INVESCO INC

Moderator: Marty Flanagan
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In addition, words such as believes, expects, anticipates, intends, plans, estimates, projects, forecasts and future conditional verbs such as, will, may, could, should and would as well as any other statement that necessarily depends on future events, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. There can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks described in our most recent Form 10-K and subsequent Forms 10-Q, filed with the SEC. You may obtain these reports from the SEC's website at www.sec.gov. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate.

Coordinator: Welcome to Invesco's First Quarter Results Conference Call. All participants will be in a listen-only mode until the question-and-answer session. At that time to ask a question press star one. Today's conference is being recorded, if you have any objections you may disconnect at this time.

Now, I would like to turn the call over to your speakers for today, Marty Flanagan, President and CEO of Invesco; Loren Starr, Chief Financial Officer; and Greg McGreevey, Senior Managing Director of Investments. Mr. Flanagan, you may begin.

Marty Flanagan: Thank you very much and thank you everybody for joining us. And today we will cover the first quarter results as we typically do. We will spend some time on investment results during the quarter, and an update on Oppenheimer Funds combination, and then we will open up to questions. The presentation is available on the website, if you're so inclined to follow and I'm going to start Page 5 and just make a couple of comments before turn it over to Loren.

So assets under management rose more than $66 billion from the fourth quarter, ending the quarter at $955 billion. We saw net flows increased nearly $22 billion from the fourth quarter resulting in long-term total net inflows of $3.5 billion. And we saw investment performance rebounded very strongly from the fourth quarter, and this is something we would expect in the type of market we've seen post 2018. There is really a combination of these factors resulted in adjusted earnings per share increasing 27%.

So in summary, the quarter is a marked improvement as compared to the fourth quarter of last year quarter. Also during the quarter, we made significant progress on the integration at the Oppenheimer Funds. We anticipate closing now at May 24 and we expect to recognize 85% of the $475 million synergy target by (12/31) of this year, resulting in $0.24 of accretion in 2019. But most importantly, this combination will be extremely beneficial for our clients and our shareholders. So with that is highlight, I am going to turn over to Loren to go in the financials.

Loren Starr: Thanks very much Marty. So on Slide 6, you'll see a summary of the results for the first quarter, 51% and 57% of actively managed assets. We're in the top half of peers over the three and five years, and one year numbers improved by nine percentage points versus the prior quarter to 50%. Greg is going to go into greater detail on the performance later in the presentation.

Out total long-term net outflows were $5.4 billion in Q1. That's an improvement of nearly $15 million when compared to the prior quarter. This improvement was largely driven by stronger ETF flows globally, and a significantly improved redemption picture across both the retail and institutional channels. Our adjusted net operating income was $284 million for the quarter, down from $300 million in the prior quarter. This decline in turn drove our adjusted operating margin down 0.6 points to 0.32% in Q1.

We've returned $170 million of capital to shareholders during the quarter through $120 million of dividends and $50 million of share buybacks. And additionally, we announced a 3.3% increase in our dividend this quarter to $0.31 per share. An overview of our long-term flows can be found on slide 7 with additional detail on the flow highlights from the quarter on slide 8.

The net flow picture improved in the first quarter across both active and passive capabilities and across all channels. The redemption rates normalized while sales levels remained generally strong for the firm as a whole. Our institutional pipeline grew about 6% quarter-over-quarter with new one, but not funded claim mandates and real estate, stable values, fixed income and quantitative equity products.

In the Americas, we saw institutional net flows improvement as we gathered more than $2 billion in Direct Real Estate. While outflows continued in our U.S. retail equity products, we did see marked improvement in redemption rates resulting from stronger investment performance as well as more stable markets.

Global ETFs displayed renewed business momentum in the quarter with more than $4.2 billion in net flows and market share gains in multiple regions. In the U.S., we saw more than $2 billion in ETF flows for the quarter followed by the S&P low volatility suites and the bullish share ETFs. In Europe, our ETFs also experienced improved net flows across both equity and fixed income products, resulting in net inflows of more than $2 billion.

In Asia Pacific, we saw strength in sales across several fixed income capabilities, however, the net flow results in the quarter was impacted by single client redemption of the bank loan mandate. I'd also note that we benefited from continued flows into our Great Wall JV money market products with more than $3 billion in inflows for the quarter.

Let's turn to slide 9 next, and you'll see our assets under management, which increased by $6.6 billion or 7.5%. And that primarily reflects the impact of positive market returns offset by long term outflows.

Our net revenue yield, excluding performance fees, dropped 1.5 basis points to 37.1 basis points. The dip in the fee rate was primarily due to two fewer days in the quarter with remainder of the decline driven by a change in AUM mix. Slide 10 provides the U.S. GAAP operating results for the quarter. My comments today, as historically we've done, will focus on the variances related to non-GAAP adjusted measures, which we found on slide 11.

For the non-GAAP results, you'll see that net revenues decreased by $32.1 million or 3.5% quarter-over-quarter to $887.1 million. This decrease primarily reflects the reduced day count and the lower average long term AUM for the quarter. Our adjusted operating expenses were $602.8 million, decreased by $16.4 million or 2.6% relative to the fourth quarter, and we're largely in line with the guidance that I provided last quarter.

Despite the positive snap back in the market in Q1, we maintained the expense discipline outline last quarter and we will continue to focus on expense management in the current operating environment. The expense decrease quarter-over-quarter was driven by lower marketing and G&A expenses both of which were particularly at high levels in the fourth quarter. That was offset by the seasonality of taxes and benefits that increased compensation expense in Q1.

Our adjusted non-operating income increased by $73 million versus Q4, largely reflecting the positive mark-to-market on our seed investments during the quarter compared to negative market movements in the fourth quarter. Firm's effective tax rate at 23.8% was elevated by approximately 3.5 percentage points refract the impact to the annual share awards vesting in the first quarter. We'd expect our tax rate to decline to between 22% to 23% after the Oppenheimer close. This brings us for adjusted EPS of $0.56 and our adjusted net operating margin of 32% for the quarter.

And with that, I'm going to turn it now over to Greg, who will talk about investment performance.

Greg McGreevey: Loren, thanks very much. There were three things I wanted to cover on my top level review of investment performance in the next four slides. So first I'll provide an update regarding Invesco's performance improvement that builds on our expression from last quarter's earnings call. Second, I wanted to highlight performance improvement at OppenheimerFunds. And third, I'll review performance on several key investment strategies for both Invesco and Oppenheimer.

If you turn to Slide 13, you'll see both Invesco and OppenheimerFunds, one, three and five year performance on the pure relative basis based on total assets under management for each firm. As you can see from the top of the chart, Invesco's long-term performance remained strong with 57% of our actively managed assets in the top half of their respective peer groups on a five year basis, 38% of which is in the top quartile. At the bottom of this chart, 60% of OppenheimerFunds total assets were in the top half of peer groups on a five year basis, about a quarter of which was in the top quartile. These result on both an individual and combined basis, highlight our long-term focus and the high-quality nature of our investment teams.

Now let's look at performance improvement for both firms on a quarter-over-quarter basis. As we're become evident on Slide 14, both firms reported significant quarter-over-quarter improvements in performance in total U.S. mutual fund assets. These chart show three month performance on a peer relative basis at the end of the first quarter of this year compared to three month performance at the end of the fourth quarter of 2018. 76% of Invesco's mutual fund assets were in the top half of peers at the end of the first quarter compared to 40% of the end of the year, an increase of 36 percentage points.

In a similar vein, 72% of OppenheimerFunds mutual fund assets were in the top half of peers at the end of first quarter compared to 8% at the end of 2018, an increase of 64 percentage points over this period. Off note, Invesco maintained a solid proportion of its funds in the top quartile, while Oppenheimer improved its assets in the top curtail from 5% to 35% between these two time periods.

While this performance is short-term in nature, the chart shows the significant improvement on a peer relative basis over this period for both firms, and is indicative of an ongoing trend of improvement performance as well as the strong desire of both firms to drive the strong investment results. These teams are focused and not distracted in any way.

Now let's examine performance over a longer period as well as performance improvement from notable funds for both firms. If you could please turn to Slide 15, I wanted to provide a couple of touch points that highlight performance improvement from November 2018 to the end of March 2019 for Invesco. The upper left hand portion of this slide shows Invesco's performance improvement in the top half of peer groups increased from 11% to 44% on a one year rolling basis. We used November as a time period for consistency. So that was used in last quarter's earnings call and we thought that would be helpful for ease of comparison.

We have also seen significant improvement in the performance of several of our largest mutual funds. Over this time period, we've improved the number of our 16 largest funds in the top half of peers from one at the end of

November to seven at the end of March 2019, as shown at the bottom left hand portion of the slide.

To fuller illustrate at this point, we've shown material improvements in the one year peer relative rankings for several notable strategies as highlighted on the right hand portion of this slide. Many of these strategies experienced significant flow challenges in the past year. And let me highlight a couple of these improvements. Diversified dividend moved from 84th percentile to 43rd percentile, high-yield units from 64th to 33rd, international growth from 66th to 32nd percentile, and balanced-risk allocation from 70th to 45th percentile. We continue to size the mutual fund assets in each strategy on the right hand side, which combined, represent 26% of Invesco's total U.S. mutual fund asset base.

I'd now like to share the results for OppenheimerFunds, mutual fund assets using the same methodology and time period as we move to Slide 16. The peer relative performance for Oppenheimer's mutual fund assets remained strong and stable in total as well as for several of their key strategies on a one-year rolling basis.

The upper left hand portion of this slide shows performance in the top half of peer groups on one year trailing basis remain solid at 53% at the end of March 2019, up slightly from 51% at the end of November of last year. As expected from these numbers, the total number of their 16th largest mutual funds in the top half of peer groups remained about the same over this period.

The following observation can be made when drilling into some of OppenheimerFunds notable strategies on the right hand portion of Slide 16. On a one year rolling basis at the end of November 2018 and March 2019, developing markets continued to deliver superior results for clients by maintaining performance at the 13th percentile for each time period.

Main Street large cap core improved from 79th percentile to 32nd percentile, International small and mid-cap maintained outstanding performance at the 4th percentile for each time period, and Rochester High Yield Muni also maintained outstanding results for clients by delivering 2nd percentile performance for each period as well. You can also see the size of mutual fund assets here for each strategy, which combined represent more than a third of Oppenheimer's U.S. mutual fund asset base.

Let me wrap up this section with a couple of high level summary points. So performance in aggregate is strong and improving at both firms. Performance in the largest mutual funds is improving and or remaining solid at both organizations. We're extremely exciting about this performance improvement and working hard to ensure this performance will continue. Leading more excited in our believes that the combination of investment capabilities of OppenheimerFunds with Invesco will create a truly unique all weather portfolio across passive, active and alternative capabilities to better serve the various needs of our clients.

These firms will have this broad set of complimentary capabilities in the industry, which we believe will drive stable long-term investment results as well as provide greater sources of outflows to better align with clients across the globe and in different channels. This is exciting for us and for our clients where we continue to focus on delivering strong performance that will help them meet their long-term investment objectives.

I'd now like to turn it over to Loren, who will walk through the financial returns and post combination revenues, expenses and details on synergies.

Loren Starr: Thanks very much Greg. As Marty mentioned, during the quarter, we made significant progress towards the integration of the OppenheimerFunds. We've highlighted a few of the key activities completed to date on Slide 18. I'm not going to spend too time here, but I just wanted to say that we've completed a process of defining the leadership teams and the organization for the go-forward business, and we're making significant progress obtaining fund shareholder approval for each of the funds that we're bringing over.

Finally, I should mention that a key area of focus between now and May 24th is to ensure that the combined sales teams are ready at close to execute a single transition and provide enhanced experience for clients on both sides.

Next, let me provide a quick update on our deal economics based on the information effective by the end of March, which now reflects a May 24th close date, full clarity on the timing of synergies and current levels of AUM. And for those of you who are following along, I'm now on Slide 19.

So we now expect to recognize, as Marty mentioned, up to 85% of the cost synergies by the end of 2019, and that is earlier than originally anticipated. The ETFs accretion numbers for both 2019 and 2020. And now estimated to be $0.24 in 2019 and $0.58 in 2020, similar to the way we showed this in Q4. These accretion numbers are calculated looking at the combined firms relative to Invesco on a standalone basis, assuming no Oppenheimer combination were to take place.

The updated IRR for the deal is now expected to be 17%. And finally, by the end of 2020, when we realize the full impact of the $475 million of synergies, Oppenheimer will add more than $900 million in EBITDA. The combined firm will have an operating margin in excess of 41% and the annual EBITDA of the combined firm will be more than $2.6 billion.

Other than the update to reflect current AUM, the May 24th closing date and the timing of synergies, our expectations have not changed around the total amounts of the synergies, the integration costs or slower revenue assumptions for the Oppenheimer post close.

So let me next turn to review what the financials of the combined firm will look like. So on Slide 20 through 22, we provide a pro forma look at the financial position of the combined organization. On Slide 20, we show the combined organizations run rate, net revenues and net revenue yield after the combination. Again, this is based on March 31 information.

The combined firm will have a net revenue yield, excluding performance fees of 41.5 basis points after the close, and estimated annual adjusted run rate net revenues of nearly $4.9 billion, on a pro forma basis. This assumes assets are flat to the end of March levels.

Next turning to Slide 21, you'll see the pro forma view of the combined expense base before and after the full cost synergies are captured. After the impacts of the full $475 million in cost synergies, the combined organization would have approximately $2.9 billion in annual adjusted run rate operating expenses. Once again, I'd like to point out that this run rate assumes that AUM is flat to 3-31-19 levels.

The $475 million in cost synergies represents approximately 14% of the expense base of the combined firm. As we discussed last quarter, this expense reduction is directly related to the inherent benefits of scale of this deal as we will leverage a single operating platform for the combined businesses, manifested in the areas of the middle and back office, enterprise support, technology and distribution, in particular.

Slide 22 provides further detail on the synergies, including a breakdown by line item and quarter of realization into the run rate. As you will note from the chart, we expect to recognize roughly 50% to 55% of the cost synergies by the end of the third quarter. Additionally, by the end of 2019, we will anticipate capturing approximately 85% of the synergies or more than $400 million in the run rate savings. You will remember that we had previously guided to capturing approximately 75% to 85% of the synergies by the end of the first quarter of 2020. The progress we've made to get the go forward team in place and the integration work that we have completed to date has positioned us to deliver on the higher end of our original target range in one quarter earlier.

Remaining synergy capture, which largely represents property and office-related costs, and the remaining compensation synergies, will come in over the following year so that our 100% of the synergies should be captured by the first quarter of 2020. In subsequent quarters, we will continue to provide you with updates on our progress against these targets.

And now with that, I will turn it back to Marty.

Marty Flanagan: Thank you, Loren. Are as we've discussed on previous calls, what truly makes Invesco unique is the combination of the leadership we have in core markets and our ability to continuing invest in high growth areas. Our strategy remains unchanged. The combination with Oppenheimer meaningfully accelerates our strategy expanding leadership in core markets in U.S. wealth management, in particular, while strengthening our ability to execute in high growth areas, we focused on in the past, including China, ETFs, multi-sector solutions. This approach is helping us deliver on lean set up of capabilities, which will help drive sustainable and broad base growth aligned with where our clients were the industry is heading, while further benefiting shareholders.

The addition of OppenheimerFunds will create a $1.2 trillion global investment manager that provides significant benefits to both clients and shareholders. The combined firm will be the 13th largest globally and the 6th largest investment manager in the U.S. wealth management channel, and importantly providing greater scale and client relevance.

To further expand our comprehensive range of capabilities in a number of highly differentiated investment capabilities. And we'll provide compelling financial returns to shareholders, as Loren pointed out, in opportunities for growth from day one post-closing. We're very confident on our plans to bring the two organizations together. We could be more excited about the tremendous potential of the two firms and for the benefit of both clients and shareholders.

And with that, let us stop and open it for questions.

Loren Starr: Operator, will you open up the line for questions?

Coordinator: Our first question comes from Dan Fannon with the company Jeffries. Your line is open.

Dan Fannon: Thanks good morning. I guess, I think you guys have gotten some comments about this as we have around just kind of the leverage post the transaction. And so wanted to talk about how you're thinking about capital post close? How we should think about maybe net debt considering, obviously, the long-term bonds you could pay, but they aren't necessarily as really callable or as financially attracted to do that. So just wanted to think about how you're -- get some comments on how you're thinking about kind of leverage and excess liquidity over the next kind of 12 to 24 months?

Loren Starr: I'll pick that one up. So, good question. So given the continued improvements in markets and our AUM levels, so we actually feel comfortable maintaining our plan right now, our current capital plan, which as you know, sort of suggest that we're going to buyback $1.2 billion of our stock by the end of Q1 2021. However, I will say, Dan, we will continue to evaluate both the timing and the pace of the buyback in light of, obviously, any subsequent market actions as well as any significant shareholder inputs. Again, we feel that the firm is continued to strengthen -- both firms are continuing to strengthen in this current market. And firmly the combined firms are going to be stronger and more effective together than we are currently right now.

Dan Fannon: Got it. And then just in terms of kind of the flow picture, I recognize some of the performance improvements you guys are talking about. But, obviously, flows for first quarter is typically better for the industry, and we saw that improvement with you guys. But if we think about kind of the combined benefit and the distribution efforts, how quickly do you think you're able to start to manifest an improvement and actually the net organic growth rate as you kind of go through this integration?

Marty Flanagan: Yes, Dan, this is Martin. So let me start with, and Loren has mentioned this. So what now is in place on the distribution side is all the leadership is in place and everybody in the go forward organization is in place and notified and already been trained, and very focused on the day after close really making an impact in the field with clients. We've done this in the past, I think, it will be better than we have done historically, and the talent is representative of -- the best talent from both of the firms. But we will literally have better talents and more resources against the distribution than we ever had before. So that's where I would start. I think, you are right, historically.

The first quarter is one of the strongest flow quarters. And we saw some quite a bit of change ourselves. But let's remember, coming out of 2018, in the fourth quarter, in particular, people were not very confident about where the markets are going. And so was really slow in a relative sense to the uptake. So we're continuing to see increased demand, frankly globally. And Loren pointed out, in particular, we're seeing that's the improved set of flows from our ETF business, and we would anticipate that.

Again, I think, Greg also pointed out we're seeing a marked improvement in our equity investment performance, which we would anticipate because we intended to have a value bias, and that really hurt us last year. But again, we're seeing some really strong performance. So, all the leading indicators would suggest that we're heading in a very good direction and quite quickly from our perspective.

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

Ken Worthington: Hi good morning. I just got to know, MassMutual better. How are the conversations going in terms of cross-marketing? So it seems like you're going to be hitting the ground running in terms of the cost synergies from the deal. I was wondering to what extent this team can be set in terms of revenue synergies and cross marketing?

Marty Flanagan: Ken, great question. So, we were very specific to focus on what are the financial outcomes that we're delivering right now. The vast majority of people following the company, that's really all that wanted to hear, and it was show with what's happening. Now the reality is great conversation with MassMutual. We are making very good progress.

We will update people at the next call on sort of the go forward revenue opportunities across the organization, just not limited to MassMutual. And again, so that our definite scale benefits here have to retaliate from our perspective is, we're very stronger firm with greater capabilities and greater upside in revenue opportunities and meeting client demand. So we're not ignoring it, we're just responding to what has been the very specific focus of you and other analysts following the company right now.

Ken Worthington: And then can you talk about the sales environment in the UK? So given Brexit has been push back, but it's still an issue and given current performance, may be what is your outlook for the rest of the year or the go forward here in the UK? And I think you guys called out the big GTR redemption in the quarter given the performance track record there, may be more specifically, what is the outlook for this strategy and the assets? Thanks.

Marty Flanagan: Yes. So, Ken, very good point. And what we look at the fundamentals strength of the organization is the UK and EMEA, in particular, frankly last year turned to a headwind as Brexit became very, very real. And if you just look at -- if you want to look at retail flows across the continent and the UK, the industry level after they just dropped like a rock. And those people went absolutely risk off, and that hurt us quite a bit. It continues to be a risk off-environment.

Brexit is actually a headwind. And I'm sure everybody in the EU that would like to get some clarity here, I think, as soon as there's clarity, you're going to see quite a bit of change. I don't think anybody else will answer the question when that's going to happen. So don't have a specific timeframe, obviously, but we will anticipate marked improvement inflows post any decision, quite frankly. And with regard to GTR, the performance has been improving, which is a very good thing. As you know, it's been a very successful capability for us. But as the relative performance veined last year, it absolutely did slowdown. So again, we would look forward to really improved performance, I think, is really going to be the key for us as we go forward there.

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

Patrick Davitt: Just a quick follow up to Dan's first question. All of that commentary, would you say that suggest an increased willingness to delever post deals kind of the same willingness or lower willingness to delever versus repurchase?

Loren Starr: I mean, I think, we're open to it. We actually feel very comfortable with the financial leverage that is effectively part of the preferred in light of the strong operating EBITDA that we're going to be generating through the synergies and with the combined business, with close to a $1 billion of EBITDA coming on board post synergies relative to the coupon. It does not really presents in our mind a significant financial risk, but it is one that we continue to listen to shareholders.

And we certainly believe there is a little bit of work to be done just. So we make it clear kind of our perspective on the financial risk associated with the preferred -- actual preferred, which is again non-cumulative. It doesn't have a call until the 21 years. There's no it's just professional so there's no principal repayment. And so there are aspects to this preferred that is a little bit unique and different than I'd say more traditional preferred.

Patrick Davitt: And then on the flow picture, what about the GTR redemption mix you feel like it's one-time? And then on the Japan side, how much more exposure do you have to bank loan clients in Japan? And then maybe more broadly, could you speak to more detail how the April flow picture is tracking?

Loren Starr: In terms of GTR, we're getting wins on GTR. There are a couple of potential ad risk accounts as well. So in terms of size there isn't seen to be anything quite of same magnitude that we saw in the first quarter, but ultimately it's a big pool of assets and there could be further determination. But we're defending it well given what Martin mentioned in terms of the performance having improved.

So again, it's -- we're going to continue to watch that closely, but nothing that we know about that is depending. In terms of Japan and bank loans, I mean there's still probably some potential bank loan outflow that we see nothing significance. I mean it could be an aggregate, maybe I don't want to say it's -about a $0.5 billion issue in that time -- in that amount. But ultimately, we're continuing to do solid client engagement with those clients.

And ultimately, I think, we're seeing a strong sales pipeline that could offset some of the outflow associated with that particular category. And again, the bank loan category just in general has been an outflow. So it is nothing unique to our capability. It's really just been sort of the lack of interest in that.

Marty Flanagan: Yes. I think it's interesting enough in Japan outside of one client. There's been some increased demand. And we're seeing out some quite strong interest in the pipeline even in Japan for bank loan. If you know the performance of that strategy, is incredibly strong. And so there is most of that stuff is separately managed accounts, but there's also big buyers of what we do on the CLO front that also coincide the interest in bank loans overall. So we'll have to see. We kind of think the worst on the bank loan side from a flow standpoint is probably behind this.

Coordinator: Thank you. Our next question comes from Michael Carrier with the Bank of America Merrill Lynch. Your line is open.

Michael Carrier: Thanks. Good morning. Just on the net flows, you saw the improvement in the quarter, some seasonality in environment, but even if you look over the past, three or four quarters, it's a good kind of level of improvement. It still seems like the redemption levels are a bit elevated, close to breakeven. So when you look at what's driving that whether it's on the RECO side or the institutional, you called out the GTR and then the bank loan, but is there anything else that's kind of weighing on the redemption that you think can start to improve as we get later into 2019?

Marty Flanagan: Let me just make a comment for some perspective from our point of view and then Loren can get specific. So you can earlier -- we were making a point. So last year, if you looked at fundamental strengths of the organization, we would say it's the UK, it's the continent, it's Asia-Pacific, and quite frankly a number of the capabilities that Greg highlighted here in the U.S. All of that led to the nine years of net flow before last year. Brexit became a tremendous headwind for us as an organization last year.

At the same time, the trade war actually became quite a headwind for us also in our Asia-Pac business in this risk-off environment. And then finally, we are just sort of value bias here in some of our equity capabilities in the space where the bank concentration really hurt us. So all three of those lining up at one time was something that we wouldn't ever have imagined that could have happened. What we're seeing coming out of it is really the improved performance because of the market.

The pipeline continues to grow. But there is an absolute focus on the redemption side for us as people are assessing where they are and their sort of risk-off or into the market. But everything that we're seeing and the interactions are as strong as they've been over a year. So we're very happy to leave 2018 behind, and it looks like heading in the right way. Loren?

Loren Starr: Yes. I mean, I wouldn't add much more to that. I think in the institutional side, obviously, there have been one-off redemptions. There have been very large. Certainly, we saw that in the fourth quarter. The idea that we're going to be avoiding any large one-offs in future is probably unrealistic. But we do see the pipeline strengthening significantly as I mentioned. They were up, I think, about 6% quarter-over-quarter with probably about 15% year-over-year improvement on AUM as well.

Again, revenue mix in terms of what is coming in relative to what's going out is superior, so all those dynamics are very positive from a flow perspective. You can certainly get sort of fixated on the absolute numbers of the flow amounts. But when you actually look at the revenues, that is what I am most focused on, and I actually really think that we're seeing continued interest in products that we really have great capabilities in that are higher fee. And certainly with Oppenheimer coming on board that is another feature. And I would mention that there’s always been a continued thought about the fee rate on Oppenheimer is going to be at risk.

And when you look at Oppenheimer's fee rate, all the way back to 2011, I mean, it's only increased, and it's been absolutely steady for the last six years. And it really is not been a topic of the fee rates been challenged. So I do think our opportunity to slow at a reasonable rate with good economics is something that we're very focused on post-transaction.

Marty Flanagan: One thing I'd add maybe just -- fully because outflow for a second. This is a real positive story. I think is our gross flow picture is remaining very, very strong. So especially strong, and I think an increase in a couple of key markets. But the redemption picture to the question is really kind of spot on. We're also seeing how that redemption began to decline. So if we can focus what Marty mentioned is really impart, and we're kind of all over the ability to get the focus that we need, especially in post the combination of firms in the U.S. wealth management business.

We can do that and continue to drive an investment performance. We don't have some of these one-off events. That's kind of a flow trajectory, but I think we could see from a net basis going forward.

Michael Carrier: All that color is helpful. And then just a quick one, just on the Great Wall JV, given the strength that you're seeing in the money market, just update is there on like you came you broaden that relationship? Or what would get more of the long term product flows in over time?

Marty Flanagan: Look we are incredibly uniquely placed in China. And as you know, we were the only foreign manager that is kind of the financial network and it is broadening into other capabilities. And it's started with -- they had a very specific need around money front. Quite frankly, that is going to slow down here for a quarter or two as we're going to be introducing another -- money funded to that and the broadening of channel.

And again, we'll get into further detail in the quarters ahead. But the ray has just came out in China. And we are right the number two well successful firm in China as of foreign money managers. So we are incredibly well placed, and that platform is just one of many. And we're seeing almost half of our flows -- retail flows through the joint venture coming through where they refer to e-commerce channel. So that is the future for us there. Again we continue to be very well placed. And this is going to continue to give us proportionate area for us an organization.

Coordinator: Thank you. And as a reminder if you would like to ask a question, please press star one. Our next question comes from Brian Bedell with Deutsche Bank. Your line is open.

Brian Bedell: Great thanks very much, good morning folks. Maybe just to start off with the cost save side of things, thanks for all the granular detail, but as I asked this before a couple of quarters ago, just wanted to sort of get refreshed view. But Marty and or Loren, obviously, this all of the cost saves here are back office in nature. So what are your thoughts about potential product rationalization where I think last time you said as you get into the deal, you may revisit that, maybe some updated thoughts there? And then what portion of the combined sales force was cut?

Marty Flanagan: Yes. Let's see with regard to products rationalization, that's something we do on an ongoing basis. And we have to be very clear. We have not been able to focus on a lot of client rationalization while the proxies on the market. So we have no insight to pass on to you. What I will say back to the comments we made from the beginning, vast majority of the capabilities are supplementary. We don't see an awful lot of rationalization there. And where it will be -- it will be on the margins.

So we'll not be disruptive to clients, which is really very important. We wouldn't have done the transaction if you thought it was. But again, that will turn our attention to that after closing. And needless to say, we will grow as rapidly as we can with that.

Loren Starr: We provided, obviously, what percentage of the synergies is coming from sales and distribution in the last call. That level of detail in terms of kind of what we're doing is really the most we want to provide at this point, Brian. So hopefully you can pick that on. But we feel that a combined sales organization is going to be stronger, clearly than what each of us individually had. And we are going to be able to invest in areas that each of us individually have not been fully able to invest in with, I think, great results, brand innovation, thought leadership, practices around education, the client engagement that are going to be superior to one of our individual capabilities.

Brian Bedell: Okay. Okay. And that's a good take to the revenue synergy side. So I don't know if this has asked before. May be just more specifics on the plan for branding, are you getting with the Oppenheimer name or you keeping it for a while? And then on product creation given that there is opportunity, if you create new products for existing mutual funds on the Oppenheimer side, especially, what are your initial thoughts there? And also whether you would license the upper city in active ETF may be just your thoughts on the approval of that active nontransparent ETF?

Marty Flanagan: Yes, lot of (unintelligible) Brian. So let me -- with regard to product capabilities, if we're just focused on Oppenheimer, again, what we said very complementary the vast majority of capabilities are in the U.S. wealth management channel. There are opportunities institutionally for number of the capabilities. There is opportunity for retail outside of the United States for number of the capabilities.

There will be likely product extensions into Asia, really off the Emerging Markets team like this, as Greg pointed out the performance. It's really quite spectacular. Global equity is something is very interesting institutional clients outside the United States. So again, it's -- we're on that same path that we talked about in October. We just have a greater degree of confidence in that.

With regard to the proceeding in ETFs, I think that the SEC approval that I think that's a very good development. I think the other reality is -- there is going to be, I think, a long tail before that becomes successful in the marketplace. And when you look at the totality of the ecosystem, and I think the firms that are most likely well placed and the firms like us that have a strong active capability along with the ETF franchise because it’s that performing other need is really -- it's a true skill set that needs to be within the organization. So again, I think, that's good news. I don't you're going to see a rapid change though in that area from that perspective.

Brian Bedell: Okay. And then just on branding?

Marty Flanagan: Yes. So at close, the combined firm is Invesco. The funds will -- the OppenheimerFunds will the Invesco Oppenheimer something for a period of time. And the clients will tell us what they want that ultimately to be, but that would be sometime in the future.

Coordinator: Thank you. Our next question comes from Jeremy Campbell with Barclays. Your line is open.

Jeremy Campbell: And thanks for the helpful realization timeline you guys put out on Slide 22. Just a point of clarification on that one, are these -- the synergies you're expecting to be embedded in the quarter or the exit run rate? So I mean like 3Q, are you doing costs between now and like July 1, still 3Q will reflect like 250 of annualized synergies, so basically $50 million in the quarter itself or exiting 930 at that run rate?

Loren Starr: Yes. It would be the exit run rate that's the way to think about that.

Jeremy Campbell: And Loren, maybe I misunderstood you, but I think when you're talking about the synergy timeline earlier here you kind of noted that it assumed AUM as flat to 3.31. If AUMs move kind of up or down from here, should we expect the cost saves changed at all or are you just referring to the accretion math overall and the impact on the top line?

Loren Starr: It's really related to the accretion amounts and the top line. I mean, we've been consistent with the 4.75 through kind of different AUM levels as well. So we're not going to change the 4.75 markets go down or go up. It's really the number that we're going to be focusing continue to report on.

Coordinator: Thank you. Our next question comes from Glenn Schorr with Evercore. Your line is open.

Glenn Schorr: Quickly on the net revenue yield and passive sale like 7% year-on-year and more than that quarter-on-quarter. Is most of that just mix in end markets? Were there any material price changes in the quarter?

Marty Flanagan: So it's going to be mix. There's substantial amount of non-fee earning AUM in the passive category like the leverage associated with our mortgage REITs when we do an equity offering that shows up. So that will definitely push those fee rates down relative to what you might see on a quarter-on-quarter basis.

Glenn Schorr: And then one other one on, there's a lot of changes on those, obviously, on the retail distribution side and just in terms of how they're approaching their business and move towards more portfolio construction. But I think that has a long tail. So the question I have for you is what are you doing to capitalize and change with them meaning to your answer to last question? You've a lot of the tools between your ETF franchise and your broad diverse product set. But they're changing portfolio construction. And they have different means. So I'm just curious if you're seeing big changes and are you changing in a big way on how do you approach that channel?

Marty Flanagan: Yes. So I'm going to make a couple of comments and let Greg. And so, absolutely, we've not been clear. So under the banner of solutions that's exactly what we're doing. It is really creating models for platforms with platforms, working with just want to say wealth management platform where your question was.

Also with the big teams, working directly with the big teams, helping with analytics, helping with them within the various systems, within their approved list and what they're trying to accomplish has been a massive undertaken for us. And that is the way the future. I think, if you don't have the resources to compete there, I think you're superiorly disadvantaged. And we have a very talented team. And maybe Greg, you want to talk about.

Greg McGreevey: Yes. I don't think we need to add a ton to that. I mean effective solutions team. We've really put a significant investment in over the last four years. We've got a couple of components to it. The client engagement piece really to go out and do a superior job of kind of understanding the need that both platforms as well as prevent to the institutional side of what their needs might be.

And then we have an analytical team to really come back and try to create outcomes for them whether that would be in the case of retail where we have model portfolios and other things that we can create. And we're doing that -- we've done that pretty extensively even over the course of the last couple of years where we partnered with a number of platforms that we think could be helpful whether they're using or directly our model portfolios are in some cases are going to use that to modify what they're doing. But I think, the question is spot on and what we think the retail market ultimately is going to go. And we think with the solutions capability and what we are doing from an engagement standpoint, we are going to be extremely well positioned there.

Glenn Schorr: Just kind of a follow up. Is that Invesco branded or do you private label that within just when you deliver that model and then eventually deliver the solution to the end client?

Marty Flanagan: Yes. It's all different, right? I mean, it really depends on what client -- so it's a full spectrum which is just fine for us. Let's say on that for a second. So I -- this is one element that we've been talking about, so where the industry is going? That's where scale and relevance really matters. I mean to have the wherewithal and the financial resources and develop those capabilities, it's real and it's meaningful.

And by the way, we don't have them right now. It's too late, right? I mean it's going to be very hard because there are -- small number of firms that already have those capabilities, and there with these platforms as you would know. The other feedback they will get from big platforms is, if you don't have data analytics capabilities with regard to -- on the distribution site, you are going to be severely disadvantaged. And again, that's money and that's resources and that's where firms like ourselves are going to be a material advantage to those firms with less resources going forward. So I think we are on a very important topic. And we feel very well placed against where that setting.

Coordinator: Thank you. Our next question comes from Bill Katz with Citigroup. Your line is open.

Bill Katz: Okay. Thank you very much for taking the question and also appreciate the very specific line on details. It's especially helpful. Loren, may be a question for you just on the -- I think, I understand the dynamics driving the higher year one accretion for 2019. What I am trying to understand where the excess success or so is coming in the second year, just given some of the statements around some of your underlying assumptions?

Loren Starr: Yes. So when we disclosed in end of Q4 results, we had, I think, it was $0.53, I don't know exactly. But that was based on Oppenheimer assets at $214 billion. So Oppenheimer assets at $230 billion at the end of March is what provides that operating leverage and earnings opportunity for us across both years.

Bill Katz: And then I don't know for yourself or Greg, or Marty. Just going back to the gross sales dynamic a little bit, it sort of sound like there are some ins and outs as you think about geography, by asset class, by distribution channel some bigs and small. How should we think about -- what's the characteristic of the gross sales moving up from here? Is it sort of pro forma or the full of impact of Oppenheimer and so leveraging that to the U.S. retail distribution channel? Or is it something else that you can do beyond that just like the legacy book of business to get the instant franchise accelerating?

Marty Flanagan: Yes. A couple of comments. First come back to -- for the industry and probably investor again that the environment that we came out of 2018. It was really creating this very form, call it unique set of ins and outs with all the sentiment so that the various reasons I talked about in the different parts of the world. Going forward, I mean, it's really no different for us. It's within the institutional business, but we're seeing not much different than what you're seeing in wealth management platform's clients are working fewer organizations. And what we're seeing is a dynamic of more mandates for institution than we had in the past.

That's going to be one of the elements that are driving up to growth flows. China is another area that we're looking. You can see it. So it's really just more blocking and tapping as we'd expect for us, but Greg really pointed out if you look over the number of years. Our gross flows continue to increase at a pretty strong rate. And I think -- that's a very important part of health as an organization by far.

We have turned our attention to very much on how do you -- how can we minimize the redemptions. And as we said in the past, that's one area for all the work that we try to do to understand it. We're not great at understanding one institution hopefully make some of those decisions, some are clear, some just literally happen overnight. But …

Loren Starr: The only thing I'd add to that is I think some of the blocking attack when it is marrying demand with capabilities and having a clear go-to market strategy. I'd like to focus that we have the stronger teams that we've got in from a distribution standpoint in most markets is going to be quite helpful to that. I think when Oppenheimer comes onboard, we've done a lot of work to kind of look at the capabilities that they have into existing markets that they compete, and also where can we take those capabilities into new markets. And we think that's going to be quite additive.

And when we talked about solutions a minute ago, there's a lot of parts of the industry that are going to outcomes away from products. So we'll probably hit the product side and the ways that we just kind of talked about. But we're ramping up dramatically what we're doing on the retail and on institutional side of having outcome-oriented conversations with clients using our solutions capability and partnership with distribution to really have different conversations. So we think that's going to take some time to generate flows. But clearly that is the direction of travel. And I think, as we talked about before, we really well positioned, I think in that space. So the combination of those, it's kind of building a mosaic, a combination of those things is really what's going to continue to drive our gross flow picture.

Greg McGreevey: And I'm just hoping like we mentioned most of the other things that are what we call our growth engines, but obviously the digital distribution opportunity is one that we've talked about for a while. And it's not one that's going to sort of go from zero to 100 overnight. But it is one where it is something where we're seeing demand for these types of capabilities. And it is one where I think it does uniquely position us within opportunities for us to grow sales in a way that we go into new channels that we're currently not in.

Bill Katz: Okay. Just at this point of clarification, I think one of the questions was about April flows, and I apologize if you shared that number. But if you can just repeat what that was or?

Loren Starr: We didn't actually share the numbers. So I think we've said that going forward. We're really not going to be sort of ramping discussions about flows into the next quarter or so. We're going to keep our commentary to March ending quarter. And so my role would be having our April AUM released. And we'll see those numbers.

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

Brennan Hawken: A lot of mine have been actually answered, but just one on your -- on Slide 20. You guys laid out the Oppenheimer state with an update, which is great. But I looked at it and compared to the original numbers that you gave when you announced the deal. And then you had flagged a gross management fee of 61 bps. And now we've got -- it looks like you've got labeled as a neck of 61 basis points. I know Loren has spoke to the stability in Oppenheimer's fee rate for the past five or so years. But did Oppenheimer actually see their fee rates increased from 930 to 331 or is that just a definitional adjustment. Could you may be clarify that?

Loren Starr: It is more of just an accounting kind of impact. So what we originally disclosed was net revenue yield, which was 56 basis points after breakage for Oppenheimer. That was on the October call. And right now, we're showing kind of 58.5 or 59, just looking at that number. And the difference between those two numbers have to do with the fact that Oppenheimer netted certain expenses against their revenues based on the way they accounted for their P&L.

And so, we took their numbers and we've reposition them where we have actually gross up our revenues and those expenses I would otherwise been noted or shown as gross expense for us. So that's the difference kind of a technical aspect. But, what happen, it has not impact on the bottom line, operating income what so ever.

Brennan Hawken: Got it. So Slide 20 of your current deck is apples-to-apples with the way Invesco report.

Loren Starr: That is correct. Yes.

Coordinator: Thank you. Our next question comes from Kenneth Lee with RBC Capital. Your line is open.

Kenneth Lee: Just one on the model fund flows post-close for the OppenheimerFunds. Any update on the previously assumed 1% to 2% organic growth target longer-term? And when you look across the combined complex between both companies, what would be the key drivers for the longer-term organic growth target? Thanks.

Loren Starr: So in terms of the assumptions, no, we did not change any of the flow assumptions. We still have the same that we historically have discussed, which again suggests $10 billion outflow is going to take place. And I think that's still a very conservative number, but it is in the model. In terms of the Oppenheimer sort of disruption in terms of the client flow outlook and that would happen at close or really last half of the year close. And then for 2020, we said, sort of they would go to 1% to 2% organic growth rate.

Again, our view is that once we are able to bring them in combined the two firms together, and with performance sort of moving into a more stabilized position that we're going to be able to grow both of our businesses more effectively. And then we were individually to do so. So that is our current thought. There is no reason for us to think otherwise at this point. We are obviously something -- is a key -- key aspect of the still but we are very focused on, as I mentioned, sort of at close really gearing up our sales force and having much more successful outcome.

Kenneth Lee: Got you. Thanks. And one -- just one follow-up, and this is potentially a follow-up to some earlier questions regarding solutions business, granted a lot of the focus on the expense management side of things as well as the integration in the cost reduction efforts. But when you look at the need to reinvest in the business, and once again this is, I think similar to previously, not separate, to build up the institutional side of business with solutions business, what the potential impact to the needed expenses to reinvest on that side? Thanks.

Marty Flanagan: That’s a good question, I want to clarify that. The $475 million that we’re talking about where there is going to be deliver period. But what -- the real point is it's not a cost saving story. It’s a story of being able to more competitive for our clients, doing a great job for our clients. So when we talk about the U.S. wealth management business and commentary. We had earlier it is repositioning of distribution capabilities, it’s more challenged, greater resources than either of the firms have before.

Against it’s a literally -- this net number is after we’re making investments that we need to continue to accelerate our growth whether it’d be true needs for the investment teams, whether it would be digital analytics, whether it be for product developments, building up the institutional business. So that $475 million is going to be delivered. And all at the same time, we are a stronger organization. We’ve made the investments that we need to make going forward.

Coordinator: Thank you. Our next question comes from Robert Lee with IBW. Your line is open.

Robert Lee: I guess a couple of questions. Marty, you've point out one of the drivers behind the transaction as to be more relevant for many of your distributors. And that's -- can you measure not just by the kind of the size of the AUM base and breadth of -- under-strategies, but a lot of firms also focused on, say different product structures and obviously of the ETFs you have the funds. But one of the things that maybe I think I would find helpful is you think you have a full product array in the sense of the SME business or CIT? Just trying to get a sense if there's other area that you would see a need for investment or maybe or not aware of fully appreciating possible momentum you may have to other product structures?

Marty Flanagan: Yes. Look there's -- reality the variation, especially post closure, very few product capabilities that we don't have, right? And so that's one place to start. By the way, there's a very few vehicle structures that we don't have. An opportunity for growth for us going forward in the U.S. wealth management channel will be SMAs. That is something that has been an area of focus for the wealth management platforms. We would look to that as upside project. I think Greg and Loren have talked about it earlier.

It's really the solutions capability as the other area that it's going to be meaningful and real as we go forward. But what I will say and you're hitting on it and it came off some of the other questions to some degree, just having capabilities is not enough to be successful with these firms anymore. I mean, it really is a level of resources whether it would be through thought leadership for building models or education or we're currently developing products. It is broad and it is deep. And that's what's demanded. It's the largest segment of assets under management globally, but it's also the most competitive. And you really need to be resourced holistically across that and we think we are.

Robert Lee: And may be the follow-up. And Loren you've touched on this a little bit earlier. I'm focused on revenue versus flows. So with that in mind, if we are to think of kind of may be the pipeline you have, if we're think of kind of the revenue or maybe, in the perfect world, the EBITDA contribution of flows. I mean, how -- from where you could today, I mean how was the leasing quarter compared to kind of the net flow picture? How are you anticipating that playing out over the coming quarters? And may be as part of that, any thoughts that that would be a metric that you would consider sharing the future.

Loren Starr: It's a great question. We do look at that. I mean it's very important to us to understand the revenues coming in versus potential revenue coming out, as I mentioned. So our fee rate for the institutional pipeline is some 20 basis points in excess of the firm's overall fee rate. So that is a very, very positive kind of contributor of EBITDA, and certainly the fee rate of what's going out is a much lower rate to the overall firm's fee rate. So we haven't quantify that. It is an interesting question. It gets into how much discloses too much.

We've debated this internally quite a bit, and probably will continue. But it is something that I do feel is a very legitimate question because people get very focused on just the absolute value of assets won or loss. And that's really kind of missing the big picture in some cases where you really understand what is it contributing to the bottom line. And I think our story is not well understood and is a good one.

Robert Lee: Great. And if I have time for one more quick one, Jemstep.

Loren Starr: Yes.

Robert Lee: I mean just kind of curious. I mean this was, I think, supposed to be a year where you start to see kind of all the investments start to pay off as the year progresses, may be an update on that. And I know there were some big clients that were potentially are expected to come onboard just kind of where that stands?

Loren Starr: Yes. So we are still anticipating both Jemstep and Intelliflo starting to kick in more materially this year. We will anticipate after the second quarter to be able to give you more robust insights into that with Jemstep, specifically and in Intelliflo. In Intelliflo continued to grow both the combination, but the next step of Invesco being a part of the product offering that will be the second half of the year.

Marty Flanagan: Just to be clear. So for Intelliflo, which again most people may or may not know, but they have -- they're talking about $440 billion of client assets. We are implementing this model of portfolio system that will allow them to offer models to their clients and similar to Jemstep. It has the opportunity for Invesco products to be featured in those models. That's a very significant opportunity for us. That, as Marty mentioned, is coming on line in the second quarter.

Similarly with Jemstep, we have been working through a very significant commercial bank, it's a global bank in terms of penetration. And so that is something that we will be able, hopefully, to provide more detail at the second quarter call in terms of where that sits. But it is all very positive trends for us. And there are very substantial clients that are also in the pipeline. Well, again, with our focus being mostly on commercial banking relatives to may be some of the other competitors who are focused warehouses or other venues.

Coordinator: Thank you. Our next question comes from Alex Blostein with Goldman Sachs. Your line is open.

Alex Blostein: A question for you guys on Oppenheimer. What were their flows in the first quarter this year and Q4 of last year from kind of the fund data it looks like generally flows got to worse a little like kind of six month, but wondering what the whole franchise looks like? And I guess, more importantly, do you think these outflows were largely a function of the deal? So kind of slower sales kind of the difficult stuff that happens or relative performance issues that they have seen a little course of the last kind of six months. And the deal related to dynamic is still kind of on the come?

Loren Starr: Yes, so, good question. In the quarter they were outflow on long term about $3.3 billion. And so that was certainly worse results relative to their prior year-to-date of about $0.6 billion. So if you look at what that is, again, obviously, is included really rough fourth quarter like everyone had. Oh, sorry, it will coming off of the rough first quarter. But it is something where we're seeing sales have declined a little bit. So here our quarter-over-quarter sales declined about 20%.

I think that is a little bit of function that was going on with the transaction. It's hard to actually say that that is the case. But I think we saw with the Van Kampen deal similarly when funds are going to be transferred over people. They probably don't sell them quite much. So we're hoping that that's a temporary situation and when that will get fixed as in the close happens.

Alex Blostein: Great that's helpful detail. And then the second question just quickly up. And again, thanks for the expense guidance and kind of the outlook you guys provided on the slides. So I heard you loud and clear on the $475 million, and then that's going to be delivered. But curious to think about the investment spend from there as you look the organization as a whole. Where do you guys think is sort of the reasonable growth in the expense base from there right as you kind of go back to normal?

Loren Starr: I mean, Alex, with -- I don't think it will be much different in a way you've seen us operate in the past. I mean we've made significant investments in areas around institutional, ETFs, solutions. That's all happens, obviously, excluding the Oppenheimer deal. As it all been a very fundamental part of what we've done, and then something where we made a lot of investments already and they are sort of in the run rate at this point. In terms of kind of expected future big lifts on investments, I think it's going to be more incremental building on top of that current base. So I don't think you're going to see big step-ups in a way that we probably saw through 2018, which was where you probably saw the greatest need for investments on the short term basis.

Definitely, we'll be able to give more color around guidance as we put them together. But one of the great things about this transaction, as Marty said, is that we are actually able to invest significantly behind our business through this transaction because we're ultimately creating stronger capabilities of talent, that is unparallel level for us, and technology and systems that is taking the best of both of their worlds and our worlds and bringing them together. So it is like an upgrade that is happening already through this transaction, and should substantially into at least a few years we would expect that.

Coordinator: Thank you. Our next question comes from Chris Harris with Wells Fargo. Your line is open.

Chris Harris: Guys, just one question on the Oppenheimer EPS accretion. After the market rally in the first quarter, it looks like Oppenheimer AUM is only down now about 8% since the deal announcement, but 2020 EPS accretion number at $0.58, up nicely from December, but still down about 28%, since the time of the deal announcement. So can you guys walk us through that the disparity between those two numbers?

Loren Starr: So I mean, there is a significant amount of operating leverage that is inherent in the Oppenheimer deal. And so there is no question if we got to the level that we disclosed previously at the 250. That number would be back up at $0.80.

Coordinator: Thank you. Our next question comes from Chris Shutler with William Blair. Your line is open.

Chris Shutler: I need your thoughts around rationalizing the company's combined product portfolio post close. And I guess on a similar point, you give the AUM-weighted investment performance on Page 13 of the slide deck. But I'm guessing the numbers look less favorable on an equal-weighted basis. So is that fair and how does that play into your thoughts on our rationalization? Thanks.

Greg McGreevey: I'm going to be a little repetitive from before. Post close, will turn our attention to product rationalization. We're not allowed to spend time on that when proxies are out in the marketplace, we, as always, we were always looking at product rationalization. We'll do that here. Our view is it will be on the margin, the vast majority of capabilities coming over our complementary. And so you will see a very little client instruction from our perspective.

Loren Starr: I think, on the -- where you're seeing about the first base, I don't think our performance is dramatically different versus the asset-weighted basis. So there aren't a lot of underperforming small funds or things that need to get. But from those do happen every year. We do go through product rationalization efforts and trim. And so there's never one where we kind of let the attic too full. So again, really subsequent to the close we can address that question in a more detailed way.

Chris Shutler: Okay. And just to be clear, rationalization is not in the EPS accretion.

Loren Starr: That is correct.

Coordinator: Thank you. Our last question comes from Michael Cyprys with Morgan Stanley. Your line is open.

Michael Cyprys: Most of my questions have been answered. Just may be curious if you can talk a little bit about the integration of the technology and systems perspective. And how many systems are you guys operating today? How many systems you are going to operate post integration? And what's the opportunity to rationalize all of the technology systems to do something entirely new greenfield and may be even leapfrog ahead in terms of technology?

Marty Flanagan: So, it's two phase, as you would imagine we looked at something else getting to date one. So at close, we will be on a single transfer agency. That's always very critical because that's the client facing element, so that a principal factor in choosing the closing date. 90 days after that the operating platforms will be all rationalized. We are then looking over the next two years to do exactly what you're talking about. We have a unique opportunity to totally leapfrog and number of the operating platform capabilities that we have. We are well into those conversations. And I think that's going to be real opportunity for us in complementary to a lot of additional things that we talked about earlier. So we're very excited about it.

Michael Cyprys: And when you mentioned that the next two years, that's something that you're to be looking into? Any additional color you could provide in terms of goalposts, objectives there and how you're thinking about that sort of saving into the expense growth in that post to your backdrop?

Marty Flanagan: Yes. As we've already said in the past, things become material and interesting. We'll definitely share them.

Loren Starr: Yes. I would say that that none of that should have any impact on the $475 million that ultimately we're going to deliver that. And so if there's opportunity to invest further, it will be completely offset by extra saving.

Michael Cyprys: Okay great thank you.

Marty Flanagan: Okay. Thank you everybody for your time and questions. Appreciate it. And we will talk to you shortly.

Coordinator: Thank you all for joining. That concludes today's conference. Thank you for participating. You may disconnect at this time.

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