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AMG.N - Q3 2026 Affiliated Managers Group, Inc. Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Greetings, and welcome to the AMG third quarter 2026 earnings call. (Operator Instructions) As a reminder, this conference is being recorded.

I'd now like to turn the call over to your host, Patricia Figueroa, Head of Investor Relations for AMG. Thank you. You may begin.

Patricia Figueroa - *Affiliated Managers Group, Inc. - Vice President, Investor Relations*

Good morning, and thank you for joining us today to discuss AMG's results for the third quarter of 2026. Before we begin, I'd like to remind you that during this call, we may make a number of forward-looking statements, which could differ from our actual results materially due to a number of factors, including those described in today's earnings press release and our most recent Form 10-K and subsequent filings with the SEC. AMG assumes no obligation to update these statements.

Also, please note that nothing on this call constitutes an offer of any products, investment vehicles, or services of any AMG Affiliate. A replay of today's call will be available on the Investor Relations section of our website, along with a copy of our earnings release and reconciliations of any non-GAAP financial measures, including any earnings guidance provided. In addition, we have posted an updated investor presentation to our website and encourage investors to consult our site regularly for updated information.

With us today to discuss the company's results for the quarter are Jay Horgen, President and Chief Executive Officer; and Dava Ritchea, Chief Financial Officer. With that, I'll turn the call over to Jay.

Jay C. Horgen - *Affiliated Managers Group, Inc. - President and Chief Executive Officer, Director*

Thanks, Patricia, and good morning, everyone. Today, AMG reported another quarter of record results. Given the quality of our earnings and the scale of our business, AMG's profile has never been more compelling. AUM, aggregate fees, fee-related earnings, adjusted EBITDA, Economic earnings per share, and organic flows into alternatives were all at record levels in the third quarter.

On a year-to-date basis, AMG generated nearly $1 billion in Adjusted EBITDA and $26 in Economic earnings per share, representing growth of 41% and 56% year over year, respectively.

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To put these impressive results in perspective, in just three quarters, our business generated Economic earnings per share roughly equivalent to what we delivered in all of 2025, and nearly 95% of that was driven by fee-related earnings.

AMG also delivered its sixth consecutive quarter of net inflows. With $21 billion in net inflows in the quarter and $85 billion over the last 18 months, our business continues to generate strong organic growth. And these results understate the exceptional momentum in higher-fee, higher-margin alternative strategies, which attracted more than $31 billion in net inflows in the quarter and $150 billion over the past six quarters.

Assets under management increased to a record $974 billion, driven by our Affiliates' growth through both net inflows and investment performance, setting the stage for ongoing earnings growth momentum in the fourth quarter and into next year. And given AMG's significant growth, our increasingly attractive alternatives profile and the compelling valuation of our shares, we stepped up our repurchases meaningfully, deploying $400 million in the quarter and bringing our year-to-date total share repurchases to $775 million. The momentum across our business is a direct result of the successful execution of our strategy to evolve our earnings profile towards alternatives.

After nearly 20 years at AMG, I am very proud of our team's many accomplishments, but the one that stands out the most is the transformational impact of the strategic shift towards alternatives that we embarked on in 2019. In just seven years, we will have evolved from generating less than 35% of our earnings from alternative strategies to nearly 70%. It is a remarkable transformation underscoring the power of disciplined and deliberate capital allocation and the advantages of our unique business model, particularly our strong cash flow generation and our ability to redeploy that cash to areas of secular growth.

Today, AMG's earnings profile is that of a diversified alternatives business across private markets and liquid alternatives, characterized by high-growth, high-fee, high-margin, and long-duration assets.

As we have discussed over recent quarters, four secular trends continue to drive our organic growth profile: first, the accelerating client demand worldwide for secondary strategies across private markets; second, the ongoing client demand for infrastructure strategies broadly; third, the growing appetite for absolute return strategies within client portfolios; and fourth, the continued expansion of tax-aware investing. Together, these four growth areas, secondary solutions, infrastructure, absolute return strategies, and tax-aware strategies contributed to our record alternative inflows in the quarter and have been the driving force behind the $150 billion in net inflows into our Affiliates' alternative strategies over the past six quarters.

Our Affiliates' performance across private markets and liquid alternatives has been outstanding. And with clients increasingly seeking differentiated sources of return and diversification against the backdrop of a more complex market environment, we have high conviction that these strategies can be a powerful growth driver for years to come.

More broadly, over the last 12 months, our assets under management have increased by approximately $170 billion or 21%, including $69 billion as a result of new Affiliate investments. Following an active first half, including the completion of our investments in BBH Credit Partners, HighBrook Investors, and an incremental minority investment in Garda Capital Partners, our investment pipeline remains strong. We are excited to execute on our opportunity set and form additional new partnerships that further diversify our business and drive additional earnings growth.

AMG is a strategic partner that can magnify the competitive advantages of partner-owned firms while preserving the very thing that makes them so special, their independence. No other institutional partner can match our three-decade track record in meeting the needs of and magnifying the opportunities for independent firms, which is why AMG's unique partnership approach continues to strongly resonate with prospective Affiliates. And given our competitive differentiation, our robust capital position and our pipeline of new prospects.

We have a sizable opportunity to drive additional earnings growth and further evolve our business profile by forming new partnerships as well as investing in and alongside our existing Affiliates.

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AMG's business is highly diversified across nearly 40 Affiliates operating in private markets, liquid alternatives, and differentiated long-only strategies. This unique business profile generates significant, unencumbered cash flow, enabling us to navigate periods of uncertainty and changing market conditions while also making accretive investments in new and existing Affiliates.

In addition, given our forward growth prospects and the strength of our capital position, we have been a buyer of AMG shares in size, repurchasing approximately 2.3 million shares or 9% of the shares outstanding through the third quarter and 30% since the beginning of 2024. And we expect to continue to take advantage of this truly unique opportunity to invest in industry-leading growth through a diversified alternatives business at an extremely attractive price. That is, we will continue to invest in AMG itself.

Our alternatives profile and our ability to invest substantial capital in the areas of highest growth and return across new and existing Affiliates and in our own shares provides us with the opportunity to continue to generate a long-term compound annual growth rate in Economic earnings per share of between 15% and 20%, as we have done over the past five years.

And given the ongoing successful execution of our strategy, that growth rate has accelerated. In 2025, we generated growth in Economic earnings per share of more than 20%, and we expect that growth rate to more than double to approximately 50% in 2026. As we look ahead, our capital allocation decision-making will continue to be by far the most impactful element of our strategy. We expect our cumulative free cash flow over the next five to seven years to approximate our entire current market capitalization, enabling us to continue to strategically evolve AMG's business toward areas of growth in our industry. And with our unique partnership-centric, cash-generative, return-focused model, we will continue to deploy that capital with discipline, further diversifying and enhancing our earnings power and our ability to create long-term value for our shareholders.

And with that, I'll turn it over to Dava.

Dava Ritchea - *Affiliated Managers Group, Inc. - Chief Financial Officer*

Thank you, Jay, and good morning, everyone. AMG's outstanding third quarter results reflect the ongoing evolution of our business toward differentiated alternative strategies with durable client demand trends. This strategic evolution continues to expand our earnings base and enhance our earnings quality. Four complementary factors drove our results: strong organic growth, investment performance, growing contributions from recent investments, and the impact of share repurchases. The momentum across these factors, together with our balance sheet strength and financial flexibility, further enhances our ability to continue to execute our growth and capital allocation strategy.

In the third quarter, AMG's assets under management ended at a record level of $974 billion, up 3% compared to the prior quarter, driven by strong liquid alternative investment performance and alternative net inflows. On an LTM basis, AUM increased 21% due to investment performance, strong organic growth in alternative strategies, including record fundraising in private markets, and the addition of new Affiliates.

Turning to flows. AMG's Affiliates generated net client cash flows of $21 billion in the quarter, including a record of more than $31 billion in alternatives. Over the last 12 months, firmwide net client cash flows were $68 billion, representing 9% organic growth, including $113 billion in alternatives, driven by the four key growth areas Jay highlighted: secondaries, infrastructure, absolute return strategies, and tax-aware investing. This activity reflects sustained client demand for liquid alternatives and private market solutions as well as our Affiliates' reach across the institutional and wealth channels.

Given that many of the strategies attracting assets carry higher-fee rates and margins, the impact of these flows on Adjusted EBITDA is approximately 2x what the organic growth rate alone would imply.

Private markets were a standout this quarter. Our Affiliates raised $10 billion in the quarter and a record $30 billion over the last 12 months, representing 21% organic growth. Fundraising was broad-based across secondaries, infrastructure, and specialized private market strategies with contributions from several Affiliates. The diversity across our 11 private markets Affiliates with $161 billion in total AUM underpins a more durable fundraising profile and a more consistent organic growth rate over time.

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Capital raised in these strategies is typically committed to long-duration locked-up vehicles that generate management fees and the potential for carried interest. AMG participates directly in the margin expansion of these businesses, which provides further uplift to our earnings profile as they grow.

Liquid alternatives generated $22 billion of net inflows in the quarter, driven by demand for absolute returns and tax-aware strategies. Year-to-date performance has further enhanced the appeal of these strategies, building on their long-term investment track records and highlighting the diversification and resilience they bring to client portfolios. Our Affiliates now manage $338 billion in liquid alternatives, and together with private markets, our alternative Affiliates manage approximately $500 billion and contribute approximately two-thirds of our EBITDA on a run-rate basis. These inflows were partially offset by $12 billion of net outflows from differentiated long-only equities, consistent with the trends we've discussed in recent quarters and with the broader industry.

While these strategies account for a declining share of our overall AUM and earnings, we continue to see pockets of strength within the category, supported by strong long-term investment track records at certain Affiliates. Multi-asset and fixed income generated $1 billion of net inflows in the quarter, reflecting continued demand for credit-oriented strategies across retail and institutional channels.

In aggregate, our third quarter flows further increase the earnings and organic growth contribution from alternatives. Growth across a broad range of Affiliates, strategies, and client channels underscore the value of AMG's diversified model. We are well-positioned to generate sustained positive organic growth over the long term.

Turning to third quarter financial results. Adjusted EBITDA was $354 million, an increase of 41% year over year. Underlying fee-related earnings increased 35%, driven by organic growth, investment performance, and margin expansion at certain Affiliates. In addition, we recognized $14 million of net performance fees and $15 million of incremental fees, primarily from private market catch-up fees.

Economic earnings per share grew 56% year over year to a quarterly record of $9.50, reflecting higher adjusted EBITDA and the benefit of our ongoing share repurchase activity, which has reduced our average Economic share count by approximately 11% compared to the prior year period.

Our third quarter results build on strong performance in the first half of the year. For the first nine months of 2026, Adjusted EBITDA grew 41% year over year to $987 million, reflecting organic growth, investment performance, margin expansion at certain Affiliates, and contributions from recent new investments. Economic earnings per share grew 56% year over year to $26, further benefiting from share repurchases.

Now moving to fourth quarter guidance. We expect Adjusted EBITDA to be in the range of $405 million to $475 million based on current AUM levels reflecting our market blend, which was down 2% quarter to date as of November 6. This includes recurring fee-related earnings of $335 million to $345 million, up from $325 million in Q3. Our outlook assumes no material private market catch-up fees.

We anticipate net performance fees in the range of $70 million to $130 million, bringing the full year net performance fee earnings to approximately $145 million to $205 million, which, at the midpoint, is in line with our five-year average. We expect fourth quarter Economic earnings per share to be between $11.37 and $13.43, assuming an adjusted weighted average share count of $25.1 million for the quarter.

Finally, turning to the balance sheet and capital allocation. We repurchased approximately $400 million of AMG common stock in the quarter, bringing year to date repurchases to approximately $775 million. We are increasing our full year 2026 repurchase guidance to more than $900 million, subject to market conditions and capital allocation activity through year-end. At this pace, we expect to reduce our average Economic share count by 10% this year and by approximately 30% since the start of 2024.

Our balance sheet remains in a strong position with leverage below our historical average levels despite substantial capital returns and growth investments earlier this year. Growth in fee-related earnings has increased our recurring annual after-tax cash flow to more than $1 billion, expanding the earnings base supporting our leverage capacity.

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With our significant free cash flow, long-dated debt maturity profile, and access to the capital markets, we have substantial flexibility to fund attractive growth investments while continuing to return capital to shareholders.

In summary, our results in the quarter and so far in 2026 demonstrate the superior earnings quality and growing earnings power of AMG's business. Looking ahead, AMG's strong organic growth, our Affiliates' excellent investment performance, the growing contribution from recent new investments, and our disciplined approach to capital return will together support a stronger forward earnings trajectory. With substantial financial flexibility, we remain well positioned to invest for growth and compound shareholder value over time.

Now we are happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Alex Blostein, Goldman Sachs.

Alexander Blostein - *Goldman Sachs International - Analyst*

Jay, I wanted to go back to the point you made around just the amount of free cash flow the business generates. Over five-ish years is so essentially equal to your market cap, which is a pretty powerful statement. As you think about deploying that capital and just the technicals around the buyback, given how much you guys have done over the years, is there just a natural limit in terms of how much more share repurchases you guys could just practically do, given the flow of the public size? Or therefore, if that's the case, should we be thinking more deals on the forward? Or do you think you have flexibility to kind of keep two fairly balanced?

Jay C. Horgen - *Affiliated Managers Group, Inc. - President and Chief Executive Officer, Director*

Yeah, thanks, Alex, and good morning to you. So yeah, let's talk about that. I think it has been the thing that's driven AMG over the last five to seven years, which is our free cash flow, and just to maybe say it again, we believe that our free cash flow over the next five to seven years will approximate our entire market capitalization that incorporates our view of the current cash flow that we're receiving and also an implied growth rate on that cash flow as we see these long-term secular trends continue to power our business. And just making sure that I mentioned those, that's the secondaries, infrastructure, absolute return, and tax-aware that continue to drive the flows.

That cash flow that we're receiving, we can deploy it in many different ways. We can deploy it into new Affiliates, through our origination efforts. We have an active pipeline of making new investments, and then we can invest in existing Affiliates, both in and alongside those Affiliates, whether that's increasing our stake in an Affiliate or investing in seed products for our Affiliates or investing in resources platforms to help our Affiliates grow, magnify their benefits. So we actually have quite a number of ways to use our capital to help our Affiliates grow as well as you point out.

And then as it relates to investing in what we believe to be one of the fastest growing asset management businesses with one of the best profiles and one of the most compelling valuations, which is AMG itself, yeah, we continue to and we've actually stepped up our repurchases in AMG shares.

I think that the natural limit to us repurchasing is a long way off. Our dollar-weighted volume has actually gone up over the years. You can see that if you do longer-term trend analysis on AMG. And, I think in the medium, maybe even to the long-term, we think we'll be a buyer of our shares. We do not offer a dividend or at least a very small dividend, I should say, and we like that capital flexibility to repurchase our shares.

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It's a way that we compound earnings. It's a way that we are able to offer excess returns to our shareholders. It gives us the opportunity to measure our success not only through making new investments, but also to invest directly in our own business because we believe in that business.

When you think about the way AMG grows, it really grows in several different ways. We obviously have the existing business that can grow both through flows, which we've shown over the last six quarters to be meaningful, investment performance, and that investment performance compounds over time. We can invest in new Affiliates, which we've done improvement over many years, and we can invest in ourselves through repurchases.

So when you add all that up, we believe that that we'll continue to grow at 15% to 20% just like we have done over the last five years. And so we think we have ample opportunity both in making new investments, as well as repurchasing our shares. Thanks, Alex.

Operator

Bill Katz, TD Cowen.

Bill Katz - *TD Cowen - Analyst*

I'm going to ask for two, if that's okay. Just to follow-up on Alex's question, I guess the broader question is, what's the utility to remain a public company since you don't really use equity in your transactions, given your statement about cash flow growth versus where the multiple is on the stock?

Then the other question I have for you, is just in terms of following the elections last week, because it's two areas I think folks are probably interested in would be useful the outlook for the infrastructure business as well as tax-aware. And how I think about the resilience of that just given the shift in leadership in Washington.

Jay C. Horgen - *Affiliated Managers Group, Inc. - President and Chief Executive Officer, Director*

Thanks, Bill. Both good questions. I'll take them in the order in which you gave them. So first, just on why does AMG need to be public? I think the short answer is we believe it is valuable to be public. So let me just make a couple of points I think that are unique to our model.

First, I think given the long-term nature of our partnership model, which you all know well, our core promise is to support independence. So permanent capital and permanence more broadly, support our competitive advantage in attracting new Affiliates. And it also enables us to invest in and alongside those existing Affiliates because we have a long-term view.

I guess my second point would be, and I guess related to the prior point, if we did go private, that would likely be disruptive to our Affiliates and their clients, so it would increase the risk across our franchise. Other benefits of being public I think are obvious, our ability to access the public debt markets as well as the AMG brand in the market, it continues to be important. It's a competitive advantage to us, lets us have an attractive cost of capital, tremendous flexibility.

We like repurchasing our shares, for example. So I mean, I guess that maybe leads to my final point, which is given the volatility in our shares, it allows us to take advantage of dislocations like we did this last quarter, repurchasing $400 million worth of our shares. So we've seen tremendous value creation in that for our shareholders.

So maybe now turning to your question on sort of the changing political landscape, I guess you won't be surprised that I'll say I think it's too early to tell. It's pretty fresh. I think it's too early to tell on any of the four trends that have been driving our organic growth into alternatives for the last several years. Those four areas are the secondary solutions in private markets, the growing interest in infrastructure strategies, the need for absolute return as a diversifier in client portfolios and tax-aware.

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It has been and I think it is continuing to be our view that these four trends, each of these four trends, they all have long-term tailwinds, and we will expect them to continue to contribute to our earnings growth.

But maybe related to the first question that Alex asked, our business model, it's really unique. It makes us more agile. We are highly diversified across 40 Affiliates, operating in private markets, liquid alternatives, and differentiated long-only strategies. Today, nearly 70% of our EBITDA comes from alternatives.

This diversified group of firms, they generate significant unencumbered cash flow. It provides us significant flexibility to continue to reshape our business profile toward the most attractive growth areas as they emerge. So we can further diversify our business and allow us to navigate the changing market environment. The statement that we expect to receive our entire market cap back and cash flow over the next five to seven years, well, it allows us to reshape our business if needed.

But I think at the moment, we think the trends that are affecting our business will continue to power our flows. So we're excited about these trends, and we're also excited about looking for the new emerging client demand trends and using our flexible cash flow to make those investments. So we believe we're in the best position as a capital allocation business, one where we believe we have great discipline to be able to evolve our business to the areas of highest growth and return. Thanks, Bill.

Operator

Dan Fannon, Jefferies.

Daniel Fannon - *Jefferies LLC - Equity Analyst*

So I was hoping just to dig in a bit more around the flows and the diversity of them in the quarter. You've obviously talked about the themes that are powering these that you think are sustainable. But can you talk about either at an Affiliate level or strategy level, both on the liquid and illiquid side in terms of the diversity across those trends or Affiliates to provide some additional context?

Dava Ritchea - *Affiliated Managers Group, Inc. - Chief Financial Officer*

Sure, Dan. I'm happy to take that one. First, I would say organic growth has just been exceptional recently. We've generated record alternative net inflows of more than $31 billion in Q3 and $113 billion over the last 12 months. Flows have been broad-based across the four themes that Jay discussed: infrastructure, secondary solutions, absolute return, and after-tax investing. And that's what's driven firmwide organic growth of nearly 10% over the past year.

Within private markets, Q3 was a record quarter and capped 12 months of fundraising, generating 20% organic growth in long-duration assets that support recurring management fees with future carry potential. These results reflect the breadth of our platform, and our 11 Affiliates are raising capital across multiple strategies, vehicles, and channels, with strong demand in infrastructure and real assets, secondaries, and specialized areas like decarbonization and healthcare.

In liquid alts, we generated nearly 40% organic growth over the past 12 months. That was led by tax-aware strategies, while the rest of the business also grew 14% on strong institutional demand across multiple Affiliates. Our Affiliates are benefiting from broader industry trends of increased allocations to liquid alternatives, particularly to the largest managers, and we believe the market conditions and investor sentiment will continue to attract flows to this asset class.

Over the past seven years, we've been positioning the business for growth with the objective of creating higher quality, more diversified earnings, and these results show that shift toward alternatives is working, and we believe it gives us a strong foundation for sustained positive growth over the long term. Thanks for the question.

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Operator

Craig Siegenthaler, Bank of America.

Craig Siegenthaler - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Jay, congrats on another good flow quarter here. So for a question, I wanted to dive a little deeper on the long-short tax-aware suite. As you know, there were a few developments in the quarter. One of the largest RIA custodians started capping new accounts, and the second largest one still has a pause in place, but this really didn't seem to impact your strong liquid alternative flows given new platform additions. Also, we just had a midterm election, so the blue sweep could indicate higher taxes longer term. This could make these products more valuable. But last point, there has been some news out of the IRS and US Treasury around these products.

So I know there's a lot of moving pieces, but this business has become incredibly important to your net flow trajectory. So I'm wondering if you could provide some perspective around these headwinds and tailwinds.

Jay C. Horgen - *Affiliated Managers Group, Inc. - President and Chief Executive Officer, Director*

Sure. Thanks, Craig. I'm going to say one thing before I jump right into the answer to your question. I think there was an implication that you made that last statement, which I think we'll just take issue with. We had a record private markets flow quarter here. I don't want that to get lost on anyone. It was a tremendous quarter for us for private markets and really over the last six quarters have -- well, really over the last two years have been really strong for private markets.

And the other thing that I want to just point out is that the quality of our earnings have gone up. 95% -- just under 95% of our earnings year-to-date have been fee-related. And year-to-date, we've had Economic earnings per share equivalent to all of last year. So just wanted to make these two points because there were some implications in what you just said that I disagree with.

But let me just take all of those questions that you just asked and point out that there is a lot of viewpoints on this topic, including insights that AQR itself has posted on its website at aqr.com. And I'll just mention that first.

And then let me tell you kind of where I think we are on the tax-aware evolution. And I think you pointed out there's some headwinds and tailwinds, but maybe in our view, more headwinds -- sorry, more tailwinds, excuse me, than headwinds because the history on this has gone way back. Tax-aware has been around for 30 years. So there's a lot of activity recently, but it's really just a continuation that's been going on for a really long time. That long-short liquid alts, it's just the next generation of these products.

And so maybe to talk about where we think we are now on this journey, we're about three years into it for AMG. It's generated significant inflows as you point out, but it has still been just a contributor to the four main trends that we're experiencing. Reminding you those are secondary solutions, infrastructure and absolute return, each of those other three strategies have generated significant inflows into AMG.

So where we are in 2026, at the end of 2026 with tax-aware, there are multiple managers, multiple products, multiple channels, and a broad swath of the advisory community accessing these tools to not only achieve excellent pre-tax returns, but also to achieve better after-tax returns. But the ecosystem, it's evolving. It's continuing to evolve, and the availability of these strategies are expanding, including more firms with institutional prime brokerage capabilities, more products being offered.

And so I think this ecosystem is really in the broad adoption phase. And we expect it to continue to expand because the mindset shift on the part of the clients and advisors, it's not a tactical one. It's a strategic asset allocation shift, and it will impact portfolios and all asset classes, in our opinion, for years to come.

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We see the opportunity to continue to generate net organic growth here at AMG for several reasons, and the first is AQR is an incredibly innovative firm, and it has very strong pre-tax returns. As we all know, performance is an important indicator of future flows.

In addition, we expect the turnover in these products to be low. Investors typically integrate these strategies into a long-term broader financial plan, and we expect net contributions from existing clients to continue as they experience the benefits of these strategies. So we do think that tax-aware, along with the other three major secular trends, will continue to be a positive contributor to our flows. And for all these reasons, we think it's a durable growth trend. Thanks, Craig, for your question.

Operator

Brian Bedell, Deutsche Bank.

Brian Bedell - *Deutsche Bank AG - Analyst*

Maybe shifting to, I would say, organic base fee growth that's exceeding the organic AUM growth, and that's evidenced by the improvement in the overall EBITDA realization rate, even after you strip out performance fees and catch-up fees. So Jay, can you talk about the sustainability of that, even in, let's say, a scenario, let's say, where tax-aware inflows slow down dramatically, not go to outflows, but just slow down substantially? I know AQR is a substantial contributor to, given your ownership interest is essentially contributor to the higher fees.

But even in that scenario, are you confident the breadth of the rest of your franchise, particularly in private markets and other absolute return strategies, could potentially keep that organic base fee growth rate exceeding the AUM growth rate and improvement fee rates?

Jay C. Horgen - *Affiliated Managers Group, Inc. - President and Chief Executive Officer, Director*

Thanks, Brian, for your question and good question. It is a nuanced question, but I'll let Dava, and I'll try not to steal her thunder here on a couple of these points. Maybe just to couch it in the history of AMG, as you all probably recall, for the first one to two decades of AMG, we were largely a revenue share business. And that is not the case today.

So in general, we own margin at our Affiliates, more than half of our Affiliates, we own margin. And when you overlay that with private markets and liquid alternatives, it's almost exclusively margin. So maybe that's right around the moment, but I'll turn it over to Dava just to couch it in that history.

But just to talk about the sustainability of it, it's the largest part of our business, and it is overlapping with the nearly 70% that is alternative. So it is endemic into our business today that we have margin expansion opportunity.

So maybe now I'll turn it to Dava to talk a little bit more about how we're experiencing and what we're experiencing.

Dava Ritchea - *Affiliated Managers Group, Inc. - Chief Financial Officer*

Thanks, Jay. And I think let me just echo a couple of the points that Jay made because they're really starting the foundation of what we've seen as the shift and in our business towards alternatives and how that impacts the bottom-line EBITDA. So that first shift really coming from moving the alternatives business from about 35% of EBITDA to 70% over time, and that has led to what we believe to be much more durable long-term organic growth trends.

The second that Jay mentioned was in many of our alt businesses and particularly some of our largest, we own that underlying margin, and so as our Affiliates grow their businesses, we are experiencing that margin expansion.

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The third point is as we're growing an alternative, it is shifting the business toward higher management fee products, which leads to a higher management fee contribution to EBITDA. These tend to also be in longer-lock strategies, and in some cases, they also have future performance fee and longer-dated carry potential.

So all of those factors combined are what's driving that overall margin growth rate to be about 2 times what we're seeing in our organic flow rate.

Operator

Thank you. Ladies and gentlemen, that concludes our question-and-answer session, and we'll conclude our call today. We thank you for your interest and participation. You may now disconnect your lines.

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