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**The Carlyle Group LP**

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William Katz: Our next presentation, I'm Bill Katz. I cover the asset managers, brokers, and the exchanges for Citigroup. Very excited to have the folks from the Carlyle Group here. Joining us from management is Mr. Curt Buser, who is the CFO, and also serves on the Management Committee and the Executive Group. And to his left is Dan Harris, who many of you probably know from the interactions, just heads up the IR. And congratulations, five years today, so good for you. Carlyle is a global alternative asset manager with about $160 billion, round numbers, of total assets under management. The company invests in four different segments, has a dominant corporate private equity platform and has been increasingly focused on expanding beyond that into global markets, real assets, and also through investment solutions. So thank you, guys, for joining us.

Curtis Buser: Thanks for having us, Bill.

William Katz: Greatly appreciate it, and try to keep it relatively small so everyone can fire away with questions. And if you're sitting on the outside ring and have a question, I think there are some mikes. Otherwise, hold your hand up and happy to take some questions along the way.

Anyway, let's start from the big-picture perspective, and so from a regulatory or even a general perspective, where do you see the greatest opportunities for investments, if you will, just given some of the very seismic shifts that are happening down in DC against the relatively sizable dry powder that both you and the industry have overall?

Curtis Buser: Yes, so, Bill, the way I think about it is there's still a lot of things that we don't know in terms of really what's being offered from an administrative standpoint. So whether you're thinking about taxes or change in regulation or change in healthcare, I mean, a lot of the specifics on that are going to be really important to understand in terms of deciding what to do.

That said, I think, also from a tax standpoint, I think there's a lot of things that also apply there. But in the end, really, where I think there's a lot of good opportunities, and we're seeing a lot of activity, we remain very bullish on energy, technology, demographicdriven real estate, infrastructure, US manufacturing. With respect to interest rates and stuff, interest rates remain nominally at low levels, I would say, and I don't really see our viewpoint with respect to change in interest rates being dramatically different from where they have been, so I don't really see that changing how we're seeing the world.

William Katz: Okay. I was going to save this until the end, but just as I was thinking about the questions as I was getting ready for today, so I bring it to the front, and I think you addressed it on your last quarter's conference call. The structure, the C corp versus the publicly traded partnership. I guess the dilemma that we were just talking about before we came on here is that the alternative group is a very good, fundamental story collectively, including yourselves. But the structure has been limiting the appetite or the interest in the stock. So as you think through the possibility for lower taxes, I guess that will be in the details, obviously, if something comes out of what we heard last night. How do you think about the pros and cons of staying as a PTP versus an opportunity to convert to a C corp? And if you've worked that math, where is that checkpoint where you're saying, "You know what? It's probably worth making the shift over," because obviously, it's a multiple question on the details.

Curtis Buser: Right. So clearly, at some point it does make sense to become a C corp. But the question again comes, what are the pieces driving it? Because tax reform's going to be comprehensive, so what does it do to flow-through vehicles? What does it do to character of income? What does it do to tax rates or all the other components that come into that equation? That in total, one really needs to assess from the tax perspective, because you're essentially making the decision of whether or not to stay with a flow-through vehicle, where it's a very tax-efficient structure, so it's great in terms of being able to pass capital back to our investors, or really look at a different structure that might be less efficient but maybe in a lower tax rate environment. The offset is there, and then hopefully, then there's more demand for the securities.

The good news is that I think there's a number of us that are really in the same place. We're all very focused on it. We're all looking at it. And when it makes sense, my guess is you'll probably see a major move amongst many of us, you know, us and our peers.

William Katz: So it's really just--is there a level where you start to run the math, where the tax rate has to get to that says, "You know what? There's just enough, the dilution is containable," if that's the right word, or it's not that bad such that the reality is maybe get a higher multiple, just given a broader investor base?

Curtis Buser: The problem I'm having, Bill, is running the math, because it's not going to be just lowering a corporate rate. It's going to be something else that comes with it to pay for it, and you have issues in terms of character of income and the like. And what do they do? Do they continue to let the flow-through vehicle exist? How do they think through on carried interest and the like? There's just a number of components that will affect the decision, and there's just too many variables to run absent that. I wish it was that simple

William Katz: Okay. One last one, and then we'll move on. So let's assume that they don't disallow the ability to shield income, so the PTP structure in and of itself is not the story. I think it's probably more straightforward at that point. But let's assume that it's just a lower corporate tax rate, all else being equal. Then does it get a lot simpler to run?

Curtis Buser: Look, again, when I started out in the answer, I said clearly at some level of mix, becoming a C corp makes sense. Because the clear advantage is that it gives--people don't like the K-1 that you get in terms of being a flow-through vehicle. No one can be in an index. If we can get one of us into an index, that would good in terms of bringing more attraction to the--again, I don't know. The other piece of that is how much more do you get in terms of demand for the security? And so from a pure tax rate, it's hard to answer because you're looking at all those other components, too.

William Katz: Okay. We all await with bated breath, I think.

Curtis Buser: That's the only way we can do it.

William Katz: So going into more the fundamentals now, reiterate on last quarter's conference call that 2017's probably a bit of a transition year, if you will, both in terms of realizations as well as possible fund-raising. But on the fund-raising side that you still think there's a $100 billion opportunity out over the next several years.

So I guess the first question associated with that would be what is the timeline to that $100 billion, and what is the early-stage receptivity to that fund-raising?

Curtis Buser: So the timeline, as we've said, is 2016 to 2019. That's the timeline for raising the $100 billion. So the other way to think about it is there's roughly $14 billion that was raised in 2016, the remaining piece to go. We raised a similar amount in the mid-'90s, just a cycle ago. And so it's really not an extreme reach.

What you will see happen, right now in the marketplace--we're in the market with Real Estate Fund 8, which is following on our US Real Estate Fund 7, which was a $4.2 billion fund. So the next fund, we're very optimistic in terms of its size, timing, get it done this year. I think that our next big energy fund will be coming to market, NGP 12. And then also, we're very aggressive with respect to infrastructure and think that a global infrastructure fund will also be successful.

So you will see us very active in terms of raising capital in 2017 for real assets, while remaining to raise product both for private credit and for some of the solutions products. 2018, I would expect to see a number of the larger buyout funds coming back to market, and then that will wrap up in 2019.

In total, the way I think about the $100 billion, roughly 30% corporate private equity, roughly 30% real assets, and then the remaining 40% split between solutions and private credit.

William Katz: Okay. Underneath that, could you talk a little bit about what you're hearing, and we have not heard this, by the way. And somebody who just spoke before you said there's really not a lot of fee pressure, other than buying discounts or first-in type of discounts, which I don't think is really pricing pressure per se. How do you think about the incremental fee rate on that business? Is it in line where historical standards are? And then the second question is how do you think about the incremental margin as those AUMs scale into the business?

Curtis Buser: So fee rates, I would echo the comments that you just passed on, that we're not under real fee pressure. The same general dynamics apply, and I would say that people are always interested in how will co-investment work, and opportunities and access to co-investment. That's really where I'll say the fee pressure is. And so again, I would say generally speaking, not fee pressure, no challenges to the carrier rates, no challenges to the base management fee.

Then thinking about what does this do from a fee-related earnings, what I previously have said is that in 2018 we expect the fee-earning AUM to increase based on, really, the capital that we think that we'll raise in 2017. As that capital is activated in 2017, we commence calling fees on it. That will give a better base for fee-related earnings in 2018, so we'll see a tick-up in fee-related earnings and fee-related AUM in 2018, and then again in 2019. And those, just projecting that out, that will offset the continued realization of the older funds that has been putting pressure here in the last 12 to 18 months.

William Katz: The math would imply a little bit more than a tick-up. Is that just nomenclature?

Curtis Buser: No, so we've got to be careful on the math, because in 2017 and in 2018, let's remember that we expense all of our fund-raising costs upfront. And so in 2017, I will have the pressure of raising that additional capital that I'll be taking the expense for, won't activate the fees until the end of the year. That will give us the lift going into 2018. 2018, you're going to end up with the pressure of the fund-raising in 2018 from the CP funds. But it will be, as we look forward to 2019 and 2020, you're right, it's much more than a tick-up.

William Katz: I think there was a question. Feel free to get--

Unidentified Participant: A number of the managers today have talked about adding to illiquid alternatives as an investment area. Are you seeing increased competition for those assets, and what are the returns that investors should look forward to?

Curtis Buser: So from a competition for the assets that we are going after in our private credit, private equity funds, that competition is out there, and it's real. And so it really is always a matter of looking for where do we have an edge? What is our unique piece of accessing that opportunity, and can we get a proprietary deal flow? Often it's a bid situation, so it's not proprietary, because obviously, people are going to run an auction or run a process to make sure that they're maximizing, and asset prices are high.

So you really need to be careful in terms of the risk that you're taking on and making sure that the quality of the business and quality of the management team is what you expect. And what do we bring to the table so that we can grow revenues, grow earnings at that opportunity, or reposition the asset so that it's worth more? That's where our track record has proven very successful, and that's where we've generally been able to do a pretty decent job in the past, growing that core revenue growth.

From a competition standpoint, there are some places where people can't compete head-on with us. You think about it from a global nature, where we have more feet on the ground in a lot of places, we're able to be very local in how we're operating versus some other players. So not everyone can play in all of the same places that we're focused.

From a returns standpoint, you're right. The increased competition at these current asset prices causes the returns to be under pressure, but still where we're feeling really good about total returns being able to continue to outpace what people can get in the market and through public securities.

So that's really, as I think about the business, what you have to beat is what someone can get someplace else.

William Katz: Okay, just corporate private equity's been the real strength of the franchise. You've been diversifying beyond that over the last couple of years. Why don't you take a moment, if you wouldn't mind, maybe going around the wheel a little bit and talking about, whether it be GMX, real assets, or even in some solution sides with these legacy alphabets business, how you see the opportunity to grow each of those businesses over the next couple of years?

Curtis Buser: Sure. So let's start in corporate private equity. Corporate private equity has been a great business. The real challenge there, I mean, we have 12 fund families. So what I mean by that is US bout, Europe bout, Asia bout, Japan bout, et cetera, et cetera, across all of them plus also some industry segments. That business will grow two ways--one, by increasing size, and two, by focus on profitability. And so where we have under-scale products or offerings, how do we selectively either bring those up in scale or get out of them over time? So that's how the corporate private equity business can be bigger.

Real assets is a business that I'm very excited about, and you can even see its E&I really ticking up nicely. US real estate, I already mentioned how we're growing US real estate by raising the next fund. Also in Core Plus real estate, that's a fund that is doing well.

And then you have, really, the energy platform, which has really not contributed from a carry perspective in any meaningful way to Carlyle yet. Naturally, because the energy platform that we've built through partnership with NGP, through our international energy program, or through our power business, has not yet really reached maturity yet to where realizations are of a magnitude to materially contribute to carry. That's coming, and that's going to be a real nice engine for future growth in the firm. And then we hope to do the same thing with infrastructure. So that's the growth model for real assets.

You go to GMS, it's going to take a little bit of time. We have about a $30 billion business in private credit. That's a CLO business. That's our carry funds, both for our energy mezzanine as well as our distressed debt, and then also private credit as right now is coming through in middle-market BDC. I think we'll continue to build out that platform, adding to our ability to provide private credit, provide opportunistic credit, and also looking to do it not just in the US, but outside of the US.

The footprint for that is well detailed in terms of what some of our peers have done. We're just under scale and probably a little late to the game. And by bringing on Mark Jenkins, I think we've got a good program to put that in place and to grow it over time and to be smart about it. What will be nice about it is if we do it right, it should be a nice fee-earning business for us. And so generally speaking, our platform is driven by carry. This will be an opportunity for us really to grow a fee business within the Carlyle platform.

And then finally, solutions is a business that has doubled its fee-related earnings this past year. Both its fund to funds, its secondaries, and its co-investment programs, particularly in AlpInvest, if you look at those returns, that business has done incredibly well. That business, from an earnings perspective, I think will continue to grow. It's not huge relative to the whole platform, but it will continue to grow.

And what will be nice, two things are going to happen. One, as some of the legacy AUM continues to run off from its prior owners, which had a very low fee rate on it--why? Because they owned it--as that capital is replaced by raising capital from regular investors at market rates, earnings go up, maybe not increasing total AUM, but if you just make more money on the AUM that you have, the better answer.

Secondly, we didn't buy the carry that was in the ground. These are mostly European-style waterfall carry vehicles. So as the funds that have been invested since we bought AlpInvest and Metropolitan move in to carry the amount of carry that we receive off of their successful track records will obviously start to contribute. So that's essentially how I see growth going out across the platform.

William Katz: If you look at the three other businesses, any one you're more focused on? To this point, is credit really where you see the greatest near-term opportunity, or is it leveraging some of these businesses where you've, like on the NG side, where you're at the cusp of maybe some performance trends here that you could really leverage?

Curtis Buser: Near-term opportunity, I look at real assets because business is ripe or really contributing in a bigger and better way. (inaudible) perspective as well as in the increased play in real estate. From credit, it's going to take us some time to build it, and patience and being disciplined will be key to our success.

William Katz: Okay. Just bounce around a little bit. I should have asked this before, so I apologize on the big-picture perspective. If interest expense deductibility goes away, we've run the numbers. It doesn't look like it's that big of a hit to the private equity model. How do you think about just use of debt for acquisitions, and does it really change the IRR for private equity in terms of capital deployment?

Curtis Buser: You have to again look at the total tax model. So interest deductibility goes away. What's happening with corporate tax rates, so interest deductibility is gone, but maybe corporate tax rates go down, so maybe there's an offset over time. And then what happens with upfront expenses? So interest deductibility goes away, but you're able to expense something, some portion, capital expenditure, whatever the program may be upfront. And that also may be helpful or make it to where it is either a non-issue. And again, it's going to come back down to what company are we talking about or what real estate asset are we talking about. And then also, how will all of that also affect the industry in which those specific items participate?

William Katz: We've run the math. If you just assume like a 25% corporate tax rate and removal of the deduction, I think we came up with maybe a one-percentage-point hit to the typical IRR of a deal. Is that--

Curtis Buser: It's going to come back to how you're levered. And again, I come back to also, what is the corporate rates going forward, and also what's the deduction upfront (inaudible)? There's places where it's favorable. Clearly, that's the answer where it can work very well. And then there's places where, depending upon the facts and circumstances and the hold period, it may not work out so well.

William Katz: Okay. One of the, when you guys first went public, you talked about the notion of having a lot of smaller-sized funds versus some of the bigger funds. But now you're in a nice dilemma where you're scaling the most successful funds or they're getting larger and larger. The give and take is that you're reducing your risk in the portfolios. That one-bet investment doesn't really compromise the whole fund or set of funds. But your (inaudible) earnings have been a little bit lower just because of your higher cost of origination. Is there a point here where you start to get to a point where the funds get large enough that looking, certainly, beyond the next couple of years in terms of this big $100 billion coming in, where you could just structurally get to a higher level of profitability because now your incremental fund size is just larger?

Curtis Buser: That's clearly what you'd like to know. Scale is key in this business, and if you can get to where the funds are bigger, you just have to scale within the fund. So if you're still writing the same check size and it requires whatever in terms of manpower to drive that, you may, depending upon the economics, that may or may not work out well from improving your margin, if you will.

William Katz: Are there any questions?

Unidentified Participant: I guess, just following up on that, (inaudible)? Is there a way that we can think about incremental margin (inaudible)?

Curtis Buser: I think one good thing would be to go back and look at us historically. I think a peak year was about 250 or so in terms of fee-related earnings. And I think that that's a number that we can beat on a go-forward basis, but it's going to take some time to get there. We don't think in terms of margin, so we think more in terms of how do we grow scale and how do we grow additional product, and that's the way we've--because the fundamental diversified nature of the model that we operate, it is an expensive model. And I would discourage you from thinking about it as margin, but really how we grow the total number of fee-related earnings.

Quite frankly, I'm more interested in growing total earnings, whether that's E&I or DE. How do we make more money in total?

William Katz: You've spent some time talking about Europe. Maybe we can broaden out the discussion to think about beyond the United States. Talk a little bit about some of the growth strategies. I get the vehicles, we've gone through that, but now maybe from a distribution perspective, take us around the world of how you see an opportunity set, either from the deployment perspective outside the United States, what areas you might be most focused on, or just what you think is a pretty strong distribution opportunity to gather assets.

Curtis Buser: All right-- I'm sorry, Bill--so from a global perspective, distribution or deployment?

William Katz: Right, exactly.

Curtis Buser: Okay. So from a deployment perspective, let's anchor ourselves back on 2016. 2016 deployed $17.9 billion. Very diversified from a deployment perspective, and let's think back to a year ago, where I think we were all sitting here thinking this was going to be a really tough time because people were worried about ending recessions and the like. We were able to deploy that amount of capital regardless.

Now, if you think about how we deploy capital in corporate private equity, whether it's in Europe, the US, Asia, there's been a lot more, I'll say--again, smaller-sized deals in Europe and Asia, dependent upon opportunity sets and the like. Maybe a little bit on a smaller size in terms of equity check relative to the US fund, because the US fund is much larger.

If you think about average across the corporate private equity platform, including the growth capital funds, the average equity check was about $180 million this past year. What I like about that is we were able to deploy a lot of capital on average on a relatively small basis, so it's not the mega-deals, which then makes me feel good about the ability to do it again.

The same is true if you think on the other segments. So in energy, the past year average equity check was about $50 million, and in real estate, the average equity check was $10 million to $15 million. And so a lot of smaller transactions, again supporting overall $17.9 billion of capital deployed. So again, a reason to believe we can replicate what we've done.

Finally, as I look at our portfolio right now, there's a lot of activity in the pipeline. It's feeling very robust. So three reasons as to why we can continue to do that. And again, being nimble, based on our structure and globally, that gives us the opportunity to deploy around.

From an asset-gathering perspective, it's the same thing, but again, I said 2017, focus mostly on real assets in terms of where you'll see the really big impact. 2018 will be the big buy-out funds. And the question will be timing on which one goes first and it's going to be which one's ready.

William Katz: Then within Europe, I think you and your peers have talked a little bit about, in terms of some structured credit and distressed. Where are we in that cycle of either gathering assets or deploying the assets? And are you hearing anything from a regulatory perspective that would suggest that some of the traditional players who have moved away from that segment might be looking to come back into the market?

Curtis Buser: From a structured credit perspective in terms of the way we deploy capital, it's through the CLO business, if that's how you're thinking about it, both in the US and in Europe. In total, we have about $18.5 billion of capital under management for the CLO business. We issue four to six CLOs per year, and that activity is really--the real question is asset-gathering. Can you find the right asset positions to put into the CLOs to make sure that they achieve essentially what they should perform at?

Generally, the team has been very good. I'm very proud of the team that we have in that space and expect that business to continue to run pretty much as it has been. And if we can get it a little bit bigger, that will be good.

From a distressed debt perspective, that's really run out, again, in GMS. Just raised a $2.5 billion fund there, and we had our final close on our fourth Carlyle Strategic Partners Fund, and so feel really good about that. And so that will contribute to higher fee-related earnings because we've activated all those fees for GMS in 2017.

William Katz: A couple of things I'd like to cover in the last few minutes we have here. A fairly common theme that allocations continue to be rather strong for the industry, so if you're pretty bullish on gathering $100 billion, maybe the answer is, "Of course." But are you hearing anything on the institutional side that would suggest that there's a diminution in demand?

Curtis Buser: No.

William Katz: Okay. And on the other side of it, both you and others have shared that the bigger players seem to be getting disproportionate market share. Is that true? Is it getting better? Is there any shift in that underlying theme? Again, disproportionate market share of the incremental growth.

Curtis Buser: I would say that our existing--we have about 1,750 investors across our funds. Roughly 60% of the capital is invested in multiple funds. And those numbers keep growing and getting better. So the real issue is whether or not people can get the access to the funds that they want. And so increasingly, the challenge for investors in the market today is to come in early. And so when they come in early, they get the capital allocations that they want. When they wait until the end, it can be a challenge. And from our standpoint, that encourages the right behavior, the right behavior being for them to come in early closes so they get the allocations that they want and at what they're looking to invest with us.

Unidentified Participant: Just from a big-picture standpoint, is there anything structurally different today than the profile of Carlyle, say, five years ago or even before the crisis, from a returns standpoint? Because your funds are a lot bigger. Your franchise is much more diversified. NGP wasn't around back then for you guys. Certainly, the real estate franchise was a lot smaller. Your P franchise is much bigger. It averaged $850 million to $900 million in earnings for five years, and it looks like the opportunity set is just much, much bigger, if the returns are there. So relative to a $5 billion market cap, it doesn't really make much sense unless the return profile going forward is much, much worse, because your asset base is so much bigger. How do you guys think about that? Is the market just nuts? Is it, just really thinking about a much worse, going forward, return profile for your business because it's so dependent on performance? How do you guys think about that?

Curtis Buser: Okay, and thanks for your question, because I agree wholeheartedly with your underlying premise. I mean, the business, all of the key metrics have been performing very well. And when you look at corporate private equity, real estate, et cetera, we've scaled nicely. As a public company, I think we're fundamentally a better business today. We manage things a lot better than we used to manage things. We're a lot more disciplined. The reporting's better. And, quite frankly, the LPs expect more, and I would say that our reporting to those LPs is far more transparent than in the past.

The disconnect, I think, is it's really hard to model and understand this industry, because you have to--in order to model it right, you really have to dig into the detail and understand the portfolio really well, because you've got to get yourself comfortable that we can do this, year in and year out. Now, the fact that we've been doing it for 30 years and the fact that the track record from a performance of earnings has been as good as it's been, yes, I'm frustrated from that perspective. But I'm also optimistic, because 2017 will be a bit of a transition year. But we're going to come out of it, I think, really well positioned for 2018, 2019, and 2020. And I think that's then where if we still don't see demand and the market reaction the way I would more expect it, that's where my frustration will get much higher.

William Katz: So with that frustration, you're one of the few of the alternatives that actually has a buyback purchase program. So how do you counterbalance the need for growth, the $100 billion, that claim on capital, versus where the stock is trading right now?

Curtis Buser: It's tricky. I mean, I look at both the buyback program and our return through the high-distribution model. If you take those two together, there's a lot of capital that's being returned back to the investor base, and I think that that's appropriate.

And the mix really needs to be looked at in total. And then you balance it, as you say, in terms of your other needs for growth and for investing in our funds and for doing the things that we need to do there. And obviously, I've got to look at expected returns. And there's a lot of things within the firm that we need to be looking at to continue to build, especially in the credit space. But it's a balance.

William Katz: Are you finding that as you are gathering these assets, that the GP commitment is going up or down? And does that give you any more flexibility to buy back stock?

Curtis Buser: The GP commitment, we pretty much target it at 1% of the fund. And that gets invested, just as the LPs invest, so as it's called from the fund. Now, as we've said, our funds are getting larger, so with each generation, so that piece continues to go up. Keep in mind that we as partners and employees really commit a lot to our funds, and so which really has a very strong alignment of interest with our LPs in those funds.

From demand from the firm standpoint, the cash demands can really come more in terms of as you launch new products, sometimes you have to bridge a given deal or a given situation, and you need to have the ability to do that. And so that's still a place where you need the capital, to be thinking about how to support the launch of a new product.

William Katz: Just maybe a couple of follow-up points here as we wrap up. So retail has been an area of mixed strategic discussions, mixed execution for the industry a little bit. Update us on your latest thinking about ways to tap into retail and if so, what products or distribution segments might be the area of greatest focus?

Curtis Buser: So in the last 12 to 18 months, you will not have heard Carlyle talking a lot about retail in terms of the way most people think of retail. You will hear us talk about accessing high-net-worth individuals. You'll hear us talk about the use of feeder funds. But in terms of retail with private closed-end funds, that mix doesn't always work real well. And so we're very focused now, really, on doing what we've done throughout our history, is private equity, private credit, illiquid product, long-dated funds. And right now, that doesn't fit in terms of the traditional way with retail.

Now, feeder funds and other vehicles such as that does make sense. But with the demand that we have on an institutional base and some of the extra costs that can come from building out a retail platform, it doesn't make sense, given we're able to raise the capital that we need through traditional means.

William Katz: Is that true, both US and non-US?

Curtis Buser: Yes.

William Katz: All right. Maybe just the last one for me, and thanks for your patience in answering all these questions today. As you think through the interest rate backdrop and the presumption that the forward curve, so you get a little bit of a pickup of interest rates, does that change any of the either areas of focus for the firm and/or how we should be thinking about return on some of the dry powder, whether it be private equity or the real asset space?

Curtis Buser: Fundamentally, no. I mean, from an underwriting standpoint, we underwrite for movements in interest rates. In terms of where interest rates are and from an expectation there's been no major shift that's unexpected to date, from a thinking about interest rates at the margin can potentially help in the credit space--if interest rates move up, then that can make some of the private credit all the more attractive, especially when you think about the spread that you also have on it for private credit over some of the publicly available stuff. But our core business, again, is the question's really the ability focus on that spread from investing in private versus public and maximizing that opportunity, and that's what we work for our investors for.

William Katz: I'm going to end with a--oh, we have a question, okay.

Unidentified Participant: I just wanted to go back to the credit build-out and whether you feel there are any talent gaps that you might need to fill.

Curtis Buser: Look, the answer is yes, we're going to fill in some needs from a headcount perspective as we build out the private credit business. We need to. However, I think as you think about that business versus the rest of Carlyle, the rest of Carlyle tends to be dedicated teams to product. Here, we're really looking to build that, I think, more in terms of a platform and how to hang product off of the platform. And so whether you're thinking research, origination, how do you do those functions across a variety of product as opposed to dedicated, and so therefore, you get the better margin. So a lot of the talent we have, but there are some places where we'll continue to build.

William Katz: In the last couple of minutes here, a little bit of a softball question, but you've been kind enough to stay all day for us, so we really appreciate that. As you think about what the market might be missing, since from our perspective, it looks very cheap on both an absolute basis and a relative basis, the way we run the math with either the sum of the parts or even the prospective yield play, what do you think the market--I know there's been some noise in the earnings statement over the last few quarters. But putting that to the side--maybe that's the answer--but what do you think the market's missing? What are we missing here in terms of, "I can't believe the stock's trading at such a low value here"?

Curtis Buser: Look, from a why is the stock where it is, I think some of the charges that we've taken obviously have an impact. But I also think in terms of the total demand and public float, it's still small. And the complexity of the business. And I think there will be far more excitement as we execute in 2017 and get things set up for 2018, 2019, and 2020.

William Katz: On that note, please join me in thanking management. Appreciate you guys taking some time out today.

Curtis Buser: Thanks, Bill, appreciate it.