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News Release

For Immediate Release

FREEMAN & CO. REPORTS ASSET MANAGEMENT DEAL ACTIVITY AND FORECASTS 2012 DEAL ACTIVITY TRENDS

NEW YORK, December 15, 2011 – Freeman & Co., a leading independent advisor to the financial services industry, released the 23rd edition of its asset management industry overview covering transaction activity and the effects of market volatility and regulatory reform on the asset management sector.

Freeman & Co. reports 82 asset management deals were announced globally in the first three quarters of 2011, a decrease of 2% over the same period in 2010. Full year activity measured by number of transactions is expected to trail 2010 by 10%, while AUM transaction levels in 2011 should exceed 2010 levels by 20%. Looking forward, banks may continue to shed asset management groups due to regulatory changes, particularly alternative managers, and the need to raise capital due to the European credit crisis.

“This year was driven by a smaller number of larger AUM strategic deals compared to 2010, when we saw many banks spinning out their alternative product groups. For 2012, we expect a return to 2009 trends when many large managers were sold by banks that needed capital, with particular pressure in Europe,” says Eric Weber, Managing Director and COO at Freeman & Co. LLC.

Regulatory changes and the European credit crisis are increasing pressure on many large financial institutions, increasing the likelihood of divestitures of their alternative and traditional asset management units.

In summary, the report details the following

- **Deal Activity/M&A:** Global deal activity decreased through Q3 2011 to 82 deals YTD, a decrease of 2% over the same time period in 2010. In the US, transaction levels are flat with 56 transactions through the third quarter of 2011, down slightly from 57 transactions over the same period last year. European transactions included 32 announced asset management transactions, an increase of 39% over Q3 2010 YTD. Transatlantic activity remains active with 20 announced deals in 2011.
- **Traditional vs. Alternatives Deals:** 2010 marked the first year alternative deals outpaced traditional managers. In 2011, traditional manager deals returned, outpacing alternatives with 46 announced deals vs. 28 announced alternative deals through Q3 2011 YTD.
- **European Divestitures:** European deals increased significantly over the past nine months compared to the past several years. Through Q3 2011, there were 32 European asset management transactions, up 39% over 23 transactions in the first three quarters of 2010. This year’s largest European deals included: Hellman & Friedman’s sale of its minority interest in Mondrian Investment Partners to Mondrian’s management (\$70 billion AUM), Carlyle’s purchase of AlpInvest Partners (\$43.3 billion AUM) and Gartmore’s purchase of Henderson (\$25.8 billion AUM).
- **Low Volumes:** In a typical year, transaction volume can range between \$1–2.5 trillion in total transaction AUM. With only \$682 billion in transaction volume announced through the third quarter, 2011 is projected to be the second year in a row with sub-trillion dollar AUM transaction volume.
- **HF & PE Divestiture Activity Among Large Banks:** The Volker Rule’s implementation will be a watershed event. However, many firms have taken steps to divest hedge fund and private equity assets well in advance of the rule’s effective date. New spinouts and divestitures will need to reinvent themselves, finding new sources of distribution at a time when market conditions may be less than ideal.

- **ETF Managers:** Perhaps the fastest growing product now, independent ETF providers have historically attracted the attention of sponsors and strategics alike. New entrants face headwinds in launching new products as incumbents benefit from first mover advantage, product placement and scale. Many large firms may need to buy their way into this market as a result. However, to date only a handful of transactions have been completed as most independent firms choose to pursue growth independently.

About Freeman & Co. LLC

Founded in 1991, Freeman & Co. LLC is an M&A advisory and strategic consulting firm focused exclusively on the financial services industry with offices in New York and London. The company's advisory services include mergers and acquisitions advice, capital raising, underwriting, fairness opinions, restructuring advice and private company valuations. Strategic consulting assignments are customized to client needs and have covered a wide array of projects. Additionally, Freeman & Co. developed a proprietary algorithm and methodology for benchmarking the competitive position of capital markets businesses, which has become the industry standard used by major investment banks. For more information, visit www.freeman-co.com.

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