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Asset Management Focus
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Inside this Issue:

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Slowly but Surely Coming Back...

2010 represented a year of transition for mergers and acquisitions in the global asset management industry. No longer were transactions driven by the pressures of the financial crisis. Growth-oriented transactions returned to the marketplace in full force, especially among alternative asset managers. The momentum is building into 2011 as we expect to see increasing activity for managers with promising growth prospects.

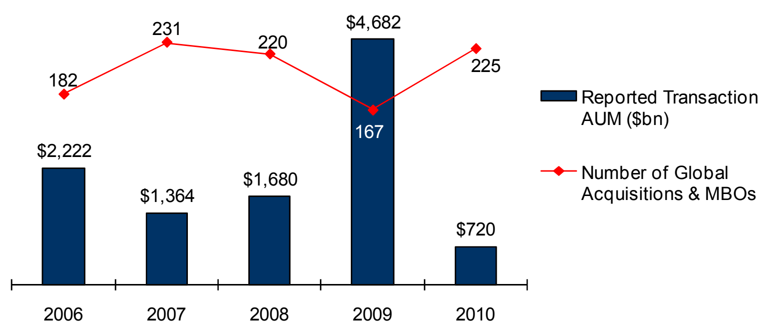
Performance as of February 28, 2011

	YTD	1 Yr	3 Yr	5 Yr
S&P 500	5.9%	22.6%	1.3%	2.9%
NASDAQ	5.0%	25.6%	7.1%	5.0%
FTSE 100	2.2%	16.0%	4.6%	4.9%
Barclays Government/Credit Bond Index	0.3%	4.9%	4.8%	5.6%
HFRI Fund Weighted Composite	1.8%	12.3%	3.3%	5.4%

Summary

- **Deal Activity/M&A:** Deal activity increased in 2010 to 225 transactions, an increase of 35% over 2009. After large transactions in 2009 such as BlackRock's acquisition of Barclays Global Investors ($1.5 trillion AUM), this year represented a return to normality, as the number of smaller growth-driven acquisitions increased in 2010. Transactions involving alternative firms outpaced traditional managers, a first for the industry.
- **Alternative Strategies for Retail Investors:** New structures continue to gain market share as alternative strategies are being packaged into UCITS, ETFs and mutual funds.
- **High Net Worth Positioning:** A growing core of successful independent firms have emerged that focus on open architecture platforms, providing high-touch or unique services to HNW clientele. These independent firms are an alternative to large, traditional providers and are enjoying significant growth.
- **Emerging Markets:** A source of increasing deal activity in 2010 and Q1 2011, transactions involving emerging market managers represent a globalizing asset management business. The way forward will be challenging as investor demands may outstrip capacity.

Global Asset Management Transactions



Source: Freeman & Co.

Global Deal Activity

Global Transactions Increased in 2010

After a slow 2009, characterized by a few large transactions, global transaction volume has increased 35% in 2010 by number of overall transactions. Of the 225 transactions, there were 200 acquisitions and 25 management buyouts globally.

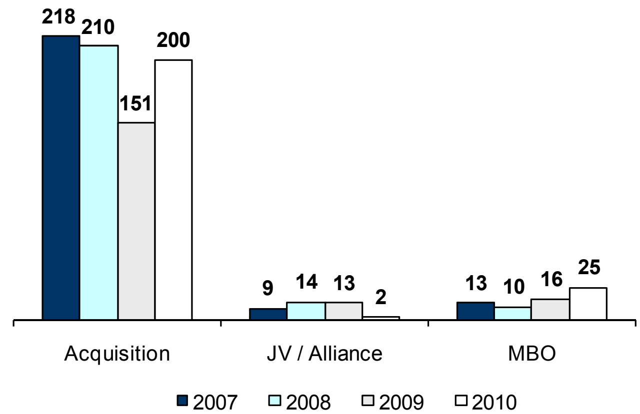
Within the US, transaction activity has rebounded significantly to 120 transactions(1), an increase of 52% over 2009 and surpassing peak 2007 volume. Much of this increase was driven by the alternative transaction volume, up 106% over the prior year.

The recovery of European transaction volume has continued to mirror that of the US. The total number of transactions involving European firms increased 41% to 86 in 2010(1). Throughout this time, European firms have primarily focused on domestic acquisitions, comprising 71% of total transaction volume in 2010 vs. 58% in 2008.

In 2010, Europe hosted some of this year's top deals including Affiliated Managers Group's acquisition of 85% of Pantheon Ventures ($22 billion in AUM, $775 million cash acquisition) and Royal Bank of Canada's acquisition of BlueBay Asset Management in October for $1.5 billion.

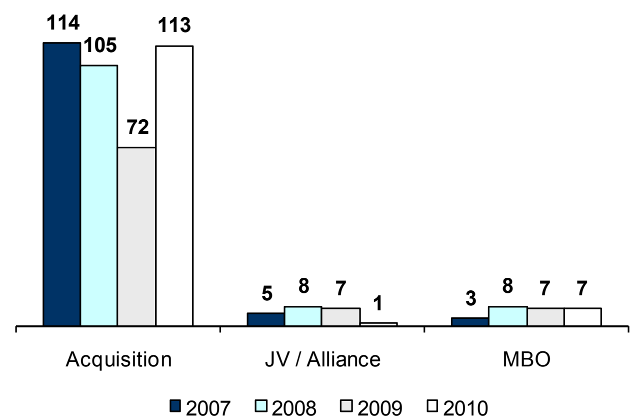
Transatlantic transaction activity continues to remain a consistent theme as asset managers seek geographic distribution and access to new markets. Of the 14 transatlantic transactions, US firms were the acquirers in 10 transactions and European firms were the acquirers in 4 transactions.

No. of Global Asset Management Transactions



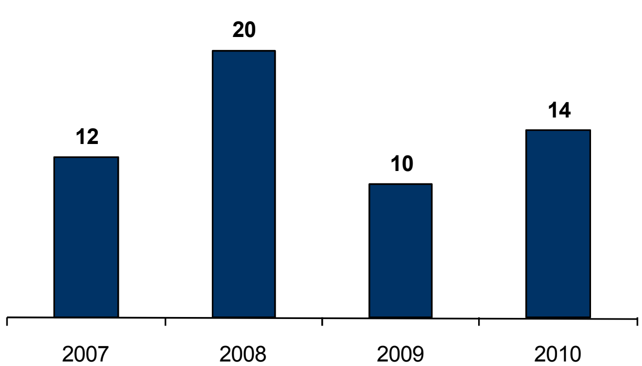
Source: Freeman & Co.

No. of Transactions Involving US Firms



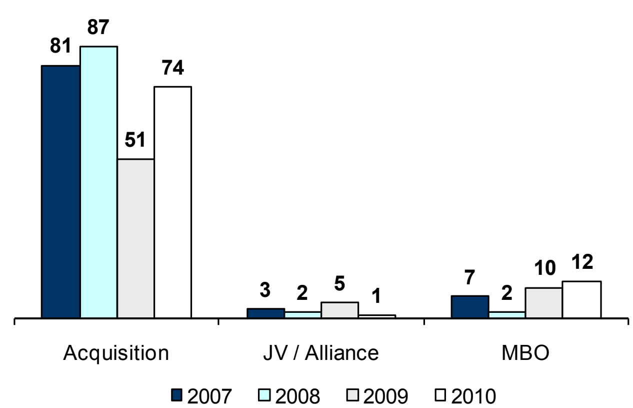
Source: Freeman & Co.

No. of Transatlantic Transactions (US & Europe)



Source: Freeman & Co.

No. of Transactions Involving European Firms



Source: Freeman & Co.

(1) Transaction statistics include Acquisitions and MBOs

Transaction Detail

Significant Decline in Deal Size

2009 saw a significant number of large deals over $10 billion, such as BlackRock's acquisition of Barclays Global Investors ($1.5 trillion). However, in 2010 deal sizes returned to a more normal state as the transaction markets opened up. While much of the non-essential M&A activity was put on hold in 2007, we saw many of these deals come to fruition in 2009-2010.

In 2010, total deal value decreased significantly from $4.7 trillion to a more normalized $720 billion. In 2010, the top deal by AUM was the acquisition of Nordea Invest Fund Management. With a total deal AUM of $57 billion, this deal would not have made the top 10 list in 2009.

Many transactions in 2010 highlight three prominent themes:

1. Parent company divestitures of alternative divisions
2. Strategic initiatives to complete product offerings
3. Growth oriented transactions/consolidation among smaller funds

Top deal in 2010 would not have made the top 10 in 2009

Top Ten Asset Manager Transactions (2010)

Rank	Target	Acquirer	% Acquired	AUM ($MM)
1	Nordea Invest Fund Management	Nordea Bank AB	100%	$57,300
3	BlueBay Asset Management	Royal Bank of Canada	100%	$40,000
2	DundeeWealth Corp	Bank of Nova Scotia	82%	$39,400
4	FAF Advisors, Inc.	Nuveen Investments	100%	$25,000
5	Tyndall Investments	Nikko Asset Management	100%	$25,000
6	GLG Partners, Inc.	Man Group plc	100%	$23,700
7	Pantheon Ventures Ltd.	Affiliated Managers Group	85%	$22,000
8	Security Benefit (Rydex SGI)	Guggenheim Partners, LLC	100%	$22,000
9	Royal Bank of Scotland (Asset Mgmt contracts)	Aberdeen Asset Management PLC	100%	$19,500
10	Bank of Ireland Asset Management	State Street Global Advisors Inc.	100%	$19,500
			Top 10	**$293,400**
			Median	**$24,350**
			Total	**$719,698**
			% of Total	**40.8%**

Source: Freeman & Co.

Top Ten Asset Manager Transactions (2009)

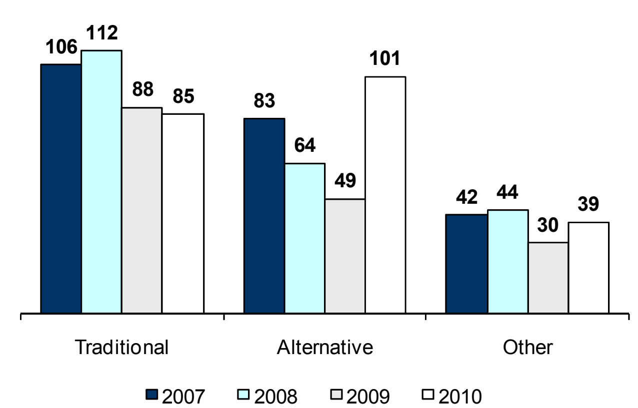
Rank	Target	Acquirer	% Acquired	AUM ($MM)
1	Barclays Global Investors	BlackRock	100%	$1,500,000
2	Societe Generale AM	Credit Agricole Asset Management	100%	$808,000
3	Natixis Global AM	Groupe Caisse d'Epargne	11%	$723,000
4	Sal. Oppenheim jr. & Cie.	Deutsche Bank AG	100%	$200,000
5	Columbia Management	Ameriprise Financial	100%	$165,000
6	Insight Investment Management	Bank of New York Mellon Corp.	100%	$133,000
7	Delaware Management	Macquarie Group	100%	$124,400
8	Van Kampen - Morgan Stanley	Invesco Ltd.	100%	$119,000
9	Sumitomo Mitsui Asset Management Co. Ltd	Sumitomo Mitsui Banking Corp., Mitsui Sumitomo Ins. Co. Ltd, Sumitomo Life Insurance Co.	25%	$110,000
10	Nikko Asset Management	Sumitomo Trust and Banking Co.	99%	$99,000
			Top 10	**$3,981,400**
			Median	**$149,000**
			Total	**$4,682,337**
			% of Total	**85.0%**

Source: Freeman & Co.

Alternative Deals Outpace Traditional Managers

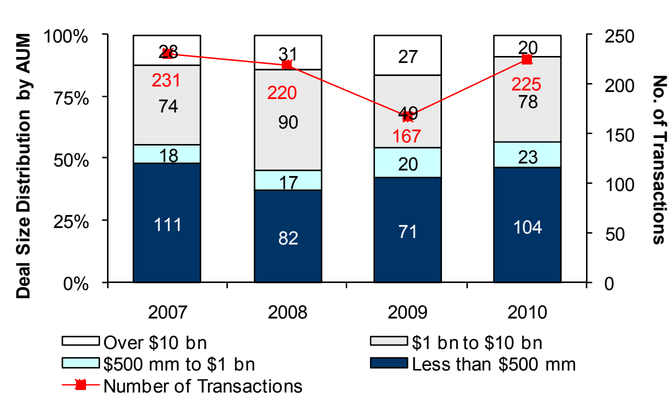
2010 marked the first year alternative deals outpaced traditional managers. In 2010, 101 of the 225 transactions involved targets that were alternative asset managers, an increase of 106% over 2009's 49 transactions in the alternative space. One of this year's top transactions include AMG's purchase of Pantheon Ventures for $775 million, in a transaction that is expected to increase AMG's earnings by over 15% in the coming years.

Transactions by Company Type[1]



Source: Freeman & Co.

Transaction Size



Source: Freeman & Co.

(1) Other includes consolidators, financial planners, private banks, trust companies, data providers and administrators

Growth of Alternative Retail Products

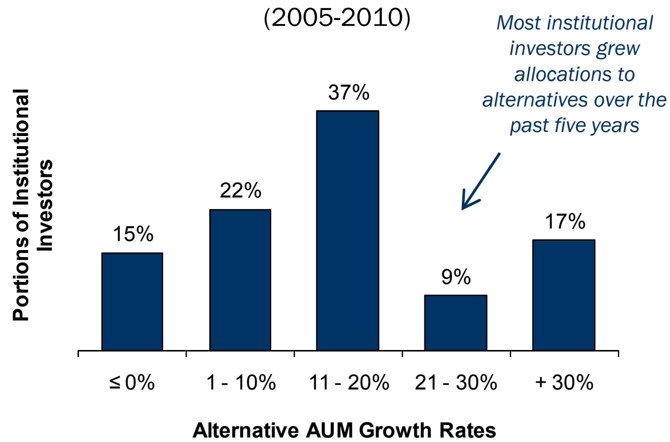
Active Convergence Between Asset Classes Gives Rise to a Growing Market Opportunity

The recent financial crisis accelerated convergence between traditional and alternative asset classes as investors sought exposure to alternative strategies while demanding higher levels of liquidity and transparency. Today, faced with new regulations and accredited investor requirements of alternative products, hedge fund managers are utilizing increasingly liquid strategies to appeal to retail investors while traditional asset managers are also incorporating hedge-fund-like strategies into their product offerings.

Historically, regulations has played an important role in the separation of the two product offerings. US mutual funds, regulated by the Investment Company Act of 1940, were subject to stringent reporting requirements and federal regulations as opposed to hedge funds which faced fewer regulations and were allowed to take greater risks, under the presumption of the high risk tolerance of their accredited investors. Now with the advent of the Dodd-Frank Wall Street Reform and Consumer Protection Act, bank holding companies are limited in their exposure to hedge funds/private equity and the bar has been raised to qualify as an accredited investor, disallowing an individual's home to be counted toward the $1 million net worth requirement.

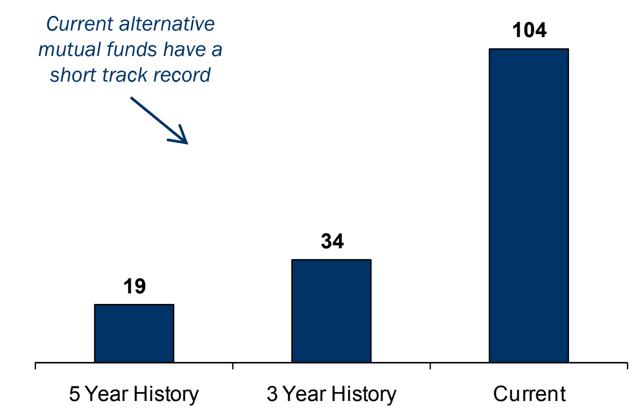
These new regulations come at a time when investor preferences are changing and the popularity of alternative strategies is increasing to new highs. According to a recent study by Morningstar and Barron's, 70+% of institutions expect alternatives to account for 10+% of their portfolios over the next five years. Among the different strategies in a mutual fund structure, equity long-short remains the most popular while managed futures represents the largest growing strategy over the past five years.

Institutional Growth in Alternative Strategy AUM



Sources: Morningstar, Barron's

No. of Current Long-Short Mutual Fund Offerings



	1 Year	3 Year	5 Year
Median Return:	*4.66%*	*0.31%*	*1.85%*

Source: Morningstar

While the increasing popularity of new alternative vehicles remains unquestioned, an average short track record is one of the main obstacles facing the funds. In March 2011, an estimated 32% of domestic long-short mutual funds have a three year track record and only 17% have a five year track record. As a long-term track record develops, we expect growth to accelerate.

Internationally, UCITS have proven a favored structure in the growth of alternative retail products. According to a recent Deutsche Bank survey, investors project more than $185 billion to flow in to UCITS III absolute return funds over the next year, more than doubling the current estimate of $140 billion in assets under management. While over half of European managers currently offer UCITS products, this number is significantly less for the rest of the world, a market opportunity that has prompted a number of prominent US-based hedge funds to launch UCITS III compliant products, a trend we see continuing into 2011.

ETF Trends

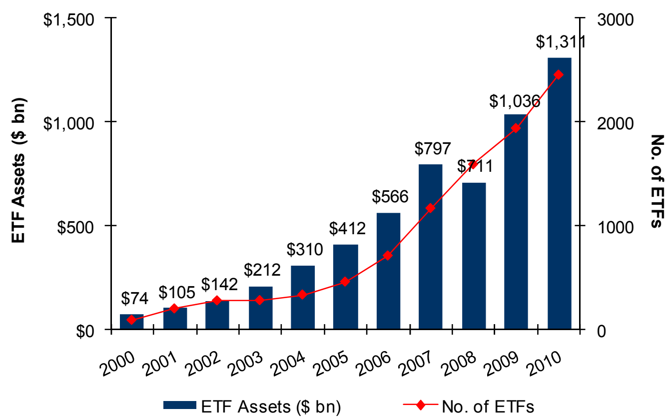
Global ETF Industry Growth

Among the different asset classes, ETFs have seen the most significant growth over the past five years, reaching $1,311 billion in assets in 2010 after a two-year CAGR of 36%. Correspondingly in 2010, 593 new ETFs were issued, compared to 77 funds being delisted.

As the ETF industry continues to expand rapidly, three key themes remain present: concentration, innovation and low average fee structure.

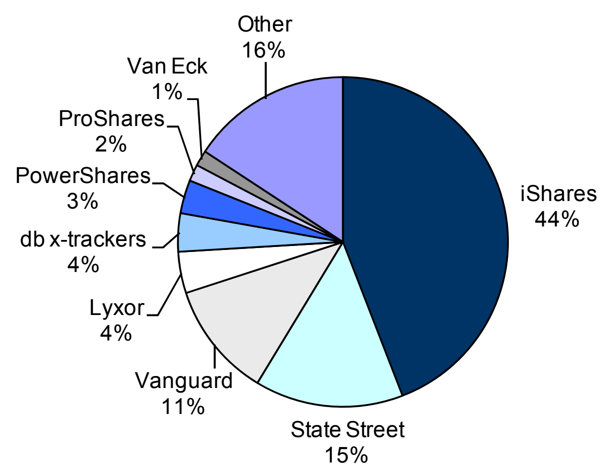
1. **Concentration:** Globally, the top three ETF providers iShares, State Street Global Advisors and Vanguard represent a 70% market share. The top ten providers comprise 87% of the total market. Despite innovation in the industry, the market share among the top ten players has remained consistent, decreasing only 2.1% from 2009.
2. **Innovation:** While many ETF providers are beginning to offer alternative strategies through ETF products, for most top providers this comprises only a small portion of their total AUM, the remainder being large index and sector based ETFs. However, a few firms such as ProShares have made a name for themselves dedicating their entire ETF product offering to alternative strategies.
3. **Price War on Fees:** Vanguard gained the most market share in 2010, increasing 2.4% in global market share to become the third largest ETF provider. It comes as no coincidence that Vanguard also happens to be one of the lowest cost ETF providers, reducing their fees again in February 2011. The price war on fees is not limited to the ETF providers themselves, but also continues with the brokerage commissions to buy and sell certain ETFs.

Global ETF Assets



Source: Blackrock

Global ETF Provider Concentration (by AUM)



Source: BlackRock

Notable ETF Transactions

Russell Investments' acquisition of U.S. One marked the first announced ETF transaction in 2011. Although smaller in comparison, the acquisition represents a broader strategy to "build the infrastructure for viable and comprehensive ETF offerings." This is one of a series of ETF transactions occurring in 2009 and 2010 as firms seek to consolidate, diversify and enter the market by way of acquisitions.

Notable ETF transactions in 2010 include: Charles Schwab's purchase of Windward Investment Management ($3.9 billion AUM, $150 million cash and stock deal), Guggenheim's acquisition of Rydex SGI through its purchase of Security Benefit Corp(2), and Deutsche Bank's acquisition of XShares Advisors. In 2009, Guggenheim also acquired Claymore Group, Inc. ($13 billion in total AUM).

BlackRock's acquisition of Barclays Global Investors ("BGI") ($1.5 trillion AUM) is the largest ETF transaction to date; however, before this transaction Barclay's also acquired INDEXCHANGE Investment AG, Germany's leading ETF provider with assets under management of $19 billion. This transaction allowed BGI to become the leading ETF provider in Europe, a position it still holds today with ($102 billion in European AUM, nearly double any other provider).

(1) Vanguard was the top 2010 market share gainer among the top 25 global ETF providers, ranked by AUM
(2) Freeman & Co. acted as financial advisor to Security Benefit Corporation, parent of Rydex SGI

High Net Worth Positioning

Emergence of Independent Mid-Sized Managers

Continuing into 2011, there is a growing core of successful independent firms gaining market share. This rising class of smaller-scale high net worth providers offer an alterative to large, more traditional institutions by focusing on open architecture, high-touch or unique services to selective clientele. In light of the recent crisis, this model has become increasing popular as investors are taking a more hands on approach to investing, having been subjected to significant losses in proprietary products or securities such as auction-rate preferreds.

Over the past five years large managers (with over $100 billion in AUM), have primarily maintained their market share. In 2005, some of the top players included Merrill Lynch, Bank of America, Wachovia and Wells Fargo, evidencing the consolidation in the industry.

Among mid-sized managers, a significant number of firms have emerged with $10-30 billion in assets under management. While these firms once made up only 3.6% in 2005, their market share has grown to 8.4% of assets managed among the top 40 firms. Of the 24 firms listed in 2010, 15 of these firms have increased their assets under management and market share over the past five years, demonstrating the increasing popularity of independent wealth managers.

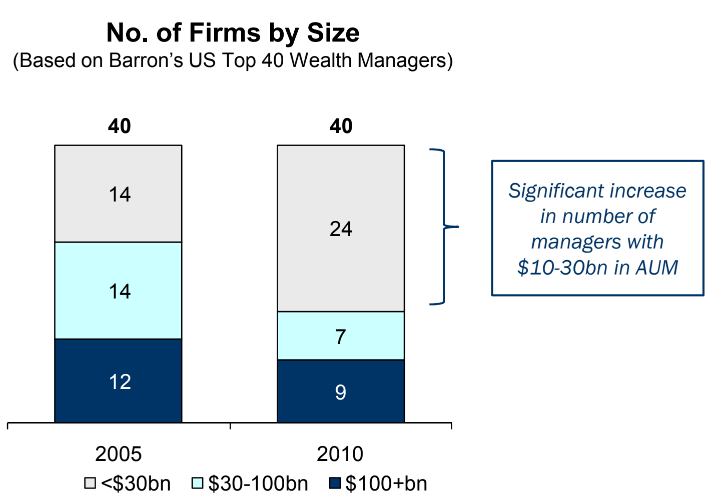
As firms look toward the future, the high net worth industry remains an attractive long-term market characterized by:

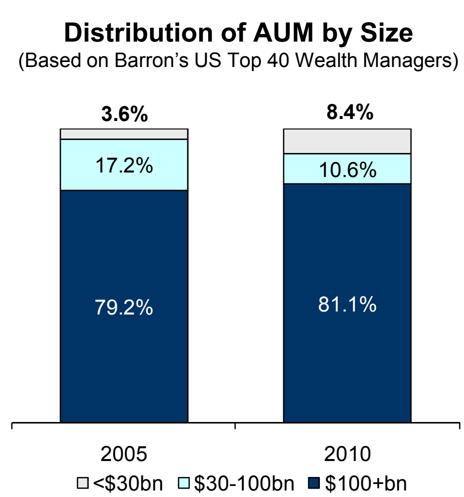
- Desirable Revenue Stream: Stable, recurring revenues subject to scalability constraints
- Large Market Size: $39 trillion among more than 10 million HNWI's globally
- Favorable Demographics and Continued Strong Growth: 19% growth over prior year, partially reflecting the market rebound
- Independent firms have the opportunity to provide niche, high touch services to a selective clientele

Firms that will be successful in gaining market share are able to differentiate themselves from the large players and meet increasing investor demands including geographic diversification and variety of unique product offerings.

No. of Firms by Size Category (2005 vs. 2010)

2005 Median: $43.7bn in AUM; 2010 Median: $21.2bn in AUM





Source: Barron's

Emerging Markets

The Long-Term Opportunity

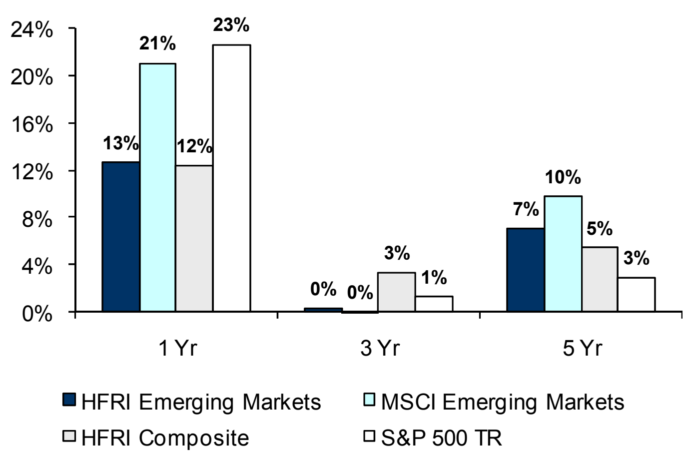
While emerging markets strategies are an area of increasing interest for institutional investors, the average independent emerging markets fund has not achieved the scale necessary to attract investors wary of asset concentration. Capacity for many emerging markets managers continues to be challenging as the market of investable strategies puts inherent size limitations on funds well below that of their US / European counterparts. These capacity and size and scale issues could be a driving force behind the increasing M&A activity in the space as independent managers look for a diversified distribution platform to mitigate their limitations on scale as markets grow over time.

Historically, investors in alternative emerging markets strategies were US and European HNW private banks and HFOFs, which used these funds as a high beta product. 2008 was a watershed moment as performance was down across the board. While 2009–2010 performance rebounded, the investor commitments have been slower to return. The relative performance of developed markets has slowed allocations as investors are reluctant to realize similar returns in emerging markets with higher risk (see performance chart).

Currently, institutional investor interest is increasing but the proof will be in the pudding as intentions of increasing allocations will have to grapple with the realities of emerging markets strategies that can only accept what their market can bear at the moment. The landscape is littered with funds that “got ahead of their skis” and became inherently challenged in the size of their investable strategies as compared to the assets they had taken under management.

Notable transactions of emerging markets managers include Ashmore’s acquisition of Emerging Markets Management, Bank of Montreal’s acquisition of Lloyd George and AMG’s multiple acquisitions of Artemis Investment Management, Trilogy Global and Value Partners. Future growth in emerging markets may be inevitable, but patience will be required.

Emerging Market Performance[1]



Sources: Bloomberg, HFR

Notable Transactions

Year	Target	Acquirer	Ownership %	AUM ($ mm)	Driver for Sellers: Liquidity	Distrib	Other
2011	Emerging Markets Management	Ashmore Group	62.9	10,400		X	
2011	Lloyd George Management	BMO Financial Group	100.0	6,000		X	
2011	Matthews International Capital Management	Lovell Minnick Partners, LLC	Minority	19,000			X
2010	Trilogy Global	Affiliated Managers Group	Majority	12,000	X		
2009	Corston-Smith Asset Management	Hermes Fund Managers	30.0	NA	X		
2009	Value Partners	Affiliated Managers Group	5.0	4,600	X		
2009	Blackfriars Asset Management (West LB JV)	BNY Mellon Asset Management	100.0	2,300		X	
2009	Algebra Capital Limited	Franklin Resources	15.0	750	X		
2009	AIG Investments (PineBridge Investments)	Pacific Century Group Holdings	100.0	88,700	X		
2008	Arx Capital Management	BNY Mellon Asset Management	100.0	2,600		X	
2008	**KBC Alpha Asset Management Pan-Asian FOF Team**	**Pacific Alternative Asset Management Company**[2]	**100.0**	**700**	**X**		
2008	Vision Investment Management	IFIL Group	40.0	1,300			X

Source: Freeman & Co.

(1) As of February 28, 2011
(2) Freeman & Co. represented KBC

Asset Flow Trends

HF & HFOFs

Global assets invested in HF and HFOFs reached an all-time high in 2010, surpassing previous peak 2007 values, estimated at $1,271 billion in direct HF investments and $646 billion in HFOF assets. In 2011, Hedge Fund Research projects capital inflows to hedge funds could quadruple this year, potentially reaching up to $210 billion.

Between 2003 and 2007, total HF and HFOFs sustained an annual growth rate of 23%. This growth was heavily weighted to HFOFs which increased 31% throughout this time. In 2009 and 2010, we are once again seeing growth in HF and HFOF assets, growing at a rate of 17% throughout the past two years. However, this time the landscape of the market is different with new hedge fund investments expected to surpass that of HFOFs.

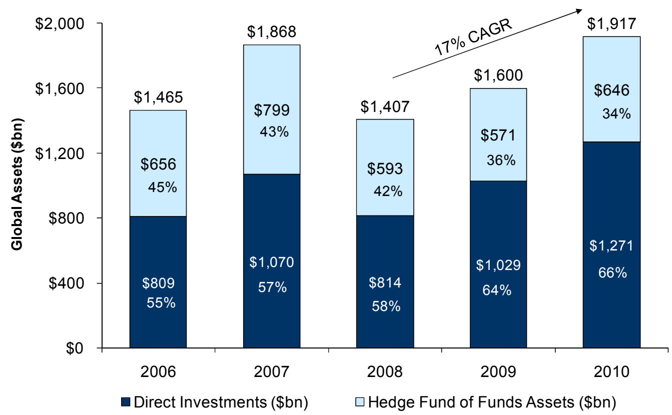
Net flows into HF and HFOFs totaled $56 billion in 2010. Fund flows have been disparate with a majority of flows being allocated to large players. Also notable is the large allocation to hedge funds with less than $500 million In AUM, increasing $8.0 billion in 2010, which may imply new fund launches from established firms more than opportunities for new managers with no track records.

Mutual Fund Assets

2010 saw the return of investor confidence. US mutual fund assets increased at a rate of 11% over the past two years, now estimated at $12 trillion. Throughout this time the allocation of investor funds to US money markets decreased 15%, while equity funds increased 14%.

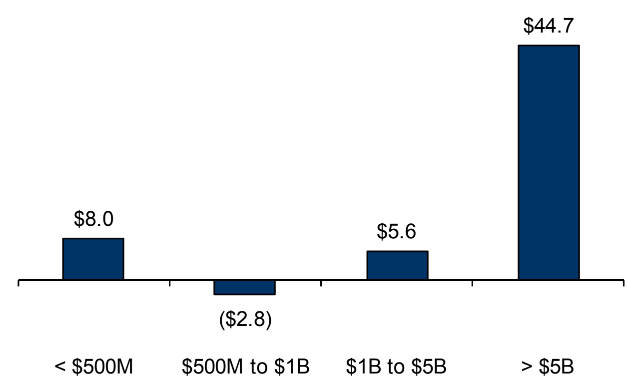
In Europe, while total industry assets have increased 15% over the past two years, UCITS have been the primary beneficiary. Throughout this time, equity and balanced funds have been the most volatile increasing 18% (€431) over 2009, reaching €2,816 or 54% of total UCITS AUM.

Hedge Fund & HFOF Assets



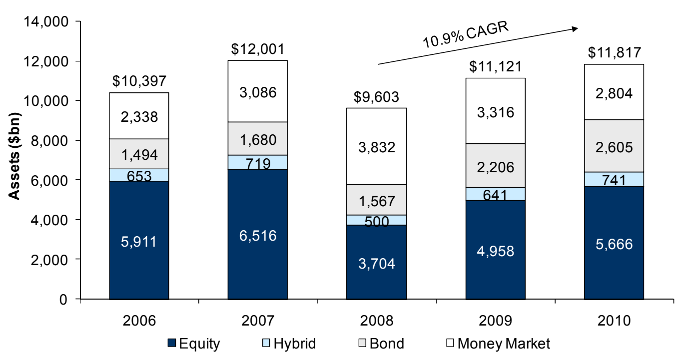
Sources: HFR

2010 Net Asset Flows to Funds ($ bn)



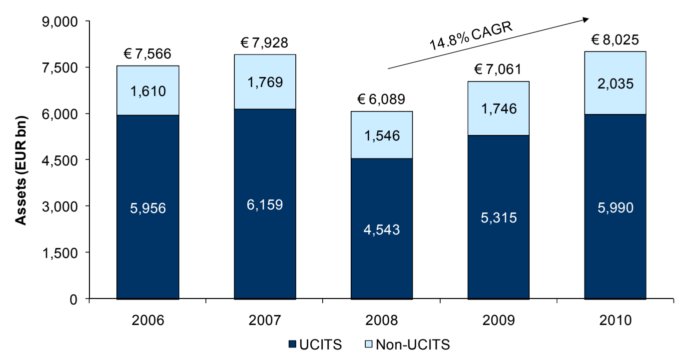
Source: HFR

US Mutual Fund Assets



Source: ICI

European Investment Fund Assets



Source: EFAMA

Case Studies: Select 2011 Transactions

Transatlantic Transactions

Carlyle Group's Purchase of Alpinvest Partners

Deal Summary

- On January 26, 2011, Dutch pension funds APG and PGGM agreed to sell AlpInvest Partners to The Carlyle Group and AlpInvest management
- AlpInvest will hold a 40% stake in the company and half the voting rights
- The transaction is expected to close in March 2011, subject to regulatory approval
- At the time of the acquisition, AlpInvest Partners was Europe's largest private equity investor with $43 billion of assets under management

Rationale

- Carlyle's global network, managing over $98 billion invested across six continents, will help broaden AlpInvest's investor base and product scope
- AlpInvest's proven private equity fund-of-fund platform will add diversity to Carlyle's asset base thus expanding the scope of Carlyle's global asset business

Sources: Company Websites, Capital IQ

Emerging Markets

Ashmore Group plc's Purchase of a Majority Stake in Emerging Markets Management, LLC

Deal Summary

- On February 24, 2011, Ashmore Group agreed to acquire a 62.9% stake in Emerging Markets Management ("EMM") for up to $246.0 million
- The acquisition will add $10.4 billion to Ashmore's $46.7 billion in assets under management
- The transaction consists of a $96.0 million up-front cash payment, $29.9 million in Ashmore shares and an earn-out agreement worth up to $120.1 million over three years, to be paid in cash or shares

Rationale

- At the time of the transaction, Ashmore had $46.7 billion in assets under management, mostly invested in emerging markets debt. Through this transaction, Ashmore seeks to diversify product offering and revenue streams. The acquisition will leave the combined company with approximately 20% in emerging market equities
- This transaction represents an opportunity for Ashmore to grow and further develop its brand while maintaining its dedication to emerging markets

AUM	$10.4bn	Enterprise Value	$320.1mm	LTM Profits Before Taxation	$48.1mm
Acquisition Price	$125.9mm	Equity Value	$200mm	EV/PBT	6.7x

Sources: Company Websites, Capital IQ

History of Valuations

Stock Prices at 12/31/2010

Over the past year, stock prices for alternative managers have outpaced both the S&P index and traditional managers, increasing 18% over 2009. After a slow first half of the year, and general underperformance since the IPOs of Fortress, Blackstone and Och-Ziff in 2007, alternatives have rebounded significantly, with the majority of their gains in the second half of 2010.

The average return of traditional managers lagged the market as a whole returning 3.8% in 2010 compared to a return of 13% in the S&P index.

Among asset managers, the top five gainers for 2010 were primarily European firms:

	Stock Prices		YOY
	12/31/09	12/31/10	TR
Polar Capital Holdings	£ 0.89	£ 1.47	72.1%
KKR	$8.50	$14.20	70.3%
Aberdeen Asset Management	£ 1.34	£ 2.03	58.6%
Affiliated Managers	$ 67.35	$ 99.22	47.3%
Schroders	£ 13.30	£ 18.55	43.2%
Median Asset Manager YOY Total Return			**19.6%**

In 2010, the lowest returns comprised primarily traditional firms:

	Stock Prices		YOY
	12/31/09	12/31/10	TR
AllianceBernstein	$ 28.10	$ 23.33	-12.3%
Blackrock	$ 232.20	$ 190.58	-16.0%
Liontrust Asset Management	£ 1.04	£ 0.84	-16.2%
RAB Capital	£ 0.18	£ 0.13	-26.1%
Artio	$ 25.49	$ 14.75	-41.4%
Median Asset Manager YOY Total Return			**19.6%**

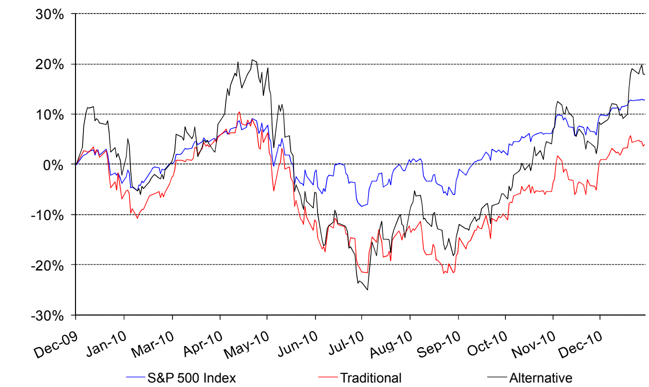
Source: SNL

EBITDA Multiples

After bottoming out in 2008 and rebounding consistently in 2009, the multiples of firms' current enterprise value to last-twelve-months (LTM) EBITDA declined through the first half of 2010, in line with stock market returns. In the third and fourth quarters multiples began to improve, particularly among traditional managers.

The average traditional manager LTM EBITDA multiple was 9.4x as of December 31, 2010 which is below historic median values of 11.3x. Average alternative LTM EBITDA multiples typically surpass that of traditional managers. However, alternatives were averaging an EV/LTM EBITDA of 9.0x as of December 31, 2010.

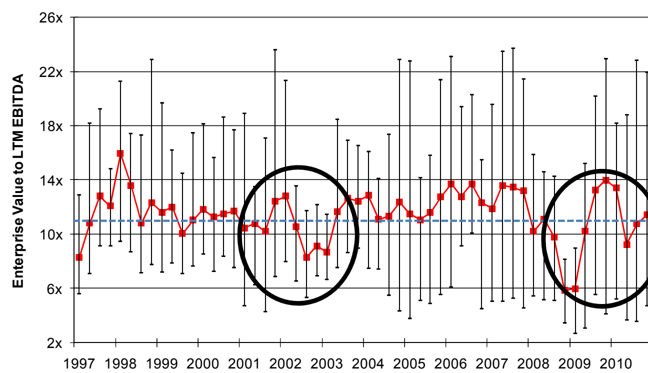
Comparative Annual Returns at 12/31/2010(1)(2)



Source: Capital IQ

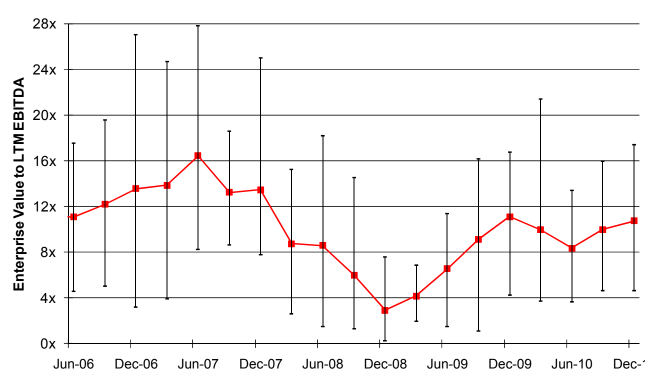
Traditional Firms(1): Enterprise Value to LTM EBITDA

Median Historical EV/LTM EBITDA: 11.3x



Source: Capital IQ

Alternative Firms(2): Enterprise Value to LTM EBITDA



Source: Capital IQ

(1) Select Traditional Firms: BLK, LM, BEN, IVZ, TROW, FII, EV, SEIC, JNS, WDR, ART, CLMS, CNS, GBL, PZN
(2) Select Alternative Firms: BX, FIG, KKR, OZM

Public Company Comparables – US Money Managers

(All figures in millions, except for per share data or unless otherwise noted)

		Summary Financials						LTM Valuation Metrics			
		3/31/2011			LTM 12/31/2010			Enterprise Value /			Market
Company Name	End AUM ($ bn)	Stock Price	Market Cap	Enterprise Value (1)	Revenue	EBITDA	EPS	Revenue	EBITDA	PE Ratio	Cap % AUM
Diversified											
Blackrock	$ 3,561.0	$ 201.01	$ 38,956.7	$ 39,188.7	$ 8,612.0	$ 3,477.0	$ 10.94	4.6x	11.3x	18.4x	1.1%
Legg Mason	671.8	36.09	5,494.2	5,707.6	2,742.3	500.9	2.62	2.1x	11.4x	13.8x	0.8%
Franklin Resources	670.7	125.08	27,901.0	28,819.7	6,175.9	2,414.9	7.02	4.7x	11.9x	17.8x	4.2%
Invesco	616.5	25.56	12,092.4	13,763.9	3,585.6	994.4	1.38	3.8x	13.8x	18.5x	2.0%
T Rowe Price	482.0	66.42	18,044.1	17,300.8	2,367.2	1,136.5	2.54	7.3x	15.2x	26.2x	3.7%
Federated Investors	358.2	26.75	2,783.2	2,951.7	951.9	337.7	1.73	3.1x	8.7x	15.5x	0.8%
Eaton Vance	185.2	32.24	4,018.1	4,277.7	1,121.7	376.5	1.40	3.8x	11.4x	23.0x	2.2%
SEI Investments	172.3	23.88	4,540.9	4,154.7	900.8	415.7	1.22	4.6x	10.0x	19.6x	2.6%
Janus Capital	169.5	12.47	2,328.4	2,636.4	1,015.7	320.7	0.89	2.6x	8.2x	14.0x	1.4%
Waddell & Reed	83.7	40.61	3,492.1	3,486.8	1,044.9	264.3	1.83	3.3x	13.2x	22.2x	4.2%
Artio	53.4	16.16	962.8	2,069.3	335.1	187.2	1.72	6.2x	11.1x	9.4x	1.8%
Calamos Investments	35.4	16.59	1,193.4	1,455.9	326.0	134.3	0.99	4.5x	10.8x	16.8x	3.4%
Cohen & Steers	34.5	29.68	1,265.4	1,129.2	183.7	70.0	1.07	6.1x	16.1x	27.7x	3.7%
Gamco	32.5	46.36	2,120.0	2,139.6	280.4	103.7	2.51	7.6x	NM	18.4x	6.5%
Pzena	15.6	7.06	461.5	468.4	77.5	40.4	0.33	6.0x	11.6x	21.1x	3.0%
TOTAL	**$ 7,142.3**		**$ 125,654.4**	**$ 129,550.5**			**AVERAGE**	**4.7x**	**11.8x**	**18.8x**	**2.7%**
							MEDIAN	**4.6x**	**11.4x**	**18.4x**	**2.6%**
Alternatives											
Blackstone	$ 109.5	$ 17.88	$ 20,048.8	$ 23,158.7	$ 3,141.4	$ 1,580.8	$ 1.05	7.4x	14.7x	17.0x	NM
KKR	46.0	16.41	3,436.5	4,184.7	734.5	330.0	2.83	5.7x	12.7x	NM	7.5%
Fortress	44.6	5.68	2,950.1	3,534.9	840.0	358.0	0.54	4.2x	9.9x	10.6x	6.6%
Och-Ziff	27.6	16.32	6,691.2	7,992.3	877.0	574.3	1.13	9.1x	13.9x	14.5x	NM
TOTAL	**$ 227.7**		**$ 33,126.6**	**$ 38,870.6**			**AVERAGE**	**6.6x**	**12.8x**	**14.0x**	**7.0%**
Holding Companies											
AllianceBernstein	$ 478.0	$ 21.80	$ 6,039.8	$ 5,739.1	$ 2,948.6	$ 542.6	$ 1.32	1.9x	10.6x	16.5x	1.3%
Affiliated Managers	320.0	109.37	5,919.0	7,986.4	1,358.2	544.1	6.09	5.9x	14.7x	18.0x	1.8%
TOTAL	**$ 798.0**		**$ 11,958.8**	**$ 13,725.5**			**AVERAGE**	**3.9x**	**12.6x**	**17.2x**	**1.6%**
Bank / Trust Companies (2)											
Boston Private Finl	$ 19.5	$ 7.07	$ 540.2	$ 540.2	$ 205.3	$ (13.9)	$ (0.34)	2.6x	NA	NA	2.8%
TOTAL	**$ 19.5**		**$ 540.2**	**$ 540.2**			**AVERAGE**	**2.6x**	**NM**	**NM**	**2.8%**
Overall TOTAL	**$ 8,187.6**		**$ 171,280.0**	**$ 182,686.8**							
							HIGH	**9.1x**	**16.1x**	**27.7x**	**7.5%**
							AVERAGE	**4.9x**	**12.1x**	**17.9x**	**3.1%**
							MEDIAN	**4.6x**	**11.5x**	**17.9x**	**2.7%**
							LOW	**1.9x**	**8.2x**	**9.4x**	**0.8%**

Source: Publicly available SEC filings and Bloomberg
Note: All figures have been adjusted for extraordinary and non-recurring items.
(1) Enterprise Value calculated as Equity Value plus Minority Interest and Net Debt (Total Debt less Cash & Cash Equivalents)
(2) Enterprise Value calculated as equal to Market Cap

Public Company Comparables – European Money Managers

(All figures in millions, except for per share data or unless otherwise noted)

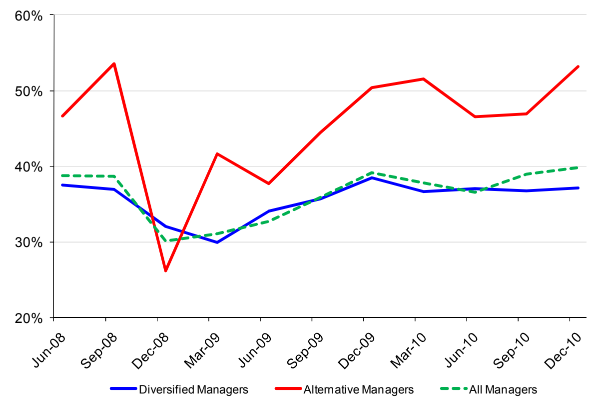
		Summary Financials						LTM Valuation Metrics			
		3/31/2011			LTM (1)			Enterprise Value /			Market
Company Name	End AUM (£ bils)	Stock Price	Market Cap	Enterprise Value (2)	Revenue	EBITDA	EPS	Revenue	EBITDA	PE Ratio	Cap % AUM
Traditional											
Aberdeen	£178.7	£2.11	£1,144.1	£2,475.0	£638.2	£226.7	£0.15	3.9x	10.9x	14.4x	0.6%
Schroders	£164.0	£17.36	271.4	2,982.6	978.5	292.2	0.80	3.0x	10.2x	21.6x	0.2%
F&C Asset Management	£95.3	£0.76	510.9	490.1	226.8	67.6	0.00	2.2x	7.2x	NM	0.5%
Henderson Group	£56.4	£1.70	790.9	1,426.3	345.9	107.7	0.08	4.1x	13.2x	22.1x	1.4%
Jupiter Fund Management	£19.8	£2.87	457.7	1,416.5	214.0	114.4	0.05	6.6x	12.4x	NM	2.3%
Liontrust	£1.1	£0.84	31.6	17.5	10.0	-2.3	-0.02	1.7x	NA	NA	2.8%
TOTAL	**£515.4**						**AVERAGE**	3.6x	10.8x	19.4x	1.3%
							MEDIAN	3.5x	10.9x	21.6x	1.0%
Alternative											
MAN Group	£25.8	£2.46	£1,854.2	£3,695.6	£642.2	£401.1	£0.14	5.8x	9.2x	18.1x	7.2%
Ashmore Group	£23.4	£3.31	704.0	1,988.0	286.2	209.3	0.23	6.9x	9.5x	14.7x	3.0%
Partners Group	£15.8	CHF 175.90	CHF 24.8	CHF 4,254.4	CHF 357.8	CHF 248.4	CHF 11.05	11.9x	17.1x	15.9x	0.2%
Polar Capital	£2.0	£1.36	73.2	82.4	26.1	5.8	0.05	3.2x	14.2x	NM	3.7%
Charlemagne Capital	£1.8	£0.20	277.1	36.3	15.6	3.7	0.01	2.3x	9.8x	13.5x	NM
RAB Capital	£0.8	£0.10	469.5	7.2	11.4	-11.5	-0.01	0.6x	NA	NA	NM
TOTAL	**£69.6**						**AVERAGE**	5.1x	12.0x	15.6x	3.5%
							MEDIAN	4.5x	9.8x	15.3x	3.4%
Overall TOTAL	**£585.0**										
							HIGH	11.9x	17.1x	22.1x	7.2%
							AVERAGE	4.4x	11.4x	17.2x	2.2%
							MEDIAN	3.5x	10.6x	15.9x	1.9%
							LOW	0.6x	7.2x	13.5x	0.2%

Source: Publicly available company filings, CapIQ, and Bloomberg
Note: All figures have been adjusted for extraordinary and non-recurring items
(1) Aberdeen, Liontrust, Man Group, and Polar Capital as of 9/30/2010; all others as of 6/30/2010
(2) Enterprise value calculated as equity value plus net debt (total debt less cash & cash equivalents) & minority interest

Public Asset Manager EBITDA Margins

- After peaking in 3Q 2008, EBITDA margins returned to their pre-crisis levels in 2010
- For 4Q 2010, average EBITDA margins for US asset managers were
  - Alternatives: 54%
  - Diversifieds: 38%
- In line with expectations, alternative margins continue to outpace traditionals. In 4Q 2010, earnings per share for alternative managers increased across the board, more than doubling previous quarters in the case of Och Ziff and KKR. Accordingly, EBITDA margins spiked throughout this timeframe.

US Quarterly EBITDA Margins by Type



Source: SEC Filings, Freeman & Co.

US Money Manager EBITDA Margins

EBITDA MARGIN **Quarter Ending**	**3/31/2009**	**6/30/2009**	**9/30/2009**	**12/31/2009**	**3/31/2010**	**6/30/2010**	**9/30/2010**	**12/31/2010**
Diversified								
Artio	55.4%	56.8%	51.9%	64.7%	57.8%	55.1%	53.3%	57.1%
BlackRock	37.2%	35.0%	40.4%	40.3%	40.4%	40.4%	38.8%	41.8%
Calamos Investments	26.3%	36.2%	40.4%	47.4%	40.6%	39.9%	41.1%	43.1%
Cohen & Steers	NM	NM	17.4%	30.9%	35.3%	37.2%	42.3%	35.7%
Eaton Vance	26.1%	29.8%	32.5%	34.1%	31.8%	31.0%	36.9%	33.6%
Federated Investors	27.8%	30.6%	34.2%	34.8%	33.2%	37.9%	34.9%	35.8%
Franklin Resources	29.1%	34.2%	35.2%	38.7%	37.2%	38.5%	37.7%	38.0%
Gamco	26.9%	28.4%	33.0%	40.2%	36.6%	38.6%	37.2%	36.0%
Invesco	23.1%	30.5%	35.8%	24.8%	27.1%	25.8%	27.9%	29.5%
Janus Capital	21.0%	27.5%	28.6%	34.3%	31.3%	28.6%	27.4%	38.2%
Legg Mason	12.4%	14.0%	15.9%	15.8%	20.1%	19.2%	18.5%	20.3%
Pzena	46.7%	52.5%	58.8%	58.7%	51.9%	51.9%	50.7%	53.7%
SEI Investments	34.6%	40.8%	41.9%	44.1%	29.1%	30.1%	30.4%	27.5%
T Rowe Price	33.1%	39.2%	44.9%	45.2%	46.9%	47.4%	49.1%	48.6%
Waddell & Reed	19.3%	21.0%	24.3%	22.7%	24.6%	25.6%	24.8%	26.1%
AVERAGE	**29.9%**	**34.0%**	**35.7%**	**38.4%**	**36.3%**	**36.5%**	**36.7%**	**37.7%**
Alternatives								
Blackstone	NM	42.8%	46.1%	49.5%	54.2%	40.1%	46.5%	55.8%
Fortress	41.1%	45.3%	43.2%	38.2%	44.4%	42.2%	37.2%	45.4%
KKR	31.0%	39.3%	42.1%	44.7%	50.2%	40.8%	42.3%	45.5%
Och-Ziff	52.9%	23.4%	46.1%	69.1%	59.4%	64.8%	63.3%	67.2%
AVERAGE	**41.6%**	**37.7%**	**44.4%**	**50.4%**	**52.0%**	**47.0%**	**47.3%**	**53.5%**
Holding Cos/LPs								
Affiliated Managers	31.4%	30.3%	36.4%	31.5%	38.5%	33.4%	39.7%	46.6%
AllianceBernstein	NM	21.5%	30.4%	28.3%	22.3%	18.7%	NM	22.6%
AVERAGE	**31.4%**	**25.9%**	**33.4%**	**29.9%**	**30.4%**	**26.0%**	**39.7%**	**34.6%**
Bank / Trust Companies								
Boston Private Finl (1)	15.3%	7.9%	10.3%	24.2%	19.1%	6.2%	NM	NM
AVERAGE	**15.3%**	**7.9%**	**10.3%**	**24.2%**	**19.1%**	**6.2%**	**NM**	**NM**
OVERALL AVERAGE	**31.1%**	**32.7%**	**35.9%**	**39.2%**	**37.8%**	**36.1%**	**39.0%**	**40.4%**
% Change	*3.1%*	*5.2%*	*9.7%*	*9.2%*	*(3.5)%*	*(4.7)%*	*8.1%*	*3.6%*

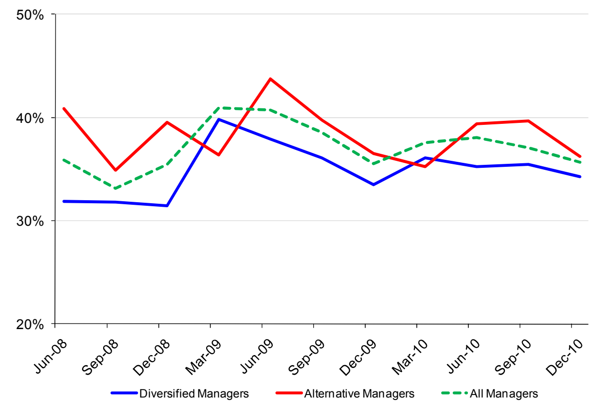
(1) Financials prior to 3/31/09 represent company before financial restatement which occurred in 3Q09

Source: SEC Filings, Freeman & Co.

Public Asset Manager Compensation Margins

- Over the past year we have seen compensation margins converge among the various managers
- In Q4 2010, average compensation margins for US managers was
  - Alternatives: 36%
  - Diversifieds: 34%

US Quarterly Compensation Margins by Type



Source: SEC Filings, Freeman & Co.

US Money Manager Compensation Margins

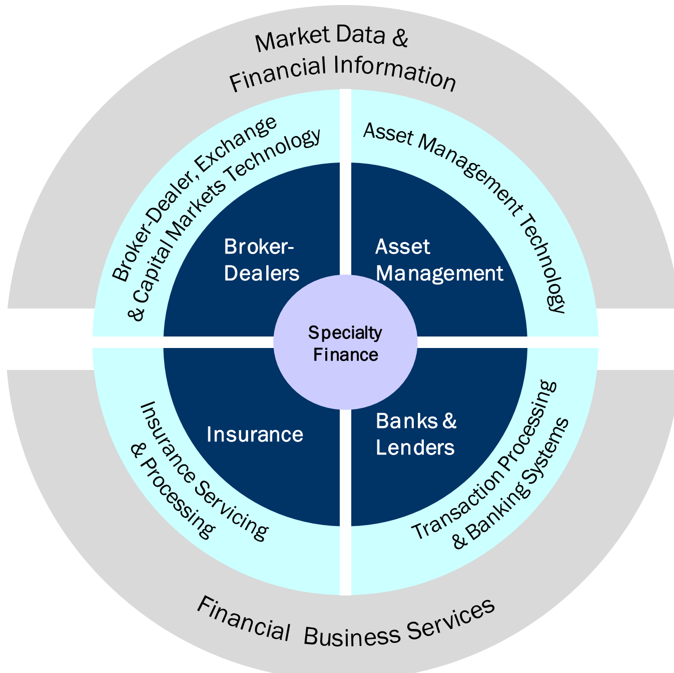
COMPENSATION MARGIN								
Quarter Ending	**3/31/2009**	**6/30/2009**	**9/30/2009**	**12/31/2009**	**3/31/2010**	**6/30/2010**	**9/30/2010**	**12/31/2010**
Diversified								
Artio	27.1%	25.4%	26.0%	19.6%	25.7%	26.4%	27.4%	25.5%
BlackRock	35.6%	37.9%	38.9%	40.0%	38.7%	34.9%	37.0%	33.7%
Calamos Investments	30.4%	25.9%	24.0%	17.5%	24.8%	23.5%	23.3%	20.9%
Cohen & Steers	51.8%	56.6%	47.2%	37.4%	39.0%	39.0%	39.0%	36.5%
Eaton Vance	33.9%	33.9%	31.0%	31.9%	32.3%	31.5%	28.9%	31.1%
Federated Investors	34.4%	32.7%	32.5%	35.3%	41.4%	38.2%	37.3%	34.5%
Franklin Resources	39.0%	32.6%	30.6%	28.6%	29.6%	27.9%	27.6%	28.4%
Gamco	47.9%	43.6%	41.9%	39.5%	43.7%	41.4%	42.7%	47.2%
Invesco	56.6%	48.0%	44.0%	33.0%	31.5%	32.0%	30.5%	28.9%
Janus Capital	44.4%	40.1%	46.2%	38.5%	39.8%	40.1%	39.8%	37.2%
Legg Mason	38.4%	43.8%	43.6%	41.7%	39.8%	39.9%	42.2%	40.2%
Pzena	44.2%	42.0%	37.1%	36.8%	38.6%	37.5%	39.9%	36.7%
SEI Investments	39.4%	34.0%	34.0%	32.9%	42.7%	42.0%	41.0%	45.1%
T Rowe Price	45.6%	45.2%	39.4%	37.2%	37.3%	37.3%	36.5%	34.5%
Waddell & Reed	28.2%	27.5%	25.4%	32.2%	25.1%	25.3%	26.9%	26.3%
AVERAGE	**39.8%**	**37.9%**	**36.1%**	**33.5%**	**35.3%**	**34.5%**	**34.7%**	**33.8%**
Alternatives								
Blackstone	NM	39.4%	41.4%	39.4%	35.6%	43.9%	42.9%	35.1%
Fortress	52.5%	51.9%	60.3%	56.0%	55.8%	64.3%	67.1%	54.9%
KKR	31.3%	28.5%	26.3%	24.6%	27.9%	30.6%	28.7%	25.9%
Och-Ziff	25.3%	55.1%	30.9%	26.1%	21.6%	18.7%	19.9%	29.2%
AVERAGE	**36.4%**	**43.7%**	**39.7%**	**36.5%**	**35.2%**	**39.4%**	**39.6%**	**36.3%**
Holding Cos/LPs								
Affiliated Managers	47.1%	51.4%	48.4%	44.9%	47.5%	43.0%	42.8%	43.0%
AllianceBernstein	52.5%	45.0%	41.7%	41.4%	44.1%	45.5%	45.3%	44.6%
AVERAGE	**49.8%**	**48.2%**	**45.0%**	**43.1%**	**45.8%**	**44.2%**	**44.1%**	**43.8%**
Bank / Trust Companies								
Boston Private Finl (1)	54.0%	55.2%	57.5%	46.6%	52.8%	62.2%	NM	NM
AVERAGE	**54.0%**	**55.2%**	**57.5%**	**46.6%**	**52.8%**	**62.2%**	**NM**	**NM**
OVERALL AVERAGE	**40.9%**	**40.7%**	**38.6%**	**35.5%**	**37.1%**	**37.5%**	**36.5%**	**35.2%**
% Change	*15.5%*	*(0.5)%*	*(5.3)%*	*(7.9)%*	*4.4%*	*1.2%*	*(2.6)%*	*(3.6)%*

(1) Financials prior to 3/31/09 represent company before financial restatement which occurred in 3Q09

Source: SEC Filings, Freeman & Co.

Report Team

Asset Management Coverage	Title	Phone	Email
Eric Weber, CFA	Managing Director	+1 (212) 830-6162	eweber@freeman-co.com
James Hatchley, ACA	Managing Director	+44 (0) 20 7743 6535	jhatchley@freeman-co.com
Gavin Parks	Vice President	+1 (212) 830-6163	gparks@freeman-co.com
Jennifer Wilson, CPA	Associate	+1 (212) 830-6181	jwilson@freeman-co.com
Michael Compton	Analyst	+1 (212) 830-6173	mcompton@freeman-co.com



Coverage Teams

Sector	Contact	Phone	Email
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International Coverage	James Hatchley, ACA Jimmy Chang	+44 (0) 20 7743 6535 +1 (212) 830-6178	jhatchley@freeman-co.com jchang@freeman-co.com

Select Freeman & Co. Asset Management Transactions

$2 billion AUM
altegris
has been acquired by
Genworth Financial
The undersigned acted as financial advisor to Altegris Investments
December 31, 2010
Freeman & Co. Securities LLC

$210,000,000
GSC GROUP
Senior Debt Restructuring
The undersigned acted as financial advisor to the Creditor Committee
2009 – 2010
Freeman & Co. Securities LLC

$22 billion AUM
GUGGENHEIM
led investor group has acquired
Rydex Investments Essential for modern markets
SGI SECURITY GLOBAL INVESTORS
The undersigned acted as financial advisor to Security Benefit Corporation, parent of Rydex SGI
February 16, 2010
Freeman & Co. Securities LLC

GUGGENHEIM
has acquired the U.S. High Yield Fixed Income assets of
Halbis
HSBC Global Asset Management
The undersigned acted as financial advisor to Guggenheim Partners, LLC
May 18, 2009
Freeman & Co. Securities LLC

US $700 million AUM
KBC Alpha Asset Management
A hedge fund of funds division of
KBC
has been acquired by
Pacific Alternative Asset Management Company
The undersigned acted as financial advisor to KBC Financial Products
Announced December 2, 2008
Freeman & Co. Int. LLP

US $7 billion AUM
GW&K Investment Management
A wholly owned subsidiary of
THE BANK OF NEW YORK MELLON
has been acquired by
AFFILIATED MANAGERS GROUP
The undersigned acted as financial advisor to The Bank of New York Mellon
July 23, 2008
Freeman & Co. Securities LLC

VALUE ASSET MANAGEMENT
has sold its minority stake in Grosvenor Capital Management back to the company
GROSVENOR CAPITAL MANAGEMENT, L.P.
The undersigned acted as financial advisor to Value Asset Management
October 26, 2007
Freeman & Co. Securities LLC

$5.5 billion AUM
K2 ADVISORS
has sold a minority interest to
TA Associates
Acted as financial advisor to K2 Advisors LLC
April 30, 2007
Freeman & Co. Securities LLC

$24 billion AUM
CERES
has completed an equity recapitalization sponsored by an undisclosed
Financial Sponsor
as provider of financing
The undersigned acted as financial advisor to Ceres Capital Partners
January 31, 2007
Freeman & Co. Securities LLC

$1.7 billion AUM
LYRA
its holding company
URSA and STARVIEW
have been acquired by
CRÉDIT AGRICOLE STRUCTURED ASSET MANAGEMENT
Acted as financial advisor to Ursa Capital
September 14, 2006
Freeman & Co. Securities LLC

US $8.0 billion AUM
LIGHTHOUSE PARTNERS
has been acquired for US$625 million by
HFA holdings
The undersigned acted as financial advisor to Lighthouse Investment Partners, LLC
Signed November 1, 2007
Freeman & Co. Securities LLC

$2.8 billion AUM
The BANK of NEW YORK.
has acquired
URDANG
Acted as financial advisor to The Bank of New York
February 28, 2006
Freeman & Co. Securities LLC

The $2.8 billion AUM hedge fund of funds
GUGGENHEIM
has been acquired by
Bank of Ireland Asset Management
Acted as financial advisor to Guggenheim Capital
January 31, 2006
Freeman & Co. Securities LLC

$1.5 billion AUM acquired
HAMILTON LANE
has acquired a controlling interest in
RICHCOURT CAPITAL MANAGEMENT
from
CITCO
Acted as financial advisor to Hamilton Lane
December 3, 2004
Freeman & Co. Securities LLC

$1.3 billion AUM
LYRA CAPITAL LLC
has completed the management buyout of
Zurich Benchmark Series
from
ZURICH CAPITAL MARKETS
Acted as financial advisor to Zurich Capital Markets, Inc.
October 16, 2003
Freeman & Co. Securities LLC

The structured products business of
ZURICH CAPITAL MARKETS
has been acquired by
BNP PARIBAS
Acted as financial advisor to Zurich Capital Markets, Inc.
July 11, 2003
Freeman & Co. Securities LLC

$800 million AUM
VOLARIS
has been acquired by
CREDIT SUISSE FIRST BOSTON
Acted as financial advisor to Volaris Advisors, LLC
June 6, 2003
Freeman & Co. Securities LLC

The BANK of NEW YORK.
has acquired
IVY Asset Management Corp.
Acted as financial advisor to The Bank of New York
October 2000
Freeman & Co. Securities LLC

Recent Publications by Freeman & Co.

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- *Putting the Pieces Back Together* (April 2010)
- *Humpty Dumpty had a Big Fall* (September 2009)
- *Can a Third Shoe Drop?* (March 2009)

Financial Technology Reports

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Insurance Industry Focus

- *To Arms, To Arms: The Regulators are Coming!* (July 2010)
- *Insurance Servicing, Processing and Technology* (July 2009)
- *Inaugural Report (January 2009)*
- *Retirement Funding: New Solutions for a Growing Problem* (July 2008)

Private Equity Focus

- *Show me the Money* (September 2010)
- *Waiting for the Turn* (September 2009)
- *Where have you gone LBO?* (September 2008)
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Securities Industry Reports

- *Filling the Void in the Middle Market* (January 2011)
- *Focus Shifts From Survival Mode to Strategic Mode* (October 2009)
- *Securities Industry at Major Inflection Point* (March 2009)
- *Mom, Dad, Are We There Yet? (September 2008)*

Specialty Finance & Asset Focus

- *Inaugural Issue: Special Education (March 2011)*

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