



T. Rowe Price Q3 2025 October 31, 2025

Corporate Speakers

- **Linsley Carruth**; T. Rowe Price; Director of Investor Relations
- **Rob Sharps**; T. Rowe Price; Chair, Chief Executive Officer, and President
- **Jen Dardis**; T. Rowe Price; Chief Financial Officer
- **Eric Veiel**; T. Rowe Price; Head of Global Investments

Participants

- **Michael Cyprys**; Morgan Stanley; Analyst
- **Benjamin Budish**; Barclays; Analyst
- **Daniel Fannon**; Jefferies; Analyst
- **Craig Siegenthaler**; Bank of America; Analyst
- **Kenneth Worthington**; JPMorgan; Analyst
- **William Katz**; TD Cowen; Analyst
- **Alexander Bond**; KBW; Analyst
- **Brennan Hawken**; BMO; Analyst
- **Patrick Davitt**; Autonomous Research; Analyst

Presentation

Operator: Good morning. Welcome to T. Rowe Price's Third Quarter 2025 Earnings Conference Call. (Operator Instructions) As a reminder, this call is being recorded and will be available for replay on T. Rowe Price's website shortly after the call concludes. I will now turn the call over to Linsley Carruth, T. Rowe Price's Director of Investor Relations.

Linsley Carruth: Hello and thank you for joining us today for our third quarter earnings call. The press release and a supplemental materials document can be found on our IR website at investors.troweprice.com.

Today's call will last approximately 45 minutes. Our Chair, CEO, and President Rob Sharps and CFO Jen Dardis will discuss the company's results for about 15 minutes. Then we'll open it up to your questions, at which time we'll be joined by head of Global Investments Eric Veiel. We ask that you limit it to one question per participant.

I'd like to remind you that during the course of this call we may make a number of forward-looking statements and reference certain non-GAAP financial measures. Please refer to the forward-looking statement language and the reconciliations to GAAP in the supplemental materials as well as in our press release and 10Q. Discussion related to the funds is intended to demonstrate their contribution to the organization's results and are not recommendations.

All investment performance references to peer groups on today's call are using Morningstar peer groups and for the quarter that ended September 30, 2025.

Now I'll turn it over to Rob.

Rob Sharps: Thank you, Linsley. And thank you for joining today's call.

Third quarter returns were strong across equity markets with concentration in mega cap growth sectors remaining near peak levels.

We reached an end of period high of 1.77 trillion dollars in assets under management as of September 30th and created an opportunity to bring innovative new solutions to market for our clients with our recently announced strategic collaboration with Goldman Sachs.

I'll talk in more detail about this collaboration in a minute, but first I'll share an update on investment performance.

Our long-term investment performance is solid with 50 percent or more our funds beating their peer groups on the 3-, 5-, and 10-year basis. On an asset-weighted basis, results were stronger, with 64 percent, 57 percent, and 78 percent of our fund assets beating their peer groups on the 3-, 5-, and 10-year basis.

While we have always believed that focusing on the long term is the right lens for investment performance, I want to call out improvement in our 1-year numbers—with 53 percent of fund assets now beating their peer groups. We are encouraged by this improvement and the momentum we are building.

I'd like to share a few other highlights:

- On an asset-weighted basis, over half of our equity fund assets beat their peer groups for the 1-, 3-, and 5-year time periods and over 70 percent beat their peers over 10-years.
- Fixed Income performance is even stronger with over 70 percent of fund assets beating their peer groups in all reported time periods.
- In our target date franchise, 81 percent, 71 percent, and 98 percent of fund assets beat their peer groups on a 3-, 5-, and 10- year basis. One-year results were weaker with 43 percent of target date fund assets beating their peers, as underlying security selection in some of the equity building blocks impacted performance.
- Across alternatives, performance in senior direct lending strategies was strong and distressed mandates outperformed their targets. Liquid credit strategies generally performed in line with their benchmarks, while results in certain opportunistic funds were modestly below target. Importantly, individual credit selection continued to be strong, and portfolios did not have any exposure to the high-profile credit issues that have dominated headlines. While private credit deployment was

roughly similar with the prior quarter, there was a noticeable acceleration in deal activity leading to a more robust pipeline of pending transactions.

I'd like to spend a few minutes on our strategic collaboration with Goldman Sachs—a collaboration that aims to deliver a range of diversified public and private market solutions designed for the unique needs of retirement and wealth investors.

Initially, we will focus on four areas: a co-branded sister series for the target date franchise, model portfolios, multi-asset offerings, and personalized advice solutions and advisor managed accounts. Given that the sister series for the target date franchise and the retirement opportunity have been covered broadly since the announcement, I thought I would focus on the products we're designing for the wealth channel—starting with model portfolios.

We are developing a co-branded series of asset allocation model portfolios with alternative investment allocations—with plans underway to be on the first platform before year end, followed by other platforms in 2026. Goldman Sachs will be the adviser, providing tactical and strategic allocation for the models and some of the underlying products. OHA will provide the private credit exposure, and T. Rowe Price will provide the balance of the other underlying products.

We are also working on multi-asset public-private market solutions that will allow advisors to easily incorporate alternative investments into their clients' portfolios. The first two offerings—a public-private equity strategy and a multi-alternatives strategy—are expected to launch by mid-2026. T. Rowe Price will be the adviser on these solutions which will incorporate capabilities from T. Rowe Price, OHA, and Goldman Sachs.

Moving to our third focus area — we will offer a managed account platform for independent advisors, so they can deliver participant advice in plans on T. Rowe Price's recordkeeping platform and for retirement savers out of plan in the latter half of 2026. These personalized accounts will combine T. Rowe Price's investment and advice capabilities and Goldman Sachs Asset Management's digital planning and personalized management account technology, enabling independent advisors to manage individual accounts at scale. These solutions will include allocations to both T. Rowe Price and Goldman Sachs products.

Finally, and as I mentioned at the start, the co-branded sister series for the target date franchise—which will include allocations to T. Rowe Price public equities and fixed income, OHA private credit, and other alternatives from Goldman Sachs—has received significant attention. Work is ongoing and we expect to launch in mid-2026. We believe that exposure to high quality alternatives, at the right price, in professionally managed retirement accounts can improve results for retirement savers by providing diversified sources of returns. And we believe our co-branded target date series will be a highly competitive solution in the marketplace.

Before I hand it to Jen, I want to share a few additional highlights from the quarter:

- We introduced two new retirement allocation funds with a strategic partner in Asia—marking the first time a US asset manager is making retirement-focused products available to retail investors in Hong Kong and Singapore.
- We continued to grow our ETF business, with 19 billion dollars in AUM as of September 30. Twelve of our ETFs surpassed 500 million dollars, with five reaching over 1 billion dollars.
- Together with the International Finance Corporation, a member of the World Bank Group, we launched the Emerging Markets Blue Economy Bond Strategy, aiming to address water challenges

by investing in corporate blue bonds in emerging markets. With over 200 million dollars in commitments from partners, the strategy supports projects such as clean water infrastructure.

- And, we hosted our inaugural Investor Development Program, a week-long investment training program for large strategic clients. Over the course of a week, we provided insight into our investment process and research platform, while also gaining a better understanding of what matters to them as clients.

We are focused on delivering excellent investment performance while partnering more closely with our clients and developing broader solutions that meet their financial objectives. At the same time, we are running our business efficiently and keeping pace with the change in our industry.

I want to thank our dedicated and talented associates for their continued work on behalf of our clients.

And, with that, I will ask Jen to share an update on our third quarter financial results.

Jen Dardis: Thanks, Rob, and hello everyone. I'll review our third quarter results before opening the line for questions.

Our adjusted diluted earnings per share of \$2.81 for Q3 2025 is up over the prior quarter and Q3 2024 from higher revenue, driven by higher average AUM.

As previously reported, we had 7.9 billion dollars of net outflows in Q3. Outflows in our retail and intermediary channels were partially offset by several large institutional wins.

This quarter, we saw strong net inflows for our U.S. Equity Research strategy from multiple clients, including a large SMA model delivery win in July that we mentioned last quarter. However, U.S. equities overall continue to drive net outflows.

Fixed income, multi-asset, and alternatives had positive net flows this quarter, and we also saw positive net flows from clients in EMEA and APAC. Fixed income included a large institutional win for our Global Multi-Sector Bond strategy.

Our target date franchise had 2.6 billion dollars of net inflows, as our blend products continue to generate strong client demand. And within our growing ETF business, we saw nearly 2 billion dollars of net inflows into our products.

Investment advisory fees of 1.7 billion dollars were up over 4 percent from Q3 2024 and over 8 percent from the prior quarter on higher average AUM.

Adjusted deferred carried interest revenue of 56.2 million dollars was up from the prior quarter, reflecting higher relative investment returns.

In Q3, we began including SMA model delivery assets in our reported AUM. As a result, related revenue is now reported as investment advisory fees. This change was the primary driver behind the decline in administrative, distribution, service, and other fees from prior quarters.

Total adjusted revenues of 1.9 billion dollars were up 6 percent over Q3 2024 and up almost 10 percent from the prior quarter.

The Q3 effective fee rate, excluding performance-based fees, of 39.1 basis points was down from Q2 2025 due to the continued shift to lower priced vehicles and strategies. This is driven primarily by ongoing outflows in US equities and mutual funds, which have higher-than-average fees, and the growth of our target date trusts and the blend series.

Turning to expenses, Q3 2025 adjusted operating expenses of 1.1 billion dollars were up a little over 3 percent from Q3 2024, largely from higher technology and depreciation costs, but down 1.1 percent from the prior quarter on lower compensation and related costs and lower advertising and promotional expenses.

We continue to expect 2025 adjusted operating expenses, excluding carried interest expense, to be up 2 to 4 percent over 2024's 4.46 billion dollars. Similar to recent years, in Q4 we anticipate increases in our long term incentive compensation expense, reflecting the timing of our annual grants in December, and seasonally higher advertising and promotional and G&A expenses. These increases will not carry into the Q1 2026 run rate.

As we discussed last quarter, we developed a broad and ongoing expense management program that will allow us to continue investing in our future while keeping our controllable expense growth rate in the low single digits in 2026 and 2027. We have taken several steps to execute on this plan, including eliminating a number of roles across the firm in July and outsourcing and expanding some of our technology capabilities through trusted vendor partnerships. As a result, headcount as of September 30 is down 4 percent from December 31, 2024.

In Q3, we incurred 28.5 million dollars in non-recurring costs—primarily severance and related compensation—associated with these actions. These one-time costs were excluded from our adjusted operating expenses.

The reduction in average headcount also contributed to a decline in compensation, benefits, and related costs to 632.5 million dollars in Q3 compared to prior quarters.

We have also identified several opportunities to better manage our real estate portfolio, including transitioning over time from owning to leasing certain properties. In some smaller locations, we will transition to serviced offices. As part of this effort, we've made the decision to exit two of the six buildings on our Owings Mills campus which are currently unoccupied. This will result in a non-recurring charge of approximately 100 million dollars in Q4, which will be excluded from our non-GAAP measures.

Looking at capital management, our financial position remains strong, with over 4.3 billion dollars in cash and discretionary investments on our balance sheet. As a reminder, the third quarter is often a high-water mark for cash prior to paying our variable compensation in December.

We bought back 158 million dollars' worth of shares during the third quarter, bringing buybacks through September 30 to 484 million dollars or 4.8 million shares. Notably, this figure is twice the number of shares repurchased in the full year 2023.

We continued to buy back in October and have surpassed 525 million dollars' worth of shares year to date.

We are pleased with the progress we have made to advance several initiatives in our ongoing expense management program—allowing us to better align our revenue and expense growth and preserve our capacity to attract and retain talent, enhance our client experience, and invest in strategic growth opportunities.

And now, I'll ask the operator to open the line for questions.

Questions and Answers

Operator: Our first question comes from Michael Cyprys with Morgan Stanley. Your line is open.

Michael J. Cyprys: Great. Good morning. Thanks for taking the question. Wanted to ask about digital assets. I saw that you filed for a multi-token crypto ETF. I was hoping you could talk about how you see crypto fitting into client portfolios, how you're seeing demand trends evolve. And if you could talk about your strategy, aspirations, and the steps that you're taking in the digital asset space. Thank you.

Eric Veiel: Yeah. Hi, Michael, this is Eric. I'll be happy to take that question. We started on the journey in digital assets back in 2022, working on our investment capabilities, with the premise that the digital asset space will have both operational and investment alpha available there. And we've been focusing on building our expertise internally before launching a product, investing a small amount of our internal seed capital across multiple tokens and blockchains, really using our own fit-for-purpose digital asset platform. The ETF that we're going to launch, technically an ETP, we're confident will be an important building block across different parts of the value chain for our clients.

Ultimately, we're a solutions provider and we think that digital assets will be a growing part of what clients are interested in and will play a role in different portfolios. Our team, our multi-asset team has studied momentum, volatility, tail risk, characteristics of these assets, and we think it will be a part of these portfolios over time. In terms of demand, it's certainly growing. We see it when we talk to advisors and gatekeepers. And so, we're really happy to be a part of it and think that we've got something innovative here.

Operator: Thank you. Our next question comes from Ben Budish with Barclays. Your line is open.

Benjamin Budish: Hi. Good morning and thank you for taking my question. Rob, you gave some helpful detail on the partnership with Goldman Sachs in your prepared remarks. Just wondering if you could unpack a little bit more, any details you can share on the economic arrangements that T. Rowe will be acting as advisor, there will be some OHA credit assets. I know it's probably still early, perhaps, those discussions are still ongoing, and it'll obviously be some time before these products launch. But anything you can share there in terms of how we should think about the ultimate economic impact given an assumed level of flows would be helpful. Thank you.

Rob Sharps: Sure. I'm not going to get into the specifics with regard to the economics, for obvious reasons. I will say that the economics are balanced and equitable, and appropriately incent both our team and Goldman to put resources behind the collaboration. I think the collaboration really will feature strong capabilities across a range of liquid public and private market alternative offerings, including capabilities from OHA. OHA private credit is incorporated into the offerings across wealth and retirement. So, overall, I would characterize the economics as balanced. And, look, I'm really enthusiastic about this opportunity. I think Goldman's going to be a great partner. They do bring strong capabilities and returns across a range of private market alternative offerings. They bring complementary distribution. They bring additional expertise around things like advice and technology. In terms of your question, with regard to who will be the advisor, on the sister series, T. Rowe Price will be the advisor. On the multi-asset solutions, T. Rowe Price will be the advisor. On the model accounts, Goldman Sachs will be the advisor. And we'll work together on the advice offerings.

Jen Dardis: I might just add from a timing perspective, we're moving at pace a lot of the discussions – we had a lot of the discussions ahead of time on product construction and how the fees might work. And so, we're moving at pace to try to get some of the first offerings into market over the next six months. Obviously, those take time to scale, but we are moving at pace.

Operator: Thank you. Our next question comes from Dan Fannon with Jefferies. Your line is open.

Dan Fannon: Thanks. Good morning. Rob, I was hoping you could just talk a little bit more broadly about flows and kind of trends. We obviously have the seasonal impacts going into year-end and maybe how that might transpire in terms of the near-term momentum. But also then looking into next year, you've highlighted improving performance. I guess, areas where you think there could be emerging strength and then obviously the US equity headwinds, do you see that persisting at a similar rate as you look ahead, or is there some changes underneath that maybe are a little more encouraging?

Rob Sharps: Yeah, Dan, thanks for the question. A number of puts and takes. At this point, our outlook for Q4 flows is weaker at the margin. The month of October is looking more like August than July or September, and the weakness can largely be attributed to higher redemptions in equities. We're seeing rebalancing after strong equity market returns. I think given the concentration of return and the benefit to the cap weighted benchmarks, it's continued to drive passive share gains. And our institutional pipeline right now is softer than it's been when we've given updates in previous quarters.

To your point about some of the positives, I think there are a number of positives. From a gross sale perspective, our gross sales were up substantially in the quarter relative to Q3 2024 and were up in every channel. As Jen pointed out in her prepared remarks, we've had strong flows year-to-date in retirement date fund, in global fixed income. I would say our suite of ETFs and SMA are also building momentum. In alternatives, OHA is having a record capital-raising year, with particular success in private credit. They have raised over \$6 billion of gross capital commitments in the quarter on an unlevered basis. Ultimately, that will convert to flow and fee basis AUM as they selectively deploy it.

So, look, I think there are a number of positives, but I would say, in the near to intermediate term, those need to continue to build and become a bigger portion of the book before we get to a point that growth in those areas will be significant enough to offset what we're seeing from an equity redemption perspective.

Operator: Thank you. Our next question comes from Craig Siegenthaler with Bank of America. Your line is open.

Craig Siegenthaler: Good morning. We have a follow-up on the potential migration of privates into 401(k)s and your newly formed partnership with Goldman. So, I heard your commentary that a co-branded sister series will be launched very soon. But when will you start marketing these strategies to DC plan sponsors, both via your DCIO relationships and also with plans where T. Rowe Price is the record-keeper, and from your recent conversations with clients, do you have an idea of the level of substituting that you would expect with the new strategy from your legacy target date strategies?

Rob Sharps: So, in terms of timing, the sister series will be launched in a collective trust and ultimately the launch will coincide with the initial client. Look, in terms of interest, our engagement with clients suggests that they understand and embrace the investment case, but fees and fiduciary risk remain a very meaningful concern. So, I would say, particularly among large plan sponsors, where ERISA is a meaningful consideration, this is going to develop slowly and a lot will depend on what we hear in response to the executive order from the DOL and the SEC coming at some point after the first of the year.

I think to the extent that you get clarity from a safe harbor perspective, interest will build in time. But my sense is that uptake will be relatively slow at the outset. Our objective with the sister series is to be in market with a best-in-class product, building and demonstrating track record. So, ultimately, as enthusiasm for this builds, we have something that can be a leader in the market.

Operator: Thank you. Our next question comes from Ken Worthington with JPMorgan. Your line is open.

Ken Worthington: Hi. Good morning, and thanks for taking the question. Can you help us better gauge the potential sales you could generate from the three strategies you highlighted this morning? I think it's the co-branded, the public/private, and managed account. I would think that the addressable market for these three are substantial. But if we look out a few years, what does success look like in terms of assets under management from these products? Are we talking success looking like a couple of billion? Could it be far greater than that if we look out a couple of years? Like, help us sort of size what you're thinking with these three, I don't know, call them, strategies.

Rob Sharps: Yeah. Ken, as you point out, wealth and retirement are very large markets. We think these are well-designed and compelling solutions. And in time, I would say our aspirations are meaningfully greater than a couple billion dollars. I would caution you that we'll be launching them with the first model product available in market late this year, but throughout the course of next year. And ultimately, we'll have to build track record, we'll have to build scale, and we'll have to get placement on platforms. But I would be really disappointed if you used a three-year time horizon, if we'd only raised in these strategies a couple billion dollars. I think my ambitions would be significantly greater than that.

Operator: Thank you. Our next question comes from Bill Katz with TD Cowen. Your line is open.

Bill Katz: Thank you very much and appreciate the commentary. Just coming back to expenses a little bit. Just sort of wondering as we look into next year, obviously, a really good belt-tightening quarter this quarter, can you maybe frame out some of the savings you could see on the real estate side or maybe just if you want to frame it out relative to the 2% to 4% growth rate that you still anticipate for this year. Thank you.

Jen Dardis: Thanks for the question. I'll start. And so, we did say as part of my prepared remarks that we have had this broad expense management program that we've been executing. We're a few months into it. Obviously, we've seen some good success already in terms of our ability to execute into the third quarter. We have set the plans in place such that we would be able to have our controllable expenses, which, as a reminder, make up about two-thirds of our expense base, grow in the low-single digits in 2026 and 2027. So, there are a series of plans that we're continuing to execute.

I'd highlight the ones that we've done thus far this year. Number one, we did the reduction in force in July. Number two, we've been refining our sourcing strategy, particularly in technology. And that's just executing in-house where we're differentiated, and looking at using third parties, where it makes sense, to leverage scale and capabilities to better support our clients. And then third, as you mentioned, our real estate portfolio, that will take some time to execute. The largest piece of which, though, is the Owings Mills campus change that I mentioned in my prepared remarks.

Rob Sharps: Yeah. On expenses, I think it's important to understand that this is purposeful, and the objective here is to allow us to invest behind our strategic priorities. So, the savings that were generated are going to be reinvested in extending our leadership in retirement with a focus on solutions and advice. Broadening our investment capabilities, whether you look at it from a vehicle lens with ETF and SMA, when you look at our product roadmap, we continue to broaden our ETF offering and are confident that by the end of 2026 we'll have ETFs in market that cover over three-quarters of the Morningstar AUM universe. Broadening our capabilities in alternatives, in digital, and combining those capabilities to deliver solutions.

I also would say that we are freeing up resources to invest in our AI capabilities enterprise-wide, which I think, to some extent, can give us payback from a productivity perspective, but I think also can help us execute and deliver better on behalf of our clients over time. So, what you characterize as belt-tightening, I would say is kind of very purposeful focus on driving productivity and efficiency in order to have the resources to invest in our strategic priorities.

Operator: Thank you. Our next question comes from Alex Bond with KBW. Your line is open.

Alexander Bond: Hey, good morning. Thank you for taking the question. Hoping to drill down a bit on the ETF offerings. Wondering how traction has been here more recently and where you're seeing relative strength, and then also curious just to get your take on how big of an opportunity you think this could be – the active ETF space could be for both T. Rowe and the broader industry. Thank you.

Eric Veiel: Yeah. Thanks, Alex. This is Eric. As we talked about, we've filed for eight new ETFs – active ETFs, four on the equity side and four on the fixed income side. Two of those on the equity side open up a new market for us in the active core, the lower fee, lower tracking error piece of the market where we have not had an offering and it's a very large and growing part of the market and we feel like we have a right to win in that space. So, we're moving into it with those two specific ETFs.

In terms of our existing growth in the ETF arena, we're seeing it across both individual investors and RIAs and advisors increasingly as we build track record and we build time in market, we're being added to platforms across a host of different strategies that we've launched. And as we look into 2026, we have over a dozen ETFs in plan that we have not filed yet, but that we are working towards filing. So, we have a lot more to go. In terms of the overall size, I mean, this can and should be a very big business for us through time. We're very much happy with the wrapper, we've learned how to use it well from an active management perspective. And so, we think we have a right to win here and should see growth continue.

Rob Sharps: Yeah, I would add a handful of things. One, it's a growing market and we've doubled our market share in each of the two previous years. We think we have about 1.5% share of the active ETF market in the US. I think in order to continue growing market share, we're going to need to have success with our third-party asset allocation models, incorporating our range of ETFs. We're going to need to continue to scale them and get placement across the wealth platforms and our wealth partners.

We also see an opportunity in ETFs outside of the US in time. I don't expect that that will be a meaningful driver of flow for us in the near term, but there's potential kind of certainly in Europe and potentially also in Australia to offer ETF product in time. The appetite and demand for ETFs in those geographies also continues to grow.

I would also say that I think in order to accelerate our growth, we're going to need to have some success with some innovative and differentiated solutions. We talked earlier about the multi-token ETP, so digital could be an area that could be additive for us over time. We launched earlier this year TCAL, which I think is an innovative solution. So, look, I think, as Eric said, there's a very big opportunity here and this should be a much bigger business for us in time across equity, fixed income, models, and innovative solutions.

Jen Dardis: I might only add, as Rob talked about investing in capabilities, we talked a lot about product and the wrapper itself, but we've also been investing in the distribution and marketing behind ETFs. It's a different ecosystem and that's been part of our overall plan. We're seeing some uplift from those efforts.

Rob Sharps: So to support our regional investment consultants, we've got ETF specialists that ultimately can help them engage with advisors, but also can focus on RIAs and power users of ETFs. So, it's a very good point Jen makes that we're also making an investment, not just behind the investment capability, but our go-to-market approach in these areas that are more specialized.

Operator: Thank you. Our next question comes from Brennan Hawken with BMO. Your line is open.

Brennan Hawken: Good morning. Thanks for taking my question. I totally appreciate that performance is a little hard to speak to. I know, Rob, you spoke to the improvement versus last quarter, but it's still down pretty substantially versus even just six months ago. The performance versus the benchmarks and the passive is also still rather weak and actually deteriorated. So, is it possible to give some color around the sources and attribution around some of that weakness and possible – and it's challenging to take steps, but possible steps that you could take to address that?

Rob Sharps: Yeah, I'll ask Eric to start on that one.

Eric Veiel: Yeah, for sure. Thanks for the question, Brennan. Obviously, delivering investment performance for our clients is the number one focus of the investment organization. No matter how much we talk about different products across the ecosystem, delivering alpha has to be the single biggest focus that we have, and it is. When you look at the market environment that we've been operating in, especially since back to November of 2024, it's been a very narrow market. It's been one in which quality and value have been the worst performing factors, and frankly, the riskiest quintile of stocks have been the best performers. That's not an environment that is particularly conducive to our longer-term investment approach, so that's been a bit of a headwind for us from a market backdrop.

But I would also tell you that we're being very introspective about the decisioning that we've made. We have fallen short in some sectors where we've had some stock selection issues. We've had some errors of omission, some stocks that have really performed at exceptional levels that we were underweight or didn't own, and we're making sure that we're re-underwriting those decisions. A lot of the fundamentals of those companies are hard to justify when you look at – or the valuations of those companies are hard to justify given where their fundamentals are, but we're not just throwing our hands up and saying, well, it's a hard market and we can't – we have to really think about how we're making our decisions, and the teams are incredibly focused on that. The last thing I would say is that in some situations, we have made some changes at the portfolio manager level where we felt like it was the right long-term decision for our clients.

Operator: Thank you. Our next question comes from Patrick Davitt with Autonomous Research. Your line is open.

Patrick Davitt: Hey. Good morning. Thanks. I have a follow-up on the sister target date series. Any early read on how you think the mix between T. Rowe and GS-managed products will look like? And if you're adding more higher-fee alts to the mix, do you think you'll need to barbell that with more passive to keep the all-in costs more palatable for platforms, or will they just be higher fee products? Thank you.

Rob Sharps: Yeah. Maybe before we take that one, a handful of other points on performance that I would make. Our performance in fixed income right now is very, very strong. Performance in retirement date blend is very, very strong. There are a number of equity strategies with really compelling multi-year performance and a number with compelling near-term performance. We've had a very good recent performance in global focus growth. I think if you look over a 3-, 5-, and 10-year horizon, our structured research strategy is now

over \$100 billion, our US equity research strategy. The results are very compelling. We've gotten a lot of traction with international value. So, right now, it is a very difficult market backdrop. There is a lot of momentum in the hyperscalers where you have multitrillion-dollar market cap dominating the benchmark weighted returns. My sense is there's a lot of idiosyncratic risk in going passive right now. And if you look at the opportunity for alpha generation, post-concentration peaks in the past, whether you're looking at the Nifty 50, whether you're looking at Japan as a percent of EAFE in the late 1980s, whether you're looking at the TMT bubble, there's a very significant opportunity for alpha generation. I'm not saying we're at a concentration peak. There are kind of obvious differences today relative to those periods of time. But the fact pattern would suggest that once concentration peaks, there will be a very significant alpha generation opportunity and that it will be kind of a period of time where active management can meaningfully outperform.

Going to the question with regard to sister series, the product design at this point is largely set. We think that the all-in fee can be very, very competitive, and the product design incorporates the underlying cost of the private market alternatives. So, again, I think we'll be able to deliver something that is consistent with offerings in the marketplace today despite having allocations that are kind of up to mid to high-teens in private market alternatives at certain points along the glide path.

Operator: With that, this concludes today's conference call. Thank you for participating. You may now disconnect.