GCM Grosvenor Third Quarter 2026 Results
November 9, 2026

GCM Grosvenor Speakers:

- Stacie Selinger, GCM Grosvenor, Head of Investor Relations
- Michael Sacks, GCM Grosvenor, Chairman and Chief Executive Officer
- Jon Levin, GCM Grosvenor, President
- Pam Bentley, GCM Grosvenor, Chief Financial Officer

PRESENTATION

Stacie Selinger

Thank you. Welcome to GCM Grosvenor's Third Quarter Call. Today I am joined by GCM Grosvenor's Chairman and CEO Michael Sacks; President Jon Levin; and Chief Financial Officer Pam Bentley.

As a reminder, all statements made on this call that do not relate to matters of historical fact should be considered forward-looking statements. This includes statements regarding our current expectations for the business, our financial performance and projections. These statements are neither promises nor guarantees and involve risks and uncertainties that may cause actual results to differ materially. Please refer to the Risk Factors section in our filings for additional information.

We will also refer to non-GAAP measures that are important in assessing our business. Reconciliations to the nearest GAAP measures are available in our earnings presentation and supplement on our website.

With that, I will turn the call over to Michael.

Michael Sacks

Thanks Stacie.

We are pleased to report another strong quarter for GCM Grosvenor. Our Assets Under Management of $98 billion is up 13% year-over-year, and our Fee-Paying Assets Under Management of $78 billion is up 11% year-over-year. Compared to the third quarter of last year, Fee-Related Revenue grew 10%, Fee-Related Earnings grew 15%, and Adjusted Net Income grew 20%.

We raised $2.7 billion this quarter and $10 billion over the last twelve months. Our fundraising was supported by two complementary growth engines. The first is our customized separate account business, where high client retention, recurring re-ups and expansion into new strategies provide a consistent source of fundraising. The second is our growing specialized fund franchises, where we typically have 5 to 10 funds in market at any given time. We held several fund closings this quarter, and looking ahead to 2027, we see meaningful fundraising opportunities across both separate accounts and specialized funds.

Importantly, 30% of our year-to-date fundraising has come from new clients. As we illustrated at our Investor Day, our investor relationships are sticky and grow over time. That dynamic, combined with our Contracted Not Yet Fee Paying AUM balance of $10.6 billion, bodes well for future growth.

Our fundraising pipeline is full, with our near-term pipeline 20% larger than it was a year ago. We remain confident that second half fundraising will exceed first half fundraising and believe full year fundraising for 2026 will rival full year fundraising for 2025.

With regard to investment performance, we believe we are well positioned to navigate an unsettled market environment, which is notable for high volatility, interest rate fluctuation and technological disruption. Our fundamental diversification across investment strategies, and within those investment strategies by asset class, geography, industry and investment style, benefits our clients and provides a stable, growing firm for shareholders.

Our Absolute Return Strategies business is a good illustration of this. Our multi-strategy composite was down 2% in the third quarter on a gross basis, influenced in part by the movement in SpaceX. However, ARS has enjoyed excellent year-to-date and recent results with composite gross returns of 13% year-to-date, nearly 19% over the past year and 15% annualized over three years through September. Despite a tough October for hedge funds, our highly diversified approach continues to add value for clients and our ARS vertical continues to experience net capital inflows.

ARS Fee-Paying AUM was $28 billion at quarter-end, up 18% year-over-year and an 11% compound annual growth rate since the end of 2023. ARS net flows have been positive for the last four consecutive quarters, and we expect positive inflows in the fourth quarter of this year. Our ARS pipeline is the strongest it has been in recent memory. Our accrued unrealized performance fees from ARS portfolios stood at $49 million at the end of October.

In Private Markets, we've delivered for our clients, with positive performance for every strategy and sub-strategy over the last year. We have talked about how Infrastructure and Credit are firing on all cylinders, and that continues to play out. In Private Equity, which generally has been the slowest of private market strategies across the industry, we see some promise as private equity represented approximately a quarter of our fundraising over the last year. Private equity co-investment realizations are up approximately 50% by number of transactions and are also up nicely on a dollar basis in 2026.

Within Private Markets broadly, we remain pleased with the quality of our investment activity and the opportunity set.

Grosvenor continues to enjoy significant upside from incentive fees, particularly our unrealized carried interest balance. Unrealized carry at net asset value reached a new high of approximately $1.1 billion at quarter-end. Firm share of unrealized carry at net asset value was $592 million, an increase of approximately $100 million from June 30th. While realization timing cannot be predicted with accuracy, that balance represents strong embedded future earnings.

The rapid pace of technological change is creating both opportunities and concerns across the market, particularly with regard to AI, and the AI data center and power related capital cycle. We've spoken for several quarters about why we believe our platform is well positioned in this environment and we continue to hold that belief.

We spoke last quarter about our investment in SpaceX, which is a good example of our origination capabilities that resulted in the largest single investment gain in the history of the firm. We successfully monetized more than $500 million of that investment in the third quarter, and firmwide exposure was just north of $3 billion at the end of the quarter.

Our emphasis on diversification in our infrastructure vertical, one of the fastest growing areas of the firm, has enabled us to make good investments in digital infrastructure and power without taking lopsided risks in any particular sector. As an example, when we look at our firmwide AUM, data centers represent around 1% of our total AUM and 5% of infrastructure AUM. The substantial majority of that exposure relates to investments made more than four years ago.

We remain confident in our Investor Day guidance including with regard to 2028 Adjusted Net Income and believe we have more upside than downside relative to that guidance. Our margins continue to grow and free cash flow generation can support stock buybacks or dividend increases in the future. We will continue to focus on delivering quality returns and service for our clients and growth in profits for shareholders. And with that I'll turn the call over to Jon.

Jon Levin

Thank you, Michael.

This quarter, I'm going to focus on investments we've made to create new sources of growth. We target opportunities where our investment capabilities and client relationships provide an advantage, while maintaining financial discipline. There are several investments we've made over the past several years that highlight this approach.

First, direct infrastructure. In 2018, we leveraged our established infrastructure platform and deep relationships in the multi-employer pension community to launch a direct investment strategy, leveraging our labor and government expertise to create a competitive advantage for infrastructure investing. Today, that strategy manages approximately $3 billion, contributing to our broader $20 billion infrastructure business, which has grown at a 24% annual rate since 2020. It's a great example of building on existing strengths to create new growth opportunities, and we believe there's significant runway ahead for that business.

Second, we've invested in credit for decades, but our recent growth reflects strategic decisions that we've made over the past several years. We integrated our public and private credit teams to leverage our full sourcing capabilities, expanded into small and emerging managers, and strengthened our co-investment and secondaries expertise. In doing so, we positioned ourselves ahead of growing client demand for direct-oriented private credit strategies and greater portfolio diversification.

The results speak for themselves. We've raised approximately $4 billion for credit over the last two years, nearly half in direct-oriented strategies. We now manage approximately $2 billion in credit co-investments and recently closed our inaugural credit secondaries fund at $1.2 billion, including related vehicles. We believe these strategies are still in the early stages, with meaningful growth potential ahead.

We've taken a similar approach to expanding our distribution capabilities. In 2021, we launched a dedicated Insurance Solutions team and have since raised more than $4 billion through that channel. Insurance has contributed approximately 12% of our fundraising over the last two years, despite representing just 5% of AUM. Today, we manage approximately $5 billion for 50 insurance clients, offering customized solutions through separate accounts, specialized funds and structured products, including two collateralized fund obligations. Our ability to combine investment expertise with flexible structuring and delivery is a key differentiator, and again we believe this is an area with significant opportunity for growth.

Our individual investor channel provides another example of investing ahead of what we think is a long-term secular growth opportunity. While we've had success with wirehouses for over a decade, in recent years we've invested in distribution, such as with the launch of our Grove Lane joint venture, and in product. Since the start of 2020, we have raised nearly $5 billion from individual investors, split evenly between ARS and private markets. Approximately $2 billion has come through wirehouses, where we've built partnerships with most major platforms. Our success has also been highly global. 41% of that capital was raised in the U.S., 36% in Europe and 23% in APAC.

This channel will take time to scale, but momentum is building. We've raised approximately $1.5 billion from individual investors so far this year, or 23% of our fundraising, and individual investor AUM has grown approximately 40% year-over-year to $5.3 billion. We're also investing deliberately in registered products and distribution, and we believe the opportunity remains very large relative to our current position.

Combined with our recurring revenue base and scalable platform, our growth investments provide significant future upside and multiple paths to achieving our long-term objectives.

With that, I'll turn it over to Pam.

Pam Bentley

Thanks, Jon.

We are pleased with our third-quarter results, which demonstrate continuing growth in recurring revenues and earnings across the platform.

Private Markets management fees were $66 million in the quarter, up 7% year-over-year. We continue to benefit from fundraising and the deployment of previously committed capital. Looking ahead, we expect fourth-quarter Private Markets management fees to increase 7 to 9%, as compared with the fourth quarter of '25.

Absolute Return Strategies management fees were $47 million, up 19% year-over-year, driven by investment performance and positive flows. For the fourth quarter, we expect ARS management fees to increase in the mid-teens year-over-year.

Taking these factors together, total Fee-Related Revenue was $115 million for the quarter, up 10% year-over-year.

Turning to expenses, we continue to invest thoughtfully while remaining focused on efficiency and operating leverage, and we are definitely seeing the benefits of optimizing technology. Third quarter FRE compensation and benefits remained relatively consistent from the prior quarter at $39 million. We expect fourth quarter FRE compensation and benefits to be approximately $1 million higher than the fourth quarter of 2025.

Non-GAAP General, Administrative and Other expenses were $22 million in the third quarter, and we expect a consistent level of G&A expenses in the fourth quarter.

Putting these elements together, Fee-Related Earnings were approximately $54 million for the quarter, up 15% year-over-year, and our FRE margin expanded to 47% from 45% a year ago. Adjusted Net Income was $45 million, up 20%, and Adjusted Net Income per Share was 22 cents, up 16% year-over-year.

Turning to incentive fees, we realized approximately $25 million of gross incentive fees in the quarter, consisting of $23 million of carried interest and $2 million of performance fees. As of September 30th, our gross unrealized carried interest balance was approximately $1.1 billion, with $592 million representing the firm’s share. As a reminder, private market valuations, including those relevant to this balance, are generally reflected on a one-quarter lag.

The majority of annual performance fees typically crystallize in the fourth quarter, and as of the end of October, we had $49 million of accrued unrealized performance fees, driven by strong year-to-date performance in ARS. Actual fees will depend on investment performance and applicable fund terms through the relevant crystallization dates.

Moving to capital allocation, our balance sheet remains strong, and we continue to invest for growth while returning capital to shareholders. Our Board has approved a quarterly dividend of $0.12 per share, and we ended the quarter with approximately $54 million remaining under our share repurchase authorization.

We are pleased with the momentum in our business and our ability to deliver strong results while continuing to invest in the platform.

We are now happy to take your questions.