton of excitement, ton of fun because we're growing and there's a lot of great talent that wants to come work with us.

From my seat, I was thinking a little about what Harvey and Jeff had said about where the puck is going. And I think from my seat today, the puck is wealth. And what I mean by that is really, the opportunity for us just grows exponentially year over year. Why do people want to come work with Carlyle in the wealth space? I think it's straightforward. I think at the moment, particularly, it's the institutional rigor of Carlyle. It's around things like our risk management, our liquidity management. It's what we do there in a very durable manner that institutional LPs have had access to for many, many years.

Finally, we're offering that to our wealth clients and their advisors here at the firm. So that DNA is something that globally our distribution partners want from us these days. Secondly, it was a comment that Harvey made earlier in his presentation around that concept of global and

local. I will tell you that wealth is a relationship business. No doubt about it. It is hand-to-hand combat and it is all about the day-to-day wholesaling of the business and telling people the story of Carlyle. That is a local effort. So I would say from my seat right now, it's having the local trust with the global platform is something that's very unique to Carlyle and I think sets us apart from many of our peers.

And then thirdly, when I look at it from my seat, we've got to be vehicle agnostic and really focused on solutions, right? So the first question that always comes up when we're thinking about a new idea is what does that in the client's portfolio? Is that something that they actually need? So that solutions-based thought process is where we start every conversation. So when I think about what we've got up on this panel today, these are all great investment solutions, but are they appropriate in the Well Channel and do they solve for something for our end clients, right? So those are all the component parts broadly that kind of get us to the outcome that we need.

So I would say we're going to be disciplined, we're going to scale in a very durable manner and ultimately do this over multiple investment cycles. This is a multi-year trending cycle that we're on and we're quite excited about it.

Meg Starr: I think that brand point is important one. We talked a lot about the Carlyle brand and why is it so important. I think the wealth market is the key example. What -- our brand is one of the most widely recognized in private markets and when people know our brand, they associate it with a trusted partner, a safe pair of hands, well-connected performance. That's a huge advantage when we think about going in the door and talking about our wealth products. And so I think that's the kind of full circle of why that brand matters so much.

I want to go back to Jeff Nedelman when he was talking about our distribution business, our client business, and that great slide of all the Carlyle strategies that are in the market in the next three years. We obviously have a very broad platform. How do you decide which strategies are appropriate to bring into the wealth market? And how do you think about adding new strategies and doing it in a responsible, scaled way?

Shane Clifford: Yes. So, I think Jeff brought up a great point when he said, we're not looking to push a product. That's not the business we're in. The great news for us today is we really have a deep breath of investment capabilities that really allow us to talk about portfolio construction when we're with our wealth partners. So what does that mean for me in my seat? That means that I have the opportunity to get out in front of folks and discuss that investment solution and then come back inside and see what capabilities that we have in-house that can match that.

So for example, on this panel, here are three great examples, whether it be ABF, portfolio finance, defense and aerospace and the industrials. And really, when I said earlier that I'm vehicle agnostic, what do I mean by that? Well, maybe we do an interval fund with Akhil. Maybe we're doing an LTIF structure in a CCAV vehicle for what we do at Mike on the portfolio finance side. And by the way, perhaps it's a drawdown vehicle for our defense fund, potentially, right?

These are all things that you're kind of thinking about in real time because at the end of the day, we've got to be very thoughtful and careful. We're sometimes, I think, a fast follower in this space. And I'm okay with that because ultimately we're going to play the long game and we're going to be very thoughtful and we're going to sequence out how we do these things. I do think today as a firm we've done a great job of putting our flagship funds in place. And now I think it's about what do we add along, what is additive to our wealth clients in addition to those capabilities. I think CAPS was a great example in 25 of that.

Meg Starr: Great. So the money question, Shane.

Shane Clifford: Yes.

Meg Starr: As Carlyle continues to build a scaled high conviction investment platform, how does the expansion of global wealth contribute to that growth? And just how significant do you think it can be over time?

Shane Clifford: Yes. At times, I looked at the numbers earlier and they actually excite me because I think they're quite achievable for us as a firm. One, because 1.0 is the banking platform. And let me just use that in a very generic way free, right? So that is globally working with a wirehouse IBD or RIA in the U.S., or it's working with a global bank across Europe, the Middle East and Asia, or perhaps it's a regional or country specific banking platform.

We're in that business today and we're damn good at that business. But quite frankly, we're still only in the second or third inning of that. So for my seat, we still have significant scaling there to do. Now, we've got retirement coming here. Now, we'll see how it plays out. It's going to be very interesting to see kind of how it evolves over the next two, three years, but that's going to be a new lane for us as well. So I actually think the opportunity only grows from here. So what we define as wealth today, that umbrella, has kind of the banking channel in it right now. Retirement's going to show up and we'll see what happens with insurance ultimately as well, question mark.

So I suspect first or second inning here, tremendous, tremendous growth for us going forward. I just think we need to be thoughtful about how we do it and not get ahead of ourselves and really make sure that we keep the client at the center of everything we're doing. And as long as we do that as a firm, we're always going to be okay, coupled with the great investment performance that I know these guys are going to deliver.

Meg Starr: Perfect. Thank you, Shane. Thank you to our panelists. And with that, we will turn it over to our CFO, Justin Plouffe. Please welcome Justin Plouffe.

Unidentified Speaker: Please welcome, Justin Plouffe.

Justin Plouffe: Good morning, everyone, I'm Justin Plouffe. I'm the Chief Financial Officer. And what I want to do is take everything you've heard today and tie it together into a comprehensive vision of our financial goals for the next three years. I want to do that first by

talking about the tremendous momentum that we have as a firm coming out of 2025. I want to talk about how we position the firm today and how that's going to lead to growth in the future. And then exactly how we're going to unlock shareholder value over the next three years.

So we'll start with the momentum. We've got fantastic top line momentum. We grew our fee revenues by 10% last year, and we grew them really with every part of the fee revenue mix. So our management fees grew, especially in Global Credit, they grew 9%. In AlpInvest, they grew 37%. Our fees grew.

A lot of that is coming out of Global Private Equity. All of that great transaction volume John spoke about, when we buy a company, when we finance a company, when we IPO a company, those are all opportunities for us to generate transaction fees. Those have nearly tripled over the last couple of years. And then our fee related performance revenue, our incentive fees, those are growing. That's largely due to our increased presence in the wealth space.

So tremendous momentum here on the top line, and that's driving our FRE growth. As Harvey hit right up front, we've grown FRE at a 20% CAGR over the last three years. While we've grown our CAGR, we've also been able to grow the margin. We've gone up a thousand basis points in margin. This is from operating discipline, but it's also because we have scalable strategies where we can take in capital without adding significantly more costs. And then it's also due to the fact that we realigned our compensation system a couple of years ago, which has had tremendous benefits. And our FRE mix is also becoming more diversified. So three years ago, only 34% of our FRE came from Global Credit and AlpInvest and today it's 55%.

And this top line growth down to FRE is what's driving our DE growth. We've gone up 24% since 2023. We're now over \$4 a share in DE. And three years ago, about 50% of that DE came from top line, came down through FRE. Now, it's 70%. So our DE is even more repeatable.

And then finally, think something that's a little bit overlooked about how we've done over the past few years is that our balance sheet has now become a real source of strength. We've got a fantastic amount of liquidity and flexibility in our balance sheet, \$2 billion of cash versus just \$2.6 billion of debt. We've got over \$3 billion of investments. And mostly what those investments are things that are helping to fuel the growth of our business. So for example, our private equity wealth product, CPEP, we warehouse investments for that so that as we raise capital can immediately be deployed.

And then we've got \$2.9 billion of net accrued performance fees -- performance revenues, excuse me -- that will flow through the balance sheet over the next three to four years. That's tremendous amount of value that will eventually come through DE for shareholders. And if you add all of that up, just the balance sheet, just the balance sheet is worth \$15 per share of value to our investors.

So we're in incredibly strong position. And Harvey showed this slide before, but I'll show it again because it's so important, record FRE, record FRE margin, record AUM, global wealth, Carlyle AlpInvest, and credit. We had our third best year in inflows last year. Leading realization activity, it's not on the slide. We actually had our best every year of deployment last

year with over \$54 billion across the firm. So really every part of our business is working incredibly well as we head into this three year period.

So why do we believe that we're positioned for growth? Well, we've built an incredibly diversified and durable business. If you look at all those strategies at the top, we are diversified by geography, by asset class, and by channel that we're raising money in. So we have many paths to success. We're not tied to just one fund or one channel. We have many different ways that we can raise capital and deploy capital across the firm. I'm really excited that Global Wealth now actually has a product in every segment that's open.

I had the good fortune to be part of the team that built our SeaTac product. And when we did that, that was the only product we had for private wealth. It was a credit product and it was in that channel. Now, we have CPEP and private equity. We have multiple products and credit and multiple products in AlpInvest. So as we grow our presence, many, many ways to take in capital from that channel.

And then as Jeff mentioned, we're entering a super cycle for some of our largest vintage funds in the next 18 months. Buyout from U.S., secondaries, opportunistic credit, all will be in the market raising capital. And if you think about the fact that we had our third best inflow year ever last year without really any of those large vintage funds in the market, I think that's really impressive. And it gives us a lot of confidence in our ability to continue to build on that momentum going forward.

I think you've heard from every presenter today how important performance is for our business. If you look at the funds that we will be marketing over the next three years that are going to drive our growth, the performance is outstanding. Private equity, as John mentioned, that's a 35 year track record. And by the way, those real estate returns are outstanding compared to what the market has been like for real estate the last few years.

The Global Credit, Mark started the opportunistic business back in 2018. It's provided great returns. And then those returns for SeaTac and direct lending, those are the consistent yielding returns that people want in the private wealth space. This is exactly what they're looking for, that consistent yield with very low risk, so it's very attractive returns.

And then in AlpInvest, fantastic total returns, but maybe even more important than that, that's a 25-year track record. For all the people that are now seeing secondaries and now trying to get into that space, that's not something that they can replicate. So we will be marketing on the back of really strong track records for all the funds that we're going to need to raise capital for to meet our goals.

We've had tremendous momentum over the last three years and we've improved our margins materially, but it has not come at the expense of investing back into the business. And that's a really important thing to understand. We've moved our margins up, but we're also hiring people. That's not the only way that we do. We also invest in technology, data science. You heard all the great things that are going on in the panel earlier today.

But this is incredibly important. Harvey said, this is a talent business. I'll call out private wealth. We've made significant investment there. And we're going to continue to do that. We could actually today run this business at a higher margin than we do. We don't. Why? Because it would come at the expense of future growth. We're not going to do that. We've been investing in the business, and we're going to continue to.

So as we start this three-year period, we really come from an incredible position of strength. We have scalable investment strategies. We don't have to worry that our strategies will exhaust the opportunity set or that we have to add a tremendous amount of cost in order to continue doing what we're doing. We have scalable strategies. The fun performance that we're going to be marketing over the next three years, it's excellent.

Our balance sheet is in great position. We run a balance sheet light strategy. We've always done that. We will continue to do it going forward, but it gives us a tremendous amount of flexibility to pursue whatever the best opportunity is to generate value for the firm. And then we have a durable and diversified set of strategies. We're not tied to one channel. We're not tied to one fund. We're not tied to one geography. We have many different ways that we can reach our goals.

All right, so how are we going to unlock shareholder value over the next three years? Well, here are the goals, \$1.9 billion in FRE, that's 50% more than 2025, it's a 15% CAGR over the next three years, \$200 billion in fundraising, 2.8 billion in management fees, and we expect to grow management fees and every other part of the top line, like we've been doing over the past three years.

We think we can run the business at a greater than 50% margin while still investing back in the business, as I just mentioned. And then all of this adds up to a 50% growth in DE per share. We expect to be over \$6, which would be the best ever for Carlyle by 2028.

So let's unpack that a little bit. The inflows are going to come from a variety of sources, a diversified set of sources. You can see here, every one of our segments, we expect will have inflows of at least \$50 billion over the next three years. 20% of those inflows, we expect to come from the wealth strategy. That's an increase for us. But as Shane said, this is a massive opportunity here. I think we're being very realistic about the level of inflows that we can get from wealth and retirement over time. This is 27% growth and it's all organic. This fundraising is all organic. This does not assume we acquire something. This does not assume a major insurance transaction. This is organic scaling of our existing strategies.

We expect to fee revenues by about 12% CAGR between now and 2028. Again, that's going to come from all three aspects of fee revenues. It's going to come from management fees, raising capital organically. It's going to come from a fee related performance revenue, those incentive fees we get as we expand in wealth. It's going to come from transaction fees.

If you think about the capital that will come in through this super cycle into U.S. buyout, into credit opportunities, all this capital has to be deployed when we deploy it. Those are transaction fee opportunities for us, right? Our transaction fee income is really a direct derivative of all of

the activity that we do across the firm and investing capital. So the more capital we bring in, this is the flywheel, the more transaction fee opportunity we have.

I want to be clear about something though. This is not going to be linear. Our growth on the top line will be more muted in 2026. It will accelerate into '27. It will accelerate further into '28. Why is that? Basic math of fundraising. We have to go out and raise the capital. We will then deploy it. We will start to see that increase in top line likely in the second half of '26 into '27 into '28. We are very confident about this three-year plan, but I want to be clear about the timing there.

So we expect this top line growth to be the main driver of FRE. We expect to go up 50% over the next three years, 1.2 billion to 1.9 billion. But again, even though we're going to run this business, we believe at higher than 50%, that's also with investing back into the business, right? So we can always run this business at a higher margin if we want to, but the number one goal right now is to invest back in to continue to drive that top line growth.

And these projections take that into account. Operational discipline and scaled investment strategies will be core to this, scaling what we have. And this ultimately we believe will drive a 50% increase in DE. I mentioned before today about 70% of our DE's coming from the top line. Expect that to continue. I think that ratio will continue.

Today we're generating about \$350 million a year of net realized performance revenues. I expect that to double by 2028. We'll be closer to 700. And again, we have 2.9 billion already accrued on the balance sheet that should flow through over the next three years. So a large chunk of that is already there. But I think there's upside to it.

And I'll give you an example. If you take just our U.S. buyout funds, so the CP7 and 8, and you assume that they get to two times multiple, just the two times multiple, they're well on track to do that. Do you assume they get there? That's an extra billion dollars of net realized performance revenue, just right there, over and above the 2.9, that's already on the balance sheet. So we feel really good about our ability to hit these DE targets.

I mentioned our balance sheet is a source of strength and we're going to use it in a number of different ways to drive growth. The first and foremost always invest back in the business. I mentioned our balance sheet is a source of strength and we're going to use it in a number of different ways to drive growth. The first and foremost always invest back in the business to drive growth.

However, our board of directors just this week actually approved a new \$2 billion share repurchase authorization over and above the one that we had existing. And this gives us an enormous ability to take advantage of any volatility in our stock price. And I would go so far as to say that at the current market, you should expect us to be very active in using this repurchase authorization. This is a tool in our toolkit to return capital to shareholders to generate value for our investors and we are going to use it. I think this is a big statement by our board about what we think the true value of this firm is.

So I'm going to leave you with these targets and with a couple of thoughts. Number one, Harvey hit this right at the top. We did a bottoms up build, right? These aren't -- we didn't back into these numbers. We looked at our business on a granular level. We built it up. We feel incredibly confident in these numbers. They're all organic. And this is us taking the business that we have and scaling it. No inorganic M&A, no unforeseen giant block insurance transactions. This is organic.

The second thing is we've put out a number of financial targets over the last few years since Harvey arrived. We beat every single one of them. Every single one of them. And I would tell you, we are highly confident that we will meet or beat these projections. We feel great about them.

And then maybe lastly, I'll pick up on something that Shane said in the prior panel. Carlyle is a really fun place to work right now. I've been here for almost 20 years. There's never been a time when we had so many interesting things going on here. From our normal investment strategies to AI to entering new channels, there is so much going on that is hard to capture in the numbers. But I can tell you from my perspective, I have never been more excited to be part of Carlyle, never been more excited for our future and our growth prospects over the next three years.

So thanks everybody for taking some time. We need to do a little bit of reshuffling here on the stage and then we're going to immediately move into your questions. All right, thank you very much.

Daniel Harris: As Justin said, we're going to move to Q &A. So, as we reset the stage and we get all our speakers back on stage, I hope you could hear what we started with today earlier. There's incredible momentum at the firm. There's incredible excitement at the firm.

As you heard from the key priorities that were really weaved throughout all of our presentations, there's enormous focus on investment excellence across all geographies and all assets. There's enormous focus on scale and how we use data to our advantage. And you saw that through multiple presentations, including the great AI panel. And then lastly, as we think about high growth opportunities, and you heard from another of our people, there's just enormous ways for us to continue to grow.

So all of our guys are on stage now. We're ready to take your questions. We're going to have mic runners in each area. So to ask for you to raise your hands when you're ready for a question, wait for the mic and introduce yourself and your firm, and we're ready to take your questions. So first question right here in the middle, Brennan.

QUESTIONS AND ANSWERS

Brennan Hawken: Hello. Brennan Hawken from BMO. Harvey, you spoke to our collective intensity on targets, so I don't want to disappoint you.

Harvey Schwartz: Yes.

Brennan Hawken: The 1.9 billion, can you speak to -- you guys used a lot of pluses on that slide but could you speak to maybe how you view it, whether it's conservative, aggressive, and maybe give us some texture around some of the parts, the major parts of that?

Harvey Schwartz: Yes. Well, again, everybody, thanks for being here, Brennan, and thanks for the question. So the reason we have the pluses is the point that Justin just made, which is we haven't incorporated any, what I'll call upside surprises. So when Justin was saying any large insurance transactions, we haven't modeled in that over a likely three-year period, there'd be a large block transaction that Fortitude would do or a partnership we would do with Fortitude in some particular way that would enable a large insurance transaction.

So we haven't modeled in anything like that. We haven't modeled in any, I'll call it excessive effect of the flywheel effect of what everybody talked about in terms of capital raising on transaction fees. So we haven't done any of that. And so when we looked at it, we really wanted to put together a case that you could hold us accountable to and we could hold ourselves accountable to. And so that's how we built the model.

But I think there are obviously, things that can go wrong in the world. There are a lot of things that can go right with this plan. Things can grow faster. We can deploy capital more effectively. You heard Shane earlier. He made a really, really important point. I'm sure there'll be some discussion around wealth. We're agnostic. It's not our job to tell wealth advisors how they should use private capital, how they should think about a particular structure. It's our job to figure out the vehicle that they want, so could be a drawdown fund, could be an evergreen fund.

Our job is to create these vehicles in a way that capture the investment tout at the firm and distribute it globally in the way that people need it. And so I think over the next three years, the trends in our business for the industry are quite good because the demand for capital is so high.

And then it's just a question of how do we create the flywheel effect? And I just think the firm's well positioned for it. So, hey, now I feel like I need to hedge myself. I'd make a little plus. No, I'm just kidding. And I would just reiterate the point that Justin said. I this year, we've been pretty clear about this. I think you're going to see sort of mid to upper single digits in the base model, but then it accelerates pretty quickly. And it's all driven by Jeff's super cycle of fundraising. I think there's upside in the model.

Daniel Harris: Great. Next question here, Bill Katz.

Bill Katz: Thank you very much. Bill Katz, TD Cowen.

Harvey Schwartz: Hey, Bill. Good to see you.

Bill Katz: Thank you. Great to be here. Great presentation. Thank you. Maybe pick up where Justin left off. So, Harvey, on one hand the stocks cheap you're buying it's great to hear, we agree. On the other hand and a lot of de novo growth. They also -- you mentioned at the beginning your commentary about the possibility that there could be other things to do. So, I'm wondering if can maybe prioritize how we should think about capital return and how quickly it

might go through the 2 billion or what kind of deals you might be looking at and how do we think about maybe framing that out?

Harvey Schwartz: Okay. So the first -- the most important thing about the model and we have a strong preference for it is staying capital light. There are certainly days where -- I come from -- you all know my background, I come from a very capital intensive, big balance sheet world. There are certainly days where I think, it'd be great to have an extra couple of billion dollars because we could fuel the business faster. But the reality is we really like the capital light model, and we want to stick with that.

And I will say the benefit of having the capitalized model, all the things that Justin articulated, there's also no distraction when you have velocity. When you have volatility in the marketplace, we can focus on our portfolios and our investment and our clients. We don't have that third aspect of a distraction. That's just my personal bias. It's the bias of our board and it's the bias of the team. So we are in a great capital position. We are going to continuously balance capital invested in the business and capital returned to the shareholders, and we'll do it methodically.

So this \$2 billion, obviously a big step up from the first plan. Now, when I arrived, John and I spent a lot of time on this when he was the CFO. The firm had systematically diluted shareholders really since the firm went public. And we just decided that didn't make any sense. Certainly didn't make any sense at that valuation. And we don't think it makes sense at this valuation. And so, but again, growth first. And then returning capital to shareholders is a big priority. And that's why we wanted this flexibility and the board want us to have this flexibility.

Now, how will we use our capital? We really want to use our capital very surgically to fuel new businesses. And so the way we do that is trying to be as thoughtful as possible and sometimes working with Mike Hacker and his team to figure out, hey, what's the most creative way? Like we have all this expertise in the firm that works with GPs everywhere. We'd be pretty foolish not to be using that. And so we work with our teams to basically figure out how to most optimize. And we really think of our capital as quite precious.

I mean, like every dollar is -- if you want a dollar, you got to beg for a dollar here. Okay? We want to be very disciplined about capital return. And so when we give it to the businesses, we want them to optimize how to use that, but we want them to use that to grow businesses. And we want them to use that to grow businesses that have repeatable streams of revenue where we can provide value to the clients. So that's the thinking.

Justin even mentioned he had it on the slide, opportunistic M&A. We don't need opportunistic M&A to drive value in this platform. We're certainly open to it. I would say it's a very high bar also for us. It has to meet the screening of the industrial logic, culture, really, really important at Carlyle. And, you know, obviously the economics got to make a ton of sense.

Daniel Harvey: Chris Katowski.

Chris Katowski: Yes. Chris Katowski from Oppenheimer. If I disaggregate your \$200 billion fundraising target a bit, if I've done my math right, it like shows a 6% pickup in credit

fundraising, but a 72% pickup in private equity fundraising, which seems to also probably be a key revenue driver towards that 1.9 billion, right? And I understand you've got CP9 coming in, but on the other hand, you had the real estate fund in the last year. So can you disaggregate kind of the building blocks to get to that 50 billion?

Harvey Schwartz: Yes, we can certainly go through in a lot of detail offline with you, Chris. I think the way to think about it is you're going to have real estate come back in a couple of years. You'll have AlpInvest come in. You have CP9. You'll have the Japanese fund come back in. And then, of course, you have, as they mentioned, the flagship fund in CCOF [ph] all coming in over the next three years.

Remember, this is not everything being launched in March of 2026. This is going to come across a three year period of fundraising. And the other thing -- and you didn't ask about this, but I think it's worth really noting, last year of the 54 billion, I guess about 15%, Jeff came from what we'll call the Wealth Channel broadly. That represents about 40 billion across the entire platform. That's really moving it from 15% to 20%. So wealth is important, but we don't really see it growing to more than 20% of the aggregate fundraising. But that's how you get it wrapped around the whole platform.

Jeff Nedelman: Can I just add one simple thing as well? And I said this earlier, it's just embedded in the cadence of our fundraising. It was organic, it was bottoms up built, and you touch it, but it's just basically embedded in the cadence.

John Redett: Yes. I mean, just quickly in the Global Private Equity business, every single fund will be in the market at some point in this three year period. So those are basically the building blocks.

Daniel Harris: We'll go over here, Patrick Davitt in front.

Patrick Davitt: Thanks. Patrick Davitt, Autonomous Research. I have a question on the Wealth Channel. Obviously, a lot of misleading noise out there. So I'd like to get a real time update on what you're hearing from the big distributors and advisors to the extent all this direct lending news flow is potentially impacting their demand for private credit products specifically, and also any comfort that you can provide that it doesn't infect the demand algorithm for all retail alternative products.

Harvey Schwartz: Yes. Patrick, good question. So, when I got to Carlyle, know, the Wealth Channel was already in motion. And I knew the -- immediately, as I said before, I knew the power of our brand and our reach and our scale. We didn't have a well-defined wealth strategy. Mark and Justin had designed SeaTac, but we didn't have other vehicles and we didn't have a well-articulated strategy.

And one of the things I did, obviously the team drove all this and Shane coming on board and all the people he's brought on board drove all this. But one of the things that was really critical to me, was to spend a lot of time with the end client, Patrick, so I spent a lot of time with advisors and I continue to spend a lot of time with advisors. And as soon as I showed up this

notion of ah liquidity in the vehicles was something that I thought a lot about. So really from the day I've shown up, I've been saying to advisors in small rooms, big rooms, presentations, I've said it publicly, I think the industry did itself a bit of a disservice calling the vehicles semi-liquid and we just should have called them sometimes not liquid at all.

And it's really these advisors are quite smart people and they're managing very sophisticated portfolios. So again, we don't show up and say, oh, you need to have Carlyle AlpInvest in your portfolio. You don't need to have SeaTac. It's really the decision of the advisor to understand what their end client needs.

Now, your -- I took your question sort of down the liquidity path. Your question really started with direct lending. In direct lending, a lot of that discussion today is around what's happening in SaaS. And I'm just going to touch on that for a minute. And I realize it's a very long answer, Patrick, but I think it's an important question.

What's happening in direct lending today as it relates to SaaS, and everybody knows we're not - - SaaS is -- I sort of made a joke about earlier, SaaS was not sort of the core competency that as built up out of our private equity business. But this is not about direct lending. This is about businesses being bought at really, really high multiples. So in '21, '22, you had companies that were perceived to have very stable recurring revenue that were bought at very high multiples.

Those multiples have systematically come down a bit before this new concern around AI disrupting all the businesses. And it's the collision of those multiples with leverage that -- it's actually an equity problem, which is then transferring up the capital structure potentially to a direct lending problem.

Now, in wealth, we have a very strong bias that diversification is a real advantage for the client. So there's many, many times I'll meet with a group of advisors and they'll say, hey, we'd really like to have like co-invest in this one asset or whatever you think is the best thing. I completely understand that. I don't love that. I understand why some clients would like that. John, one of our best investors, Brian, one of our best investors in the world, they make a hundred investments one might not be great. And so, I think in the Wealth Channel, you want diversification.

And so the -- one of the great things about SeaTac that Mark built is that, it has that diversification across the whole platform. And so, yes, if you're dependent on direct lending, monoline, you probably ended up with a meaningful part of SaaS exposure just because of the cycle during '21, '22. And now those multiples are a problem. But this is a complicated convergence of factors, which is really getting extrapolated in a whole host of different ways. But so that's a long answer. I hope that sort of satisfied your question.

Feedback from platform so far is that interest remains high. And I think to Jeff's point, it may not be linear. But when you think of the size of the wealth opportunity, when you think of retirement, where millions of people have already -- teachers, municipal employees, already are having the benefit of private markets in their portfolios through pension plans, it's just a question of the industry needs to do it right, we need to do it thoughtfully, we need to do it at

pace. And we really have to work on thoughtful solutions, particularly as retirement comes into play. The industry has a great obligation to get -- most importantly, get it right, not rush to market.

Daniel Harris: Up here in front, Mike Brown.

Mike Brown: Hey, Mike Brown, UBS.

Harvey Schwartz: Hey, Mike.

Mike Brown: Thank you so much for today. Kind of a related question. There is certainly a lot more volatility in the market lately. The last six quarters have been very, very active for Carlyle on the exit front. Can you maybe just give us an update on the IPO and M&A exit opportunities now? Is it still business as usual? What are you kind of hearing from the investment teams?

Harvey Schwartz: Well, I'll kick it off and then I'll ask John to talk a bit about it and then to the extent Mark should add some color. But our exits, this is not an accident. So two years ago, we looked at the world and we basically said, credit spreads are very tight, markets were doing quite well. We knew that our clients broadly in the private equity world, and I'm talking across the whole industry.

So our clients were also clients of the whole industry that DPI was lagging. And in part it was lagging because of that multiple problem from '21 and '22, where assets were bought at higher multiples. And we just strategically decided we were not going to let that window, we don't know how long those windows will stay open. So a lot of credit to Brian's team in the U.S., our teams in Japan, all around the world. They made a decision to very actively prepare to monetize.

And so as John said, we did the largest ever owned private equity IPO in India, Japan, the United States. We opened the market with Standard Arrow. So this was a very strategic decision. And it was about creating value for all of our clients, returning capital when they wanted capital and others weren't doing it. And at the same time, again, we're not waiting for the market to go up another 5% or 10% for every last dollar.

That's not what we want to do. We want to create value. We want to hit these windows. We can't because the world can be a vulnerable place. As you said, it can be somewhat volatile. And as much as we have a very good look into the economy because of our platform arm, there's a lot of stuff happening out there. I don't know. John, you can give a better sense of the forward view.

John Redett: Yes. I mean, look, when you -- when you look at the ingredients, you want to have a conducive, healthy monetization environment. I mean, they're all in place, right? The economy is strong. The IPO markets are -- I mean, investment bankers would tell you they're opening -- they're open. I think they're opening -- they're opening and they're definitely open for great companies like a Medline. M&A activities accelerating, spreads are tight. CEO

confidence is improving. You're seeing trade buyers more present. The regulatory environment's getting more favorable.

So, like all the ingredients are there to have a lot of activity, I think people were a little surprised industry wise, 2025 was not as active. For us, it incredibly active. But for the industry, it wasn't as active. I think we would have had an even better year, but we had liberation day in 2025 and we had an extended government shutdown.

So when I look at those two factors and look at what we did in 2025, I think it's actually amazing. And when you look at kind of where we are year to date, and let's just talk about the U.S., we have seven and a half billion of realizations closed or pending in 2026. So, you know, I think it'll be a very active year.

Harvey Schwartz: Anybody else or it's just a lunch? One in the back.

Daniel Harris: Glenn Schorr.

Glenn Schorr: Hi. I guess I want to follow up on the AI conversation. So I appreciate that that wasn't your strong point on software and you didn't overpay on some names that are at risk. But I think a lot of discussion in the market is bigger, broader, and that AI is having potential massive implications across many industries. So I'm curious to see how you think about what's left in your existing portfolios.

And then more importantly, how you underwrite new assets for what we now know. How -- you're using it. A lot of your presentation was how you use it to make your systems and processes better. But I would think it has a pretty big implication on how we underwrite going forward. And just a little more color and that would be great.

Harvey Schwartz: Yes. So in 2010, a little bit of history here I think is important one because some of this is just people doing really thoughtful things that ultimately end up being really brilliant things. So in 2010, Bill Conway decided that he really wanted to understand what the KPIs were in the portfolio companies. Obviously, Bill, one of the greatest investors ever existing in private markets and m become a great friend and co-chair of our board. And he sought out start organizing data around all those companies to see what kind of proprietary advantage we have.

That started in 2010. Nobody even knew chat was coming in 2023 and the launch of LLMs. That was the beginning of the journey of harnessing our proprietary data. Then the team comes along and says, hey, is there any way we can use this data to use machine learning to be better investors? Then LLMs come on the scene three years ago and have this great step function change and technological capability and a lot of promise.

And the reason we walked you through that panel is there was a lot of, I think -- and I also have a little parlor trick stuff going on like, oh, you we write our IC memos personally. I don't know if seventh graders can get their term papers written in an LLM. I don't think it should be that hard to write an IC. I don't actually think it's great for people to write IC memos with a large

language model. I think they should just be writing them themselves. I think it's really good for young people. So that's like not our focus, right?

Because we have a data advantage, the team started organizing all the data. And they organized the data not knowing LLMs were coming, but then LLMs come. So that's the convenient cross-section of when these things intersect. And I luckily, this all happens before I get here. I show up literally almost three years ago today and the LLMs come a couple months, know, chat launches a couple months before I get here. And it's this perfect conversions of data with technological capability, which has only continued to accelerate.

So to your point, now let's get to the fundamental question. Immediately we started saying to ourselves, how can we use these tools to be better investors? Matt gave you -- what we wanted to do today, and I hope it was helpful, was kind of really give you a look under the hood at how we use things, because there's too much general discussion out there and not enough explicit discussion.

And so the example that Matt gave you about that healthcare company is really critical, because if you avoid investments that somehow underperform, because you just have better data advantage and you can inform your teams, you get outperformance. And it's all about outperformance. It's all about investment performance. If you can get an extra 100 basis points, 200 basis points, 300 basis points, you're talking about remarkable outcomes over a 10, 20, 30 year period.

So our whole focus is on use cases. And how do we fund the investment in the team, the talent, using the models, because we want use cases, like I'm obsessed with use cases. I spent a lot of, this whole team spends a lot of time with that team. And what we want to do is we want to identify where can we better enhance our team's performance the day they commit the capital. Once we commit the capital, we've made a decision.

So first and foremost, how do we most inform our teams? How do we make our teams better? And by the way, know, Lucia did an amazing job describing all the things we're doing in productivity. It is not a head count thing, 2,500 people, we're not looking to eliminate 100 people. We're actually looking to add more people and make them incrementally more productive and get an exponential effect. And so when we inform the teams better, give them maximum information and allow them to make the best investment decision, you get better investment outcomes.

Now, for the companies we own, I think the team explained it really well. It's hard to scale engineers. And so it's not like you can say to every portfolio company, hey, we'll give you 10 engineers. Nobody can do that. The talent pool's not deep enough, it's not rich enough, it doesn't exist in the external environment. And so what we do is we make sure the teams know about the technological capabilities. We want to keep the portfolio companies very current. And at the same time, we want to make sure, and Lucia described it, we want to make sure they have access to all the resources that exist in the world.

And so -- and then, okay, how do we then leverage that? We funnel that back in. So, if they have the -- that day she described where we had hundreds of presentations to CEOs and CTOs, we want the people running the portfolio companies to make sure they have access to the most current knowledge so they can then hire the right firms, engage the right firms, use the technology, they can have breakthroughs.

Now, our responsibility is then once we get them access to create the flywheel effect around that. And by the way, in terms of committing capital, the way we think about the investment process is no different in private equity than it is in Mark's business than it is in Carlyle AlpInvest. It's all about leveraging the technology to make better investment decisions and make our people.

Daniel Harris: Question up here, Mike Vinci.

Mike Vinci: Hey, guys. Mike Vinci from Goldman. So you guys spoke about warehousing some deal flow on the balance sheet for CPEP. Can we maybe talk through the interplay between choosing to warehouse that deal flow versus giving it to LPs and maybe what the longer term puts and takes of that could be for the either management fee rate growth algorithm or any other interplay you see there? Thanks.

Harvey Schwartz: Well, we don't -- there's no cherry picking of one thing in one bucket versus another bucket. So we want to make sure we have waterfalls. There's no conflict between our LP. So we basically create the opportunity for our retail vehicles off the flow that's in our institutional business. We don't want our institutional clients to be in conflict with our wealth clients. We don't want our wealth clients to be conflict with our institutional clients.

And so, you know, for example, in Carlyle AlpInvest, there's an allocation methodology. We don't describe, oh, well, this will go here, or this will go there. The retail vehicle has its own investment committee. John can speak to that process more. The reason Justin used that as an example is we want that capital -- when we're deploying capital -- and again, we are going to be a bit psychotic at the margin about how we deploy it. When we deploy that capital, we want velocity in it as best we can. So his point was, hey, we're using it to launch the vehicle, because we've got to ramp up for the vehicle, but we're going to get that capital back. And then we're going to redeploy it back into the business. But John can talk a bit more about.

John Redett: Yes. I would just reiterate what Harvey said. The balance sheet warehousing for CPEP, the private equity wealth product, it's just because the product's new, right? And you think about the episodic nature of the content origination in a private equity business. We wanted to have enough content when we started to raise money to put into the fund. So over time, that warehousing will go to zero and there will be no need going forward for a warehousing capability in that product. But it was just -- it's just -- I think of it more as kind of seeding the fun, getting it going versus kind of a warehouse concept.

Jeff Nedelman: Yes. I just had one small thing. When we originate secondary, and I think Brian can speak to this, I think with CP7 and CP8, there was 22 billion of secondary origination. So large notional amounts done just in those funds alone.

Daniel Harris: Question back here with Glenn Schorr again.

Glenn Schorr: Hi, sorry, one more. Maybe a good wrap-up question. So I personally am a still a huge believer in the secular growth story of private markets. I think you guys laid out a very good job of your individual businesses, but this big ramp is interesting, and I think you backed it up with performance and everything laid out.

But you know when we step back we see LPs are super cash starved because DPI and other firms hasn't been as good. You see the wealth industry being more cautious, hopefully just a moment in time, but there's less gross sales and higher redemption requests on certain products. And then there's a lot of competition. It was at least 93 or so. The new Evergreen funds launched across the industry last year.

So is it that we're going to see a consolidation of winners or is this just a cyclical moment of time of softness? I'd love to get your thoughts on how we should balance your big growth drivers while you have these temporary, hopefully temporary slowdowns.

Harvey Schwartz: Yes. So I would say, know, to Jeff's point, the reason we were able to articulate this growth and we're just articulating the facts is the cadence of the fundraising. That's it. We have funds coming to market and we expect those funds to grow. Now, I think I'm going to answer your question, but I think what you're getting at is why should you feel confident in our ability to execute?

We put these numbers here. We try to be really explicit for you because if I'm not explicit, you guys kill me and I don't want you guys to kill me. So we want to be as explicit and also we want to hold ourselves to this discipline. But the reality is, I don't know, wealth could be bigger, retirement could be bigger, wealth could be a little smaller, AlpInvest could be bigger, we could deploy capital faster, SeaTac could -- CCOF could grow dramatically based on its performance.

So, I think from our perspective, the reason we're comfortable with the output around FRE, DE is our starting point of the diversification of the platform. I think it'd be much harder for me to tell you that if I was just a middle market private equity firm, or if Carlyle was just a secondaries firm, or if Carlyle was just a direct lending platform. It's the diversity of the platform, Glenn, that gives us comfort that there's ballast, right?

So I don't know, maybe over the next three years, for whatever reason, private equity is a little slower. I suspect that means Carlyle Investments scale faster, vice versa. They're kind of two sides of the coin, although I agree with everything Mike said. The industry is evolving in a way where solutions and corporate finance, which is really more the world I come from originally, is super exciting, super exciting.

And so I just think ultimately, Glenn, the demand for capital will pull capital. And you when I started my opening comments and I said, everywhere I go in the world, everybody wants capital. And by the way, they want bank capital, they want public market capital, they want

high yield bonds. People want to finance growth. Private capital is incredibly important part of that growth. We've lost half the public companies in the Wilshire in 25 years, 26 years.

And so the demand for capital will be higher, this is our best estimate sitting here today with a grounds of build of what we think is achievable. But these numbers will move a little bit and we'll keep you updated.

Daniel Harris: Maybe one last follow up, Bill?

Bill Katz: Sorry, Glenn. Bill Katz again, TD Cowen. Just thinking through the margin opportunity, just listening to each of the segments and just doing the mental math on the margins are already pretty high. So as you think about going forward, I appreciate the reinvestment opportunity and you could run the business higher margin if you wanted to today. When you look across the different businesses, where do you see the best incremental margin opportunity?

Harvey Schwartz: Best. I don't really think of it that way, Bill. I mean, don't know that we rank it as best. We really take a very long-term view because we're not steering ourselves to, this has the best margin. I will say that over the past three years, what we've done is been really thoughtful about making sure opportunities are scalable. Mark talked a lot about this in the credit platform and he talked about -- Mark, you can jump in, but he talked about how when he's thought about the platform and he has these -- they're not just evergreen vehicles for wealth, but sort of vehicles for institutional clients, cross platform. But why don't you give a sense of the cross platform and why that's a margin driver?

Mark Jenkins: I think the margin expansion comes from -- and I -- I got 20 minutes, so I didn't have the detail, but we build purposely that platform with -- you've got key strategies that are feeding the origination, if you will, but we have both institutional and wealth cross-platform accounts for each incremental. So when we bring -- it's open architecture. So when we bring an opportunity in, it gets allocated across that whole platform, not just to one specific strategy. And so that one origination, as it grows and the capital grows, you're just getting a higher margin, because we're not hiring more people to originate, right? We're not hiring more people to prosecute them. So that leads to just a higher margin for the platform.

Harvey Schwartz: Direct lending obviously getting a lot of attention today because of the exposure to SaaS and everything like that. And again, when I showed up, everybody said to me, oh, you have a problem, you don't have a big enough direct lending business. We're investing in our direct lending business. We're adding resources. We actually think there could be a pullback in the marketplace. People will be more disciplined about the next marginal dollar that goes into direct lending. Direct lending not going away. And we think it could be an important part of Mark's toolkit.

So -- but I don't really think about, oh, this has the next best margin opportunity. Just because that sort of takes the whole rest of the equation. Obviously, it's an important input, but it's not how I prioritize it. Obviously, the team does all that work and Justin obsesses about it. I really do go back to first principles, Bill, and I say, what does the client need?

What does the wealth advisor need? What does the sovereign wealth fund need? What does the pension fund need? What does the insurance company need? What do these clients need? And then, how can we construct that in a way that delivers value for the firm and for our team and people want to be involved with and excited about?

And I'm glad to hear my team's having so much fun. I didn't -- I just -- honestly, they've never said that to me before or publicly. They talk about how hard they're working, but it's great to know they're having fun too.

So, everybody, we could not be more grateful for your support. I really meant it when I said it before, a lot of you, when I showed up, give me great feedback. Sometimes it was intense, but super appreciated. Keep giving us the feedback. We learn from all of you and we truly appreciate all your support and your time.
Thanks so much everybody.