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Glenn Schorr

Analyst, Evercore Group LLC

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Management Discussion Section

Operator

Ladies and gentlemen, thank you for standing by. Welcome to Carlyle Group Third Quarter 2025 Earnings Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to turn the conference over to Daniel Harris, Head of Public Investor Relations. Please go ahead.

Daniel Harris

Head-Public Market Investor Relations, The Carlyle Group Inc.

Thank you, Michelle. Good morning and Happy Halloween. Welcome to Carlyle's third quarter 2025 earnings call. With me on the call this morning is our Chief Executive Officer, Harvey Schwartz; Chief Financial Officer and Head of Corporate Strategy, John Redett; and incoming Chief Financial Officer, Justin Plouffe. Earlier this morning, we issued a press release and a detailed earnings presentation, which is available on our Investor Relations website. This call is being webcast and a replay will be available.

We will refer to certain non-GAAP financial measures during today's call. These measures should not be considered in isolation from or as a substitute for measures prepared in accordance with generally accepted accounting principles. We provided a reconciliation of these measures to GAAP in our earnings release to the extent reasonably available.

Any forward-looking statements made today do not guarantee future performance and undue reliance should not be placed on them. These statements are based on current management expectations and involve inherent risks and uncertainties including those identified in the Risk Factors section of our annual report on Form 10-K that could cause actual results to differ materially from those indicated.

Carlyle assumes no obligation to update any forward-looking statements at any time.

In order to ensure participation by all those on the line today, please limit yourself to one question and return to the queue for any additional follow-ups. And with that, let me turn the call over to our Chief Executive Officer, Harvey Schwartz.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

Thanks, Dan. Good morning, everyone, and thank you for joining us. We delivered another strong quarter results as we continue to execute our strategic growth plan. For the third quarter, we delivered FRE of \$312 million and now have generated \$946 million year-to-date, up 16%; record AUM of \$474 billion, up 7% year-to-date; organic inflows of \$17 billion in the quarter and nearly \$60 billion over the past 12 months, with significant capital coming from credit, secondaries, and global wealth. With this momentum, we feel confident about exceeding the financial targets we updated last quarter, which included full year FRE growth of approximately 10%, up from our prior outlook of 6% and full year inflows of \$50 billion compared to our prior outlook of \$40 billion.

Before I dive into more specifics of the quarter, I'd like to address the macro environment. As we look across markets today, this remains a somewhat complex but quite resilient environment. While the markets have been impacted by ongoing headlines related to policy shifts and geopolitics, the underlying health of the global economy continues to be strong. Inflation is moderated, balance sheets are healthy and overall, consumers are still spending.

With official government data delayed by the shutdown, earlier this month, we released Carlyle proprietary US economic data. These indicators are derived from our portfolio of nearly 300 operating companies and more than 700,000 employees. These insights provide one of the few real-time views into the economy, steady EBITDA growth, continued investment in technology and AI infrastructure, and resilient consumer demand.

Turning to credit markets, there's clearly been a lot of focus here over the past several weeks. To date, our own market and portfolio data are not signaling any broad deterioration in overall credit quality or systemic risk. Consistent with the economic data I just walked through, fundamentals remain pretty solid and credit events have been idiosyncratic.

Of course, the credit cycle is evolving as it should, repricing where necessary, but again, not flashing broad stress. Capital markets activity has meaningfully accelerated. Announced M&A volume was up more than 40% year-over-year in the third quarter. IPO volumes are up 60% year-to-date with increased activity during the quarter.

Now, turning to our Global Private Equity business, we've capitalized on improving transaction environment, returning capital to our limited partners. Over the past year, we have returned \$19 billion in capital to investors in Global Private Equity, 150% of the industry average. Note this does not include \$5 billion of signed transactions.

Our momentum internationally continues. In Japan, we announced the successful IPO of Orion Breweries. This marks a positive indicator for the broader IPO market and is another important milestone for our team in the region. In Europe, we recently completed the sale of Calastone and announced the sale of HSO. Lastly, in Private Equity, we recently announced the €7.7 billion carve-out of BASF's coatings business, leveraging our global industrial platform and deep carve-out expertise. In the past 20 years, Carlyle has done 19 industrial corporate carve-outs with an average IRR of 25%, another great example of unique operating skillset we bring to our investors.

In Carlyle Alpinvest, the team continues to deliver exceptional growth with FRE up more than 80% year-to-date. Last month, we closed our largest ever secondaries fund, \$20 billion, further scaling the business. We recently closed a \$1.25 billion publicly rated GP-led collateralized fund obligation, the largest of its kind to date. This underscores Carlyle's leadership and innovation within a rapidly expanding segment of the marketplace.

We also recently completed a \$550 million credit secondaries continuation vehicle, reflecting the evolution of our business across newer asset classes. Carlyle Alpinvest is a market leader at the forefront of an industry with strong, secular, and cyclical tailwinds.

In Global Credit, our platform continues to scale. During the quarter, inflows into our asset-backed finance strategy were almost \$2 billion, highlighting the continued demand for private investment grade assets. Our strategic approach to insurance solutions continues to pay dividends across all aspects of our investment management capabilities, including our partnership with Fortitude Re and with our third-party insurance clients. Justin will get into more details about Fortitude Re, but insurance remains a key driver of growth for Carlyle, and we continue to see momentum across the platform.

Finally, moving on to Global Wealth, our momentum remained strong. When I first joined Carlyle, we were attracting about \$300 million per quarter in evergreen wealth inflows. Today, we're running at 10 times that level at \$3 billion of inflows, our best fundraising quarter in Global Wealth ever. To be successful across all aspects of wealth, retail, and retirement, you need experience, scale, brand recognition, and diversification. Part of our strategy is partnering with extraordinary brands, like our recent announcement with Oracle Red Bull Racing. This marks the first-ever private markets partnership in Formula 1, and aligns directly with our long-term Global Wealth strategy to reach new clients and deepen engagement in key markets.

Over the last 2.5 years, we mobilized quickly to capitalize on the growth of private markets and retail. We continue to invest heavily into the business, adding resources and platform partnerships to drive growth. To wrap things up, we're well on our way to exceeding our financial targets for this year and have very strong momentum heading into 2026.

With that, let me turn things over to Justin.

Justin V. Plouffe

Deputy Chief Investment Officer, The Carlyle Group Inc.

Thanks, Harvey, and good morning, everyone. Q3 was yet another strong quarter, consistent with the long-term growth trajectory we've established. We generated \$368 million of distributable earnings, or \$0.96 per share. Year-to-date, distributable earnings totaled \$1.3 billion or just over \$3 per share, up 10% from last year.

Fee-related earnings were \$312 million for the quarter, up 12% year-over-year. This increase in FRE has been fueled by organic top line growth. For Q3, total fee revenue increased 11%, and year-to-date a 13% growth rate represents our fastest pace of growth in the last three years. Roughly 55% of firm-wide FRE now comes from Global Credit and Carlyle AlInvest. That's up from about 25% just five years ago.

FRE margins remained strong at 48% for the quarter and year-to-date, exceeding last year's record of 46%. Capital markets and transaction fees were \$32 million, up almost 20% year-over-year and have more than doubled over the past 12 months. As we said throughout the year, our FRE growth is entirely organic and reflects the scalability of our model and operating discipline across the firm. We're on track to exceed our full year target of at least 10% growth in FRE while continuing to invest for the long term.

Let me turn to a couple of highlights for our businesses. Carlyle AlInvest delivered another excellent quarter, raising \$6.3 billion of capital, bringing the year-to-date total to more than \$15 billion. Third quarter inflows were driven by both institutional demand and strong momentum in our Global Wealth products. AUM at AlInvest now sits at \$102 billion, up more than 20% year-to-date. FRE at AlInvest now represents 23% of Carlyle's FRE, about triple the level from just two years prior.

Global Credit generated nearly \$10 billion of inflows this quarter and over the last 12 months, inflows have totaled \$31 billion, helping lift total AUM to \$208 billion. Global Credit AUM now comprises 45% of firm-wide assets and has grown at a 33% CAGR over the past five years. And Global Credit's FRE is now nearly one-third of Carlyle's total.

Our Global Credit business is comprised of a diverse set of platforms that deliver attractive risk-adjusted returns for our investors. Our \$87 billion Insurance Solutions platform is anchored by our strategic partnership with Fortitude Re and has been quite active over the past few months. It closed its \$4 billion reinsurance agreement with Unum, its fourth reinsurance transaction this year, issued an inaugural \$500 million funding agreement back note and recently launched a reinsurance sidecar focused on driving growth in Asia. Together, we believe these initiatives will lead to more than \$20 billion of new AUM in the intermediate term.

Our leading nearly \$50 billion global CLO platform had inflows of more than \$3 billion in the quarter. Credit quality remains strong, and the business has recently been recognized for having among the best performance across all US CLO managers this year, with defaults running well below the industry average.

Our \$13 billion direct lending platform has been growing at a 20% CAGR the past five years.

We believe the market opportunity for direct lending will continue to grow and we are continuing to invest in this platform, adding resources across leadership and origination. Credit quality remains healthy across the portfolio, with realized losses running at an average of just 10 basis points per year over the past decade. Our \$10 billion asset-backed finance business raised \$2 billion just this quarter, and our leading \$20 billion opportunistic credit strategy continue to deploy its third vintage fund and is quickly approaching its next fundraise.

Shifting now to Global Private Equity, over the past year, we have attracted nearly \$9 billion of capital into our GPE strategies and today, we have \$40 billion of available capital to deploy across the platform. We're excited about our growing transaction pipeline as we head into the fourth quarter including the recently announced €7.7 billion transaction with BASF in partnership with the Qatar Investment Authority.

We also have nearly \$5 billion of announced exit transactions that we anticipate to close in the coming quarters. While Q3 was a lighter realizations quarter, we expect a significant step-up in Q4. In addition to this, as you may have seen, one of our US bio portfolio companies, Medline, filed a registration statement with the SEC in connection with the proposed IPO. We remain excited about the future of Medline and congratulate the management team on all they have accomplished so far.

In Global Wealth, our evergreen vehicles continue to scale quickly. We currently have more than \$32 billion of evergreen capital. We raised \$3 billion across our evergreen wealth products this quarter. The \$6 billion raised over the past year reflects a 90% growth rate from the same period last year. Notably, our new Carlyle AlInvest CAPS solution in partnership with UBS saw strong demand in its first full quarter and has already surpassed more than \$1 billion in assets.

Finally, I'd like to say a few words about the state of our balance sheet and capital management activities. During the quarter, we took advantage of strong debt markets and issued \$800 million of 10-year notes at 5%. This extends the duration of our liabilities and leveraged our strong credit rating. This capital provides additional flexibility to invest in growth initiatives in the coming years.

We also repurchased over \$200 million of stock in the quarter, reflecting our conviction that Carlyle shares continue to be an attractive investment. We are disciplined and opportunistic when allocating capital, balancing share repurchases with investments to

drive future growth. Our balance sheet is strong and well-positioned to support our organic initiatives and the firm's long-term financial flexibility.

Summarize, our third quarter results highlight continued growth, earnings diversification, and operating momentum across the platform. We're executing well, scaling efficiently, and delivering attractive results for both shareholders and investors. I look forward to meeting and working with all of you more over the coming months. Now, before we get to Q&A, I'd like to hand things over to John for some concluding thoughts.

John C. Redett

Chief Financial Officer & Head-Corporate Strategy, The Carlyle Group Inc.

Thanks, Justin. Good morning, everyone. Let me make a few points on the progress we've made on our strategic plan over the last two years. We grew AUM 25% to nearly \$475 billion. In the last 12 months, we grew FRE more than 50% to \$1.2 billion. Not only did we grow FRE. We improved FRE margins by over 1,200 basis points.

We overhauled our capital allocation and compensation strategy. We returned more than \$2 billion in capital to shareholders through dividends and repurchases. We also implemented a strategic update to our compensation strategy to increase alignment with all stakeholders. This allowed us to pay more carry to our employees and more fee-related earnings to you, our shareholders.

We overhauled our Global Wealth strategy. As Harvey said, we increased our inflows 10x and lastly, our focus on capital markets has clearly generated momentum. We have more than tripled our revenues over the last two years to almost \$240 million. The positive momentum we carry into 2026 is the direct outcome of the extraordinary work of our people. I'm excited to begin my next role, leading Global Private Equity, a business with world-class investors and significant momentum.

With that, let me turn the call over to the operator for your questions.

Question And Answer Section

Operator

Thank you. [Operator Instructions] And our first question will come from Brian McKenna with Citizens. Your line is open.

Brian McKenna

Analyst, Citizens JMP Securities LLC

Q

Thanks. Good morning, everyone. So, looking at inflows for the -hey. How's it going, Harvey?

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

Great.

Brian McKenna

Analyst, Citizens JMP Securities LLC

Q

So, looking at inflows for the quarter, it was clearly a little bit lighter in private equity, but credit and solutions both came in above expectations and there's a lot of momentum there. It would just be helpful if you could talk about the outlook for inflows by business into year-end and how you're thinking about flows throughout 2026 and some of the different drivers there. And then I guess do you have any visibility into some of the larger insurance transactions that might be coming in over the next couple of quarters?

John C. Redett

Chief Financial Officer & Head-Corporate Strategy, The Carlyle Group Inc.

A

Yeah. Thanks, Brian. It's John. Look, we feel very good about where we are in terms of inflows. This is an area where I think we have tremendous momentum and really reflects we have strong investment performance across the firm. And I would say client engagement remains positive and remains elevated.

So, \$17 billion in the third quarter, obviously a very strong quarter. It's nearly double the third quarter from 2024. If you look at it kind of an LTM basis, we're \$60 billion and year-to-date, we're around \$45 billion. So, we feel good about the revised guidance that Harvey alluded to in his script, which we provided last quarter, which was around \$50 billion. Again, we're at \$45 billion year-to-date.

We obviously had a very strong quarter in credit and Alpinvest. Harvey talked about how we closed on the secondaries platform where we raised \$20 billion, but we had a really strong quarter without any real private equity funds in the market. So, I feel good about the diversification that's driving this growth. So, overall, I'd say in terms of inflows, we have tremendous momentum going into the fourth quarter, but more importantly going into 2026.

Brian McKenna

Analyst, Citizens JMP Securities LLC

Q

Got it. Thanks so much.

Operator

And our next question will come from Alex Blostein with Goldman Sachs. Your line is open.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

Hey. Good morning, everybody. Justin, welcome to the call and John, congrats again on the new role. Harvey, maybe just building on that a little bit, you alluded in your prepared remarks in the script as well just around the strong momentum you guys think for 2026. Maybe expand on that a little bit. What are the key top of the house priority in terms of growth for next year? What do you find to be most needle-moving and what do you guys ultimately that could mean for management fee growth into 2026? Thanks.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

Great, Alex. Thanks. So, I would say at this particular point in time, the momentum for the firm has never felt better and I say that in terms of client engagement globally, the strategic execution of the team. And I think that when I say that, I'm talking about all aspects of the firm. So, you see it in solutions, you see it in the wealth channel, you see it across credit. It's a quiet year for private equity and fundraising, but the performance by the team, as I mentioned, has been remarkable, returning 150% of the average of capital.

We think through 2026, the demand for capital is going to be quite high. So, I think deployment will be good and, I think, the opportunities will be great. We see opportunity virtually in every part of the platform. When you think about credit, they're building quite quickly in the asset-backed business. You'll see more activity there. Same across insurance. The pipeline remains very good in Fortitude, and the engagement just, broadly speaking, with insurance clients as they continue to invest in private credit. So, the team has done a remarkable job there.

We have the two flagship wealth funds. Evergreen fund's up. CPEP will really be in the market next year, and so you'll see another wealth flagship vehicle, which will give our wealth investors the opportunity to participate there. So, really when you sort of look at all aspects either through the client lens or the specific business, I feel very, very good about the momentum and about flows and about growth.

And then, capital markets still has a lot of room to run, and that's just going to be levered to activity. And so, all the pieces now that we've been putting in place over the last couple years – and I have to thank John for his leadership and partnership in that role – you're really starting to see it, but we're really – I realize that we're just very much at the beginning of that.

Operator

And the next question will come from Glenn Schorr with Evercore. Your line is open.

Glenn Schorr

Analyst, Evercore Group LLC

Q

Hi. Thanks very much.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

Hey, Glenn.

Glenn Schorr

Analyst, Evercore Group LLC

Q

Hello there. So, I'm curious, you had a lot of good things to say about the forward momentum and realization pipeline. And all the banks are super supportive in the deal environment coming through. So, when you go through your comments of your \$5 billion of announced transactions, I don't know if you can help us a little bit on timing with that, but fourth quarter better than third quarter, Medline IPO happening. I guess my question is, if we could peel back that onion a little more because I think that's the part of softness in the core, and just a light realization quarter.

And then, as you move into next year, I think that's where the extreme bullishness on the bank's part was as we head into early 2026. Is your forward pipeline aligned with that? And then, again, trying to get at what some of the other questions getting at is what does that mean for an FRE story for next year? This year, you beat your 10%. Is it shaping up to be a bigger story than that next year? Thanks, Harv.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

Sure. I think that was four questions. I'm sorry. I just want to point out you're violating Dan's rule, but we're going to address it all. So, I'm going to ask John to talk to the [indiscernible] (00:23:19) and the pipeline. One thing I will say is that's not a quarter-to-quarter thing in our business, and so I think people should understand it. But John, why don't you give a little more color on how we think about that pipeline monetizations and realizations?

John C. Redett

Chief Financial Officer & Head-Corporate Strategy, The Carlyle Group Inc.

A

Yeah. I would just echo a little bit what Harvey said, Glenn. We as a management team don't look at quarter to quarter. It's much more of a multi-quarter view that we take. I mean, it's just part of the Private Equity business. It's hard to control when deals close and it's just – it is what it is.

I think just taking a step back in terms of – we have been very – this management team and our investors have been very focused on performance. And we are incredibly pleased with our investment performance. And I would say the investment teams have been very focused on realizations and the numbers show that. Realization activities are up 35% the last 12 months.

In Global Private Equity, which I think most people focus in on in terms of realizations, that's where most of our carry funds are, we've returned nearly \$20 billion the last 12 months, and that's 30% higher than the prior period. And as Harvey said in his prepared remarks, as of third quarter, Global Private Equity were 150% the industry average. So, clearly we're an outlier in a positive way.

I would also say, our engagement with our investors is very positive, but let's just focus in on your question in terms of pipeline. In our US Private Equity business, I would say, we are returning more capital than we have – than our goals or our targets. Since we had the end of the third quarter, we've closed on 1 billion of transactions. That includes the Calastone transaction, which was a very good transaction across a couple of different funds for us. We also will likely close – announce and close on a deal today, which is in our US Private Equity business.

In terms of the \$4 billion of deals that are signed and pending close, that does not include, Glenn, the Medline IPO which, as you know, we publicly filed for an IPO on Tuesday. But, look, I can't say all this \$4 billion of pipeline will close in the fourth quarter, but it's a big number. Most of it will probably close in the fourth quarter. Some of it might spill over into the first quarter, but we feel very good in terms of we are giving our investors – in our Private Equity business, we are giving them back more money than we are investing, which is a positive in the environment we're in.

In terms of just kind of high level pipeline going into 2026, I'd say our deal teams are very busy both in terms of deployment and realizations. And I think the pipeline, including the Medline IPO, speaks volumes to kind of how our business is positioned in terms of momentum and realizations.

Glenn Schorr

Analyst, Evercore Group LLC

Q

Thank you. Thank you.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

Thanks, Glenn.

Operator

And the next question will come from Bill Katz of TD Cowen. Your line is open.

Bill Katz

Analyst, TD Cowen

Q

Okay. Thank you very much. Maybe just a two-parter, just want to make sure I understand the math. If it's \$4 billion to \$5 billion of announced transactions, is the typical MOIC 2x to sort of think through the realization opportunity?

And then a broader question is just as I think about you're getting toward the end of your repurchase activity, can you maybe refresh us a bit on capital management priorities, how you think about maybe where the stock is trading today versus any kind of inorganic opportunity now that the core business has stabilized? Thank you.

John C. Redett

Chief Financial Officer & Head-Corporate Strategy, The Carlyle Group Inc.

A

Hey. It's John. So, we are near the end of our \$1.4 billion authorization. We repurchased \$200 million in the quarter. I think year-to-date, we're around \$500 million of repurchases. I would expect a similar amount probably in the fourth quarter and look, just more broadly, how do we think about capital allocation? There are various ways we can allocate capital as a management team. One of them is we can invest in our businesses for growth. We are clearly doing that. That's our first priority. We are laser-like focused on growth.

So, anytime we can invest capital into business to accelerate or achieve growth, that is our first priority. We can give capital back to our shareholders via dividends or via repurchase. We still think, and you should assume based on our repurchase activity, that we still view our stock as inexpensive and attractive investment. And the other use of capital can be something on the inorganic front, but we focus on all three areas with driving growth our main priority.

Operator

And the next question will come from Steven Chubak with Wolfe Research. Your line is open.

Steven Chubak

Analyst, Wolfe Research LLC

Q

Hi. Good morning and thanks for taking my questions and welcome, Justin to the call.

Justin V. Plouffe

Deputy Chief Investment Officer, The Carlyle Group Inc.

A

Thanks, Steve.

Steven Chubak

Analyst, Wolfe Research LLC

Q

So, I did want to ask on the FRE growth, just looking out to next year. Now, recognize you're tracking above the 10% year on year guide. You spoke of the strong momentum heading into next year. At the same time, you do have some headwinds just in the form of elevated catch up fees that may not repeat as well as the fee rate step-down from CP VII. So, just wanted to get your confidence level in the ability to drive FRE growth next year even in the face of some of those headwinds and speak to some of the building blocks that support that view.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

As we've been saying, and we'll give you guys better guidance as we come into the year, but we feel very good about the momentum across the platform. Again, you pick your sleeve, capital markets, insurance flows, investments we're making in credit, the wealth channel, and then we'll have a bigger pick up in private equity flows into next year. So, I'd say overall, coming into the end of the year, the momentum feels, as we said, as good as it's ever felt.

Operator

And our next question will come from Brennan Hawken with BMO. Your line is open.

Brennan Hawken

Analyst, BMO Capital Markets Corp.

Q

Good morning. Thanks for taking my questions. The credit flows were really strong this quarter, but actually the fee rate looks a little bit light versus my expectations. Was there anything to do with timing on those flows? I know sometimes that can kind of skew the averages and cause the fee rate to look a little wonky. Did the flows come in at a lighter fee rate with the mix or was that a fee rate impact more of a timing thing? Thanks for taking my questions.

Justin V. Plouffe

Deputy Chief Investment Officer, The Carlyle Group Inc.

A

Yeah. Thanks for the question. It's Justin. Look, I think some of that might have been skewed by some of the insurance transactions where the fee rate can be a little bit wonky, but overall, we have great momentum across credit. We're up 18% year-to-date in fee revenues. We're up 28% year-to-date in FRE and we really see broad-based momentum. It's not just one business, right?

Asset-backed is taking in capital significantly. Our CLO business is really hitting on all cylinders, having another great year, and we're seeing really consistent and strong flows from wealth as well with our CTAC product and our BDCs. So, quarter to quarter, it sort of just depends on the mix, but really every part of that business is doing well and we're really excited about the momentum we're going to carry into 2026.

Brennan Hawken

Analyst, BMO Capital Markets Corp.

Q

Thanks for that color.

Operator

And our next question will come from Dan Fannon with Jefferies. Your line is open.

Daniel T. Fannon

Analyst, Jefferies LLC

Q

Thanks. Good morning. So, \$3 billion of wealth flows in the quarter are quite strong. Can you talk to the diversity of those flows? And then clearly you have momentum in that business, but – and I think you mentioned one product potentially coming to market next

year. Maybe talk about the product road map and where you see that evolving as we go into 2026.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

Yeah. So, as we talked about on the call, flows are up 10x since the new management team came into place a few years ago and so what you're really seeing now is – I still think it's early innings on this. The strategy coming together and the pillars of that strategy are three flagship funds: CTAC, which is best of credit; our Carlyle Alpinvest solutions business; and then CPEP, which will be really coming into view in 2026 across the private equity platform.

And so the mix has been quite good. CTAC has been out longer. It's been a steady contributor and then, of course, what you're really seeing is the pickup in the Carlyle Alpinvest solutions, the partnership with UBS. I feel really, really good about the building momentum globally. Again, all of these building blocks connect together, and so success on each of the strategies really provides an exponential effect to the other strategies. And it's all just about the brand, our connectivity with advisors.

Obviously, you've seen us continue to invest in any number of ways. There's human resources, product development, and obviously, the partnership with Oracle Red Bull in terms of connecting with the global platform. And so, you should expect to see good momentum in that business and continue to grow at a good pace.

Operator

Okay. And our next question will come from Ben Budish with Barclays. Your line is open.

Benjamin Budish

Analyst, Barclays Capital, Inc.

Q

Hi. Good morning and thanks for taking my question. I had maybe another two-parter on your sort of public markets exposure. Maybe just in the quarter, it looked like there were a few public investments that were weighing on your private equity performance. Just curious if you could address. Is it sort of timing-related end of quarter to end of quarter? Are there any sort of like impaired stories there or is it more market fluctuations?

And then as we think out, you've given us some commentary on big – specific transactions like Medline, but maybe just philosophically, how should we be thinking about the realization pipeline in terms of strategics versus financial sponsors versus IPOs? What's the historical mix? What would you expect going over into the next couple of years? Thank you.

John C. Redett

Chief Financial Officer & Head-Corporate Strategy, The Carlyle Group Inc.

A

Hey, Ben, it's John. Look, your question's obviously focused on corporate private equity. And again, similar to realizations, I look at performance over a multi-quarter period. It's very hard to have a story or narrative on any specific quarter. And I think this quarter actually doesn't really deserve much narrative in the sense we just have some volatility in the public.

But when I kind of look at corporate private equity performance, particularly in the US, we're very pleased. CP VIII is up kind of 15% the last 12 months, but more importantly, when I look at the operating metrics within the portfolio in the US, we continue to see continued strength. Revenues are up almost double digits. EBITDA is up 8%. So, I feel good about the underlying performance of the – operating performance of the individual portfolio companies.

I'd say, look, we are an outlier in terms of realizations. You can't have the level of realization activity we are having if your performance is not good. So, I think that's important to understand. And again, the teams remain very focused on performance and realization. I think some of the volatility you're referring to was largely isolated to our CAP franchise, where I think we have an outsized percentage of the assets we manage in public securities and there has been some volatility in those markets. But fundamentally, those are very good companies we own. We don't have any long-term concerns on that in Asia.

In US, CP VII, in particular, had some volatility in the public markets as well. It's particularly isolated to StandardAero and Hexaware. They were down from the previous quarter. If you look at where they are today, actually we've already erased most of that down movement we saw in StandardAero and Hexaware. They're both great companies. So, I have absolutely zero concerns long term about the public securities we own in our US Private Equity business.

Benjamin Budish

Analyst, Barclays Capital, Inc.

Q

All right. Thanks, John.

Operator

And our next question will come from Kenneth Worthington with JPMorgan. Your line is open.

Kenneth B. Worthington

Analyst, JPMorgan Securities LLC

Q

Hi. Good morning. Thanks for taking the question. John, it's been a pleasure working with you. Best of luck back in buyouts. Justin, I'm sorry. John has set a pretty high bar here. [ph]

Justin V. Plouffe

Deputy Chief Investment Officer, The Carlyle Group Inc.

A

It's fine (00:37:00).

Kenneth B. Worthington

Analyst, JPMorgan Securities LLC

Q

When looking at credit, the Unum block hit this quarter, so congrats. At the same time, we saw the most significant level of credit – I'll call it distributions in both AUM and fee-paying AUM. Can you talk about the dynamics that drove the outsized, I guess, distributions this quarter? I don't know if it was Unum-related or something else recurring, doesn't recur. Anyway, any flavor would be helpful.

Justin V. Plouffe

Deputy Chief Investment Officer, The Carlyle Group Inc.

A

Yeah. Ken, look, I'd characterize it as the normal course of the business. It's not a bad time to realize some of our investments, especially in the opportunistic side. So, when we have an opportunity to have a great outcome for our investors, we certainly take advantage of that.

And some of it is the normal flow of our CLO business, which we've done a – the team has done a really amazing job over the last couple of years. Two years ago, about 40% of our CLOs were in runoff and the team has actually done 41 resets since then. And now only 12% of the CLO platform is in runoff, but that – when you call a CLO, when you reset it, they get back and play into the numbers. So, I don't think there's anything really specific there. Nothing really in the insurance side, just the normal course of raising new capital and realizing investments for our LPs.

Kenneth B. Worthington

Analyst, JPMorgan Securities LLC

Q

Okay. Great. I appreciate it. Thank you.

Operator

And the next question is going to come from Patrick Davitt with Autonomous Research. Your line is open.

Patrick Davitt

Analyst, Autonomous Research US LP

Q

Hey. Good morning, everyone. Obviously been a perfect storm for secondaries here for a while now, but your points earlier feels like the realization window is opening up a bit, though in fits and starts. How are you guys thinking about the sustainability of this so-called golden era in secondaries if the realization window keeps opening up? Thank you.

Harvey Mitchell Schwartz

Chief Executive Officer & Director, The Carlyle Group Inc.

A

Yeah. So, I think let's take a step back. There's a reason why we call it Carlyle AlInvest solutions. That whole business is going through sequential growth not just because of secondaries activity, but because of the broader capability set across the platform. Remember, the shorthand – and I know you know this quite well, the shorthand for that business is secondaries, but actually what they're providing is a suite of solutions. Secondaries co-invest really corporate finance solutions. We highlighted a few of the trends in terms of credit secondaries and obviously co-invest.

So, it really is, I think, a bit of the evolution of what's happening in our industry. As the industry continues to grow and mature and private capital is really at the center of capital, what you're seeing are the need for liquidity tools. So AlInvest – Carlyle AlInvest creates the entire solution set for that.

Now, in terms of the more narrow slice of secondaries, anything you look at in terms of statistics suggests that demand for secondary capital is going to grow for several years. We would see that in our pipelines and our engagement with clients. And this is not – again, sometimes there are sort of misunderstood or stale narratives in the world around the industry. This is not about distressed portfolios or people who can't sell things. A lot of this now is about capital allocation and repositioning of capital. And so we can be in a room with a CEO or CIO, and the whole discussion is about how to reposition a portfolio. So, again, we need to start really thinking about this being at the center of a flywheel of corporate finance solutions, but the narrow question on secondaries, it feels quite good.

Operator

And the next question will come from Michael Cyprys with Morgan Stanley. Your line is open.

Michael J. Cyprys

Analyst, Morgan Stanley & Co. LLC

Q

Hey. Good morning. Thanks for taking the question. Wanted to ask about ABF. I think you mentioned \$10 billion platform today. I was hoping you could elaborate on some of the steps you're taking to expand the platform to accelerate growth, how you see this platform contributing as you look out over the next 12 to 24 months? Thanks.

Justin V. Plouffe

Deputy Chief Investment Officer, The Carlyle Group Inc.

A

Yeah. Thanks. It's Justin. We're very excited about the ABF platform that we've built. It really started as a partnership with Fortitude, and it's expanded from there. We have multiple partnerships with origination platforms that have been feeding into that portfolio. We've had a lot of interest from the non-insurance space, which ABF has historically been really an insurance product where we have some vehicles that we are discussing with a number of counterparties outside the insurance space to expand that business. So, we're at \$10 billion today and it's accelerating. I actually think that is probably one of the greatest growth areas that we see in our credit business. Team's done a fantastic job. I think there's a lot of potential for that as we go into the fourth quarter in 2026.

Operator

I show no further questions in the queue at this time. I would now like to turn the call back over to Daniel for closing remarks.

Daniel Harris

Head-Public Market Investor Relations, The Carlyle Group Inc.

Thank you, everyone, for your time today. If you have any further questions, feel free to follow with Investor Relations. We look forward to talking to you next quarter.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.