AMP Analyst & Investor Call

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AMP Analyst & Investor Call

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Operator: Ladies and gentlemen, thank you for standing by. Welcome to AMP's Analyst and Investor Call. The topic of today's update is the announced joint-venture discussions with Ares. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. To ask a question during the session, you will need to press *1 on your telephone. Please be advised that today's conference is being recorded.

I'd like to hand the conference over to your first speaker today, Francesco De Ferrari, AMP CEO. Thank you. Please go ahead.

Francesco De Ferrari: Thank you, and welcome, everyone. Also from my side I'm here with James, our CFO, and Jason, our Group Treasurer. And really wanted to provide you sort of the exciting update about our ASX release today.

We've announced a non-binding Heads of Agreement with Ares Management Corporation, with the intent of entering into a joint venture for our AMP Capital Private Markets business. And the perimeter of this joint venture is infrastructure equity, infrastructure debt and our real estate businesses.

You have seen from the media release that actually in difference to the media releases of the past, it actually has the logos of both companies at the top and a lot of SEC disclaimers, that's because in the spirit of the partnership with which we've held the negotiations and intend to bring this forward, we actually agreed with Ares that it would make sense to have a joint announcement. So this went out at the same time in New York, noticing this is also very material transaction for Ares as a group.

So as of today, we've entered a 30-day exclusivity period and our collective teams are working towards driving towards a binding agreement. So let me take you through a few things just quickly and then open up for Q&A.

First, the strategic rationale for the partnership. As you know, during the portfolio review, we've tested a lot of market interest for our various assets to understand whether our own transformation plans, or whatever outside interest we got, was actually the best outcome for our shareholders.

In August of last year for our AMP Capital business, we had announced a strategy to pivot this business towards the very significant opportunity we see in developing and further growing our international private markets business. Now, we did that on the basis that we've built a great business that has market and global leading franchises in infra debt, infra equity, and then a very strong domestic real estate business. So we have great product. And we said that we would intend to effectively build sort of our own distribution powerhouse to effectively scale that great product globally.

Within this context, we analyse Ares as a partner and evaluated whether they could help us turbo-charge this growth. And effectively, when you look at Ares, I mean, they are global – one of the leading global alternative asset management players listed in the New York Stock Exchange, almost $200 billion of alternative assets, of which very strong presence in credit and then presence in private equity and real estate.

Our product fit is very complementary. We obviously have very leading in infrastructure and very well complement their mainly US real estate presence with our Australian one. They've interestingly, last year alone – I don't know how many of you had a chance to Google them. They've fundraised $41 billion, in excess of US$41 billion just last year. And so we are very confident that in this partnership, they can help us bring scale with global distribution and we can power that with our great product expertise and client proximity. So we feel that it's actually a partnership that works really well.

What is the transaction mechanism that we've announced today? So the proposed transaction is a 60-40 private markets JV with Ares assuming management control upon completion. The transaction values the joint venture at US$2.25 billion. So Ares' 60% is valued at $1.35 billion and AMP's 40% is valued at $0.9 billion.

We've also agreed that AMP will retain certain assets and contingent considerations valued at $0.9 billion, which really includes, as we've disclosed, the seed and sponsor investments we've made in the growth of our private markets fund, as well as existing carried interest on these funds. And so if you think about it from a high level, we have retained for our shareholders, all the upside of the business that we've built so far, and we are retaining 40% of the business that we will build together with Ares.

So overall, AMP will receive cash proceeds of up to $1.55 billion for Ares 60% stake we set up to because that is dependent on where we land in terms of the ideal funding mix for the JV. The JV, the way it's set up, will also allow us to release $0.1 billion of capital that's currently trapped and for that use.

We've not commented on the potential use of proceeds today, given we're really at the non-binding stage. And so I know you might have a lot of discuss – a lot of questions on further details. We are at the non-binding stage. The next steps for us is that we are in this 30-day exclusivity to get to a binding transaction, at which point, we will actually proceed also with an independent expert and the seeking of shareholder approval. So you will effectively then see all the details well at that time.

This joint venture will be governed by a Board that will have 60% Ares and 40% AMP representation.

Now shifting focus to our retained business. We had already set our own transformation agenda for these businesses. For the remainder of the AMP Capital business for MAG, as we committed at the end of the year, we will take our Multi-Asset Group, restructure it and move it to AMP Australia to build an end-to-end superannuation business that will be able to compete head on with the super funds.

And we reiterate that our intent to explore the sale or partnership of our GEFI business. That's a business where scale is absolutely critical. And so we don't think long-term we are structurally the best owners of a business like that.

In terms of the remainder of the Group, I don't think I need to go into the transformation strategy. Again, we're in the second year of heavy lifting that will allow us to get most of the legacy issues behind us.

The next steps from here, 30 days to reach a binding agreement with Ares. And then we need to go through, as I said, shareholder approval and all the other sort of regulatory approvals and CPs that are necessary to complete the transaction.

So in summary, a very exciting opportunity to turbocharge our growth in Private Markets, where there are massively supportive macro trends definitely over the next two years. So if we find – we see this joint-venture as an opportunity to quickly turbocharge this growth.

A great partner in Ares that is very complementary in terms of fit from a product capability and brings real global distribution, and a balanced outcome for our shareholders that allows us to retain all the upside in the great business we've created so far and get a 40% stake in what is hopefully going to be a faster growing, really successful business. I know a lot of details still remain to be worked through. That's the objective of the next 30 days.

With that, James, Jason, and I are very happy to take any questions.

Operator: Ladies and gentlemen, we will now begin the question-and-answer session. If you wish to ask a question, please press *1 on your telephone and wait for a name to be announced. If you wish to cancel your request, please press the pound or hash key. Please know there'll be a short pause as the questions are being collated. We thank you for your patience. Your first question comes from the line of Nigel Pittaway. Please ask your question.

Nigel Pittaway: Hi, good morning. Just first of all a question on stranded costs. Can you comment to the extent of stranded costs that might be forthcoming from a result of if the transaction goes ahead? And also, I think, Francesco, you said that if AMP Capital wasn't part of the Group, it would represent a new turn in terms of your cost saving targets. So can you maybe talk about the potential for further cost savings if the deal goes ahead?

Francesco De Ferrari: So thank you, Nigel. The reality is that if we look at AMP Capital, and you will see this as we work through the next phase and split out the P&Ls, as we discussed, I think a big part of our journey and our transformation strategy is to get to end P&Ls of the sub businesses, so that the market can transparently understand all the returns.

In reality, you will find that the Private Markets business is a pretty lean business in the way it's set up. And a lot of the support and infrastructure costs are really linked to our MAG and our GEFI business. And so in reality, finding the right pathway for those businesses is the more important pathway to effectively then determine the stranded costs.

We are working on that transaction. And so we still don't have what's the effective perimeter that is going to allow us to effectively answer that question.

As far as it pertains to the Group, clearly, we will become a much more focused Group. And so part of this next phase is also working out what is the right setup for our corporate office, recognising that we already have a sort of a $300 million cost out plan that we're working on and recognising that this transaction effectively further simplifies, that gives us the opportunity to re-look at some of that.

We also though, Nigel, need to take into consideration. I mean, we are at a non-binding Heads of Agreement phase. We need to get the binding phase. Then we need to get to completion. And then there is the separation phase. So all of this will require time.

Nigel Pittaway: Okay. Maybe the next question is, can you comment on the constraints now that would stop you resuming the buyback? Would you have to wait for shareholder approval in this transaction, or if the deal sort of gets agreed, would that open up the way to resume share buyback?

Francesco De Ferrari: So one – as we discussed, I think in calls with most of you, we are definitely very sensitive to capital returns. And at the current share price, we really think buyback is very value-accretive for our shareholders. We had paused it because of the portfolio review. Our current hypothesis is if we do reach binding terms at that point, we would be ready to go back into the market and effectively start the buyback. We wouldn't have to, therefore, wait for shareholder approval.

Nigel Pittaway: Great. Okay. And maybe just finally, I mean, you've talked about doing a partnership or selling off the rump of the business, the global equities and fixed income. Has that advanced at all, or is that just a sort of something to be looked at, if indeed this deal with Ares proceeds?

Francesco De Ferrari: Nigel, the rump of the business, is just a terrible term, we actually have really good businesses in there, if you look at it. I think our fixed-income product had more than 90% delivering above benchmark over three years. Having said that, we – as we went through the portfolio review, we really looked at all the assets and stress tested them about market interest. So there had been conversations and we are looking now that we have clarity on this part to be able to progress those quickly.

Nigel Pittaway: Okay. Thank you.

Operator: Your next question comes from the line of Andrei Stadnik. Please ask your question.

Andrei Stadnik: Good morning. So just wanted to ask two questions. Firstly, in terms of the cash and capital needs to support AMP Capital for growth going forward. And it looks like it should be faster growth, but equally that might mean the more demands on seed capital or being able to pre-purchase assets into funds to a capitalise on opportunities. So how much extra cash do you think – or capital do you think you may need to hold to support the growth in AMP Capital going forward, in particular, the Private Markets side?

Francesco De Ferrari: Thanks, Andrei, for the question. So at the moment, we would be putting up to in our infrastructure equity funds US$150 million, or in our infrastructure debt funds up to US$50 million into each fund as a sort of the shareholder capital. As those funds grow, building the track record of those, we would expect that to reduce over time.

Clearly, as the venture grows, that would be the case that we would obviously need to continue for capital in, but we think that the alignment continues to grow stronger, so the requirements over time reduce. Obviously, partnering with somebody like Ares who have an even longer and deeper track record would hopefully start to mitigate that as well.

Obviously, alignment between investment teams and the house is very important for clients. And so there will always generally be a requirement, but we think it should dissipate over time. I guess, obviously any go forward commitment would be done in the percentages of the joint venture as well. So the capital requests on AMP would be proportionate to our residual investment in the venture.

Andrei Stadnik: Thank you. My second question, just wanted to ask around the bank. I mean the AMP Bank has had good mortgage momentum for several years. But in the last year or so, that momentum stalled. And as you can probably see, the regional banks marketplace becoming very competitive. Bendigo and BOQ scaling up. Suncorp seeking to grow. Macquarie doing very well, and ING is there. So do you need – what kind of investment do you need to make into AMP Bank to make sure it actually stays relevant?

Francesco De Ferrari: Thank you for that question. A couple of, I would say, considerations. One is last year we approached – when COVID hit and we were all debating, is this a V or a U or a deep-U recession with all the uncertainty. We were very prudent with the management of our bank. And so we slowed down mortgage growth and we ramped up deposit growth, because we just wanted to make sure we wouldn't get in a funding squeeze.

And so you would have seen our deposits grow 12% last year, but our mortgages essentially flat. That was a deliberate strategy, given the importance of a Bank and a Group like ours, not to create wider issues.

We did a significant investment last year, as we announced at the full-year results, and effectively completed the re-platforming of our core banking system on time and on budget, which was a really significant success for our teams. We have now opened the bank back to growth. And so, we are seeing encouraging results versus – I fully agree with you that from a regional bank perspective, it's tough in Australia, given some of the funding and capital arbitrage versus the larger players.

I really feel our bank is uniquely positioned, because we have a great return on equity, much better than the regionals. Two, we have a very low cost-income ratio at 36%. And we don't have branches. So we are a lot more scalable and a lot more resilient than some of the other names you mentioned. So that's why in our full-year results, we also sort of said that we really see the bank going back to double-digit earnings growth.

Andrei Stadnik: Thank you.

Operator: Your next question comes from the line of Kieren Chidgey. Please ask your question.

Kieren Chidgey: Good morning guys. Just got a few questions. On the profit contribution between private and public markets. So are you able to provide a little bit more guidance as to what the split between FY20 was between those two segments?

Francesco De Ferrari: Thank you, Kieren, for the question. We cannot provide specific guidance right now. We’re at the non-binding stage. If we get to binding stage, you will see effectively full P&Ls and everything. The only thing we had sort of included in the release because we felt there would be a lot of interest on this was a comment around the contribution that Public Markets did last year to the $139 million of underlying NPAT of the whole of AMP Capital. I mean – yeah.

Kieren Chidgey: Okay. Secondly, just on – so just keen to understand what the medium to longer term intent is here. You've got a minority stake without management control. Can you talk about sort of what the intent around the put and call options in five years time actually is?

James Georgeson: So thanks, Kieren. So the – as you rightly say, there’s a put and call mechanism, which triggers or is effective after five years. That works obviously both ways, that the AMP Group has an ability to put the shares in a staggered way back to Ares after five years. And equally Ares has an opportunity to take 100% control, which becomes available to them after five years.

Look, we would – obviously, as Francesco said earlier, we would obviously look to – I think by doing this transaction, we have crystallised the value created today and then provides us an opportunity to participate in the upside that we see out of the partnership.

AMP will be – will have a number of, as you rightly say, strategic investments with our investments in Resolution, the China Life Group and now this Ares – this AMP-Ares joint-venture. And so there'll be some significant investments there at the Group level. But I think we will obviously sort of play that out over the medium term to sort of see what happens. But we're very sort of hopeful that the partnership creates a great and well-performing asset.

Kieren Chidgey: Okay. And my final question, just around the capital intensity of the business ex-Private Markets, which Francesco, you've always said, you need to continue seeding funds was a factor weighing on the dividend policy at a Group level. So just wondering how this transaction may impact that Group dividend policy payout range?

James Georgeson: Yeah. Kieren, it's a very good question. So we have typically thought about our Group policy, which we had guided – when we unveiled the transformation strategy of 40% to 60% payout ratio at a bottom-line after-tax result. Obviously, the midpoint of that is about half. We looked at that in the context of the wealth businesses generally sort of have 80% or above 80% payout.

The bank, we think we can get broadly to about a 50% payout. And AMP capital was broadly around that, but it did sort of have some volatility giving the seeding of those funds as we've talked about earlier in the call that that can be material. I think that given the shape of the earnings of the Group, it does become that the dividend policy, you would start to see a lift in the percentage. I think the thing we would just need to make sure we're very conscious of is that it's our portfolio of strategic investments and the returns on those. And just how that they would move over time will be the thing we'd just be monitoring, but we effectively are going to a very capital light wealth management business in Australia and New Zealand.

Obviously, the capital is required to grow risk-weighted assets in the bank is going to stay the same. But the use of capital for AMP Capital would dissipate over time. Obviously, it’s much lower because of our 40-60% share. But also, we think that that requirement to seed into the funds should proportionally reduce over time as well as that business gets bigger and is also leveraging the brand and distribution of the Ares Group as well.

Kieren Chidgey: Okay. Perfect. Thank you.

Operator: Once again, ladies and gentlemen, if you wish to ask a question, please press *1 on your telephone and wait for a name to be announced. Your next question comes from the line of Andrew Buncombe. Please ask your question.

Andrew Buncombe: Hi guys. Thanks for taking my questions. Just the first one, I'm just trying to wrap my head around how disclosure could potentially change for this. Just because you've got a, let's call it a minority stake in the JV at 40%, is the intention just to push it through the investment income line going forward? And are we going to lose all the disclosure about the – related to the moving parts like we have with Resolution? Thanks.

James Georgeson: Look, good question, Andrew. We will – one of the things I think we've been reflecting on, we obviously made some changes to our disclosures this time around to give more detail on the P&Ls. And we realised that that obviously we do show very limited information around our resolution and channel our stakes, given the sensitivities of the partners.

We would hope that over time, we would be able to provide more disclosure on all of our strategic partnerships to show how they're performing other than just a one-line investment return. And given our stake here is sort of, would be a 40% stake, it's obviously potentially easier to do that.

But look, it's something that we're looking at continuing to work on in line with the comments as well that Francesco said around further breaking down the P&Ls under the wealth business as well. So look, definitely trying to provide and cognisant of making sure we provide information to ensure we can adequately sell the story of how those investments are performing, but also to understand the drivers as well.

Francesco De Ferrari: So Andrew, you would have seen that at the year end in sort of our group construct, we had the three business units. And then we had a fourth box that had said strategic partnership. That goes to recognise that today we have almost a $1 billion of capital invested in them.

If we do get to a binding agreement on this joint venture, that would almost bring it to $2 billion. We recognise that’s a material amount. And these strategic partnerships are delivering a lot of value. So we'll clearly work with our partners, given a number of them are listed companies, to figure out how to best disclose that.

Andrew Buncombe: Got it. And then my other question was just in the context of the life insurance exit actually. I think one of the things that caught a lot of investors' short were the implications for earnings in other divisions. So if I just sort of use that thinking to form – formulate my question, how should we be thinking about the earnings implications in the other divisions, if this portfolio was to be carved out of the Group? Thanks.

James Georgeson: Look, Andrew, very good question. So look, we would expect very, very immaterial change to any of the earnings in the other parts of the Group there. That the items you referred to, obviously with the distribution arrangements, that were in place across the Australian sort of business, which was, I guess, across wealth advice and life insurance. So there are not those kinds of relationships.

The – AMP Capital has, I guess, for a number of years, been run very much a standalone business in the Group with a separate independent Board. Obviously, it had MUTB as a 15% minority holder for the last nine years or so. And so a lot of those things not only been priced at arm's length and very independent, but also means that it's sort of more separate from the Group. So we don't believe that there is any material change in the earnings of the other businesses as a result of this transaction.

Obviously, the point that going to Nigel's question around the size of the Group and the Group functions and Group costs we would need to look at, but that's not as a result of the transaction, from a loss of that. It's more just as we look to sort of reshape the overall Group as it becomes, changes in its nature.

Andrew Buncombe: That's very helpful. Thank you.

Operator: Your next question comes from the line of Matthew Dunger. Please ask your question.

Matt Dunger: Thank you very much, gentlemen, for taking my question. Just if I could ask a question on the separation costs you've flagged that there might be some separation costs. Can you put what sort of – give us an indication of the size of these relative to the life insurance sale, the complexity of separation, and also have you discussed with Ares, whether or not there's further investment required for transformation in AMP Capital, which was obviously excluded from the broader transformation agenda?

James Georgeson: Thank you for the question. We haven't given a specific guidance on separation costs, given the stage of the deal we're at. But we would obviously look to confirm that on a binding deal. Look, we would envisage that it's materially lower than obviously the life separation costs, which came in at $400 million post-tax. So it's not at all in that realm of things.

If the way to think about it was that, as I said in my – this last comment, is AMP Capital has been run as a reasonably stand-alone part of the Group for some time. There is less integration with other parts of the Group. The areas where there are integration is at the corporate structure level, things like general ledger and Group HR systems and Group risk systems. They run across the Group from a synergy perspective. And so therefore, there will be some need to potentially separate and extract those, although we're still working through that and there could be some obviously extended transitional services that we would – may need to want or may want to provide to the venture. And so we're still working through some of that – some of those details.

We generally operate AMP Capital on reasonably separate technology infrastructure as well. So the trading platforms that are run and the various systems that support the AMP Capital different divisions, including real estate, are all generally isolated to that part of the business because they're quite specific in their feature and nature. So it's not – it's very different to the life separation, which everything was routed through the AMP Life legal structure, which meant that we had one big legal entity, which had four or five businesses within it.

AMP Capital's a separate corporate structure with a sort of much more self-contained technology, people, and infrastructure. So just to give you a feel, we would obviously come back, as I said, before completion on the signing of – if we get to a binding deal to give much more clarity and dimensionality of both the quantum and the time.

Matt Dunger: Thank you. Just also on the transformation. James, have you had any conversations around what that could involve for AMP Capital with Ares?

James Georgeson: So look, it's obviously been part of our discussions. We would look to – I mean, we – as we sort of thought about partnering with Ares, some of the great capabilities they have around distribution and client relationships, we would obviously be looking to leverage where we can, but also take sort of some of the learnings and the benefits and skills from our teams around the infrastructure area and looking to sort of how does that help the Ares business as well.

I think these are really people-related businesses. And so it's much more in those kind of things, which is where the partnership brings the benefits. So I don't think we need necessarily to invest in wholesale, back office systems and those kinds of things. It's not really that style of business in the real asset side of things.

I think the Public Markets, GEFI and MAG, which is the businesses retained by AMP, that's much more where we have some work to do around transforming the – I guess the back office and the system side of things. But very much not anywhere near to the degree or anywhere near material as it would be in the Private Markets space, which is where the joint venture is in relation to.

Matt Dunger: Thank you.

Operator: Once again, ladies and gentlemen, if you wish to ask a question, please press *1 on your telephone and wait for a name to be announced. Your next question comes from the line of Siddharth Parameswaran. Please ask your question.

Siddharth Parameswaran: Good morning gentlemen. Two questions, if I can. Firstly, just I want to understand if there's any tax implications at all from this transaction to AMP Group?

James Georgeson: So thanks, Sidd. So we are obviously looking to structure this in as a tax effective way as we can. And so we definitely have thought that through to look to do that. There are certain things around removing – so we’re looking at breaking out the Public Markets business out of AMP Capital, is our current separation hypothesis, which means it leaves the AMP Capital Holdings Group, which holds all of the current AMP Capital businesses. Therefore, Ares are able to buy in the 60% that way.

We're obviously looking to make sure we don't have unnecessary tax leakages when we do that. And then when we would look to divest that 60% effectively, which is what it would be from an accounting and tax perspective. The Group does have significant unbooked capital losses, that would be, in the first instance, used to offset taxable profits on the sale of a business if we were to get there.

From a franking perspective, obviously, that will be – I guess, as the Group's earnings change and the nature of the things change that that has an impact, but I think that's a much more overtime impact looking forward. But from a transaction perspective, we are trying to mitigate and minimise tax implications. And then at a corporate level, the gain or loss on sale, which would – which generally would be seen as a gain given AMP Capital would have a small accounting or tax cost space would generally be shielded from tax on the sale, given unbooked tax losses.

Siddharth Parameswaran: Okay, thank you. That's quite helpful. Can I just ask about the $900 million value in the seed and sponsor assets? If the structure had existed six months ago, just so that I'm clear in what the implications would be for the earnings in AMP Capital, would – I mean, would this basically mean that in your second half ‘20 P&L for AMP capital, that seed and sponsor revenues of $22 million would still remain with AMP under the new proposed structure and all the other line items, apart from MAG and the bits relating to MAG and the bits relating to Public Markets, which you're saying are not that material, would actually remain? So that’d the way to think about?

James Georgeson: Yeah, that's right, Sid. So we're – we would all – on the AMP side, we would – if the transaction had been in place, say, from 1st January 2020, we would obviously received 40% of the earnings of AMP Capital excluding, where we would retain a 100% of the earnings which be on the seed and sponsor investments and some other sort of minority joint-venture style partnerships that we've got.

So those earnings would then flow. So if you take a first half-second half split, you'd pick second half, which obviously had the larger revaluation gains on seed and sponsor, which was really a catch-up from some of the unbooked gains that – the unbooked losses that were received or booked in the first half of the year, given the valuation changes in markets, given volatility last year. So – but that's right.

So if you thought about it if the transaction through 2020 was effected from 1st January, the returns on seed and sponsor would fall to AMP Group 100%. And the residual earnings across the Private Markets business would go 40-60 to between AMP and Ares.

Siddharth Parameswaran: Yeah. Okay. Thank you. So that’s quite clear. Thank you very much.

Operator: Once again, if you wish to ask a question, please press *1 on your telephone. Your next question comes from the line of Brett Le Mesurier. Please ask your question.

Brett Le Mesurier: Thanks very much. How do you plan to handle the conflict between assets that Ares sources that they put on their own investment platform, as opposed to putting in the joint venture?

James Georgeson: Brett, thanks for the question. Look, that's something that we have been talking to the Ares team about. We're very obviously conscious of the fact that they have got a sizable business and that we will effectively be that they are a joint owner of or a 60% majority owner here. So we have arranged or agreed number of protocols and structures. They obviously have to deal with this in their own business, given that they hold investments in a number of companies as well.

And so we've got comfortable that there are appropriate mechanisms. We'd obviously have Board representation as well. And obviously it's not the controlling Board representation, but we would have Board representation. And clearly, we've got a sort of a mindset around being that this is a very much a long-term partnership. And so we believe those issues are very much dealt with.

Brett Le Mesurier: So you would be able to look at whatever investment Ares sourced, whether they put it on their own platform or in the joint venture, is that what you're saying how you expect it to operate? So you will have full disclosure of what Ares investment operations are?

James Georgeson: Look, we need to sort of work through all of the exact details of that, Brett. But look, I think the more the point of takeaway is that we have got appropriate protocols or a great appropriate protocols around ensuring that where the business needs to be sort of sourced and written in AMP Capital in the Private Markets venture is, is done. And that we sort of have the appropriate mechanisms to ensure that that happens, whether or not we have go to the exact point that you're talking about. We're obviously just working still through all those details.

Francesco De Ferrari: Brett, I think what's important, I guess, is really the fact that with Mike Arougheti, who's the CEO of Ares and the whole team, I mean, this is really lived and breathed as a true partnership. It is an important step for us in accelerating the growth of the Private Markets franchise. It's also a significant investment for them. And so I think both parties are very focused in making sure the growth of this joint venture is a success. And I think that's ultimately what then will drive a lot of the value creation.

Brett Le Mesurier: Okay. Thank you. They're all the questions I have.

Francesco De Ferrari: Thank you.

Operator: There are no further questions at this time. I would like to hand the conference back to today's presenters. Please continue.

Francesco De Ferrari: Listen, thank you all very much for dialling in. Again, a very exciting announcement from our side. We are now working very collaboratively with Ares over the next 30 days to hopefully land this and make it a binding agreement, because we think that's going to be really in the best interest of our shareholders, but especially the right outcome for the clients and the teams. And really looking forward to be able to update you on having achieved this soon. So thank you all for dialling in and wish you a good day.

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

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