

### The Roller Coaster Ride Continues

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As if following a blueprint from 2011, the markets began in 2012 with several weeks of strong performance. However, after tracking upward through the first quarter of 2012, major indexes quickly reversed, ceding first quarter gains and leaving investors wondering what surprises lay ahead.

Transaction activity remains muted, as deal volume is slightly behind the pace of prior years. Strategic acquisitions by stronger firms and divestitures from larger banks seeking to raise capital have characterized an M&A market populated by mid-sized deals.

**Performance as of July 31, 2012**

	YTD	1 Yr	3 Yr (Ann)	5 Yr (Ann)
<b>S&amp;P 500 (TR)</b>	11.0%	9.1%	14.1%	1.1%
<b>Dow Jones</b>	8.1%	10.1%	15.4%	2.5%
<b>FTSE 100</b>	3.8%	1.2%	11.2%	1.8%
<b>HFRI*</b>	1.8%	-4.3%	5.2%	1.1%

*\*HFRI Fund Weighted Composite Index*

**Transaction Activity:** Global deal activity continued to lag in the first half of 2012 with 57 announced transactions, the same as 2011. Expect activity to be flat through the remainder of 2012, followed by an increase of 10-20% as opportunities to buy non-core assets in Europe reach the market in 2013. In particular, this year we see increased activity among fund of funds, wealth managers and long awaited strategic deals finally reaching the finish line.

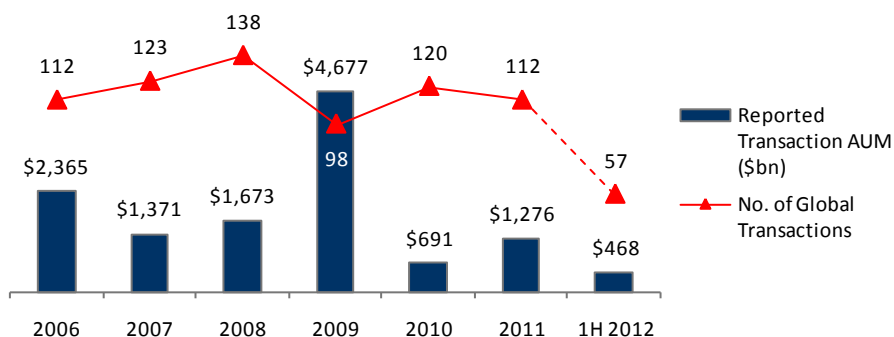
**Building a Sustainable ETF Franchise:** Globally, ETF markets experienced annual asset growth of 9 – 39% over the trailing three year period, and long-term drivers show no signs of this trend slowing. With many fortunes to be won and lost over the next five years, we discuss new endeavors, and where opportunities lie for new entrants to be successful.

**Searching for Yield:** Alternative fixed income products offer attractive risk adjusted returns to investors. Investor education about these products cannot come at a more opportune time, as banks and other traditional lenders have cut lending in the face of new regulations and capital requirements.

Market Data as of 7/31/2012

DJIA	13,009
NASDAQ	2,940
S&P 500	1,379
FTSE 100	5,635
10-yr US T-Bond	1.47%
USD per GBP	\$1.57
USD per Euro	\$1.23

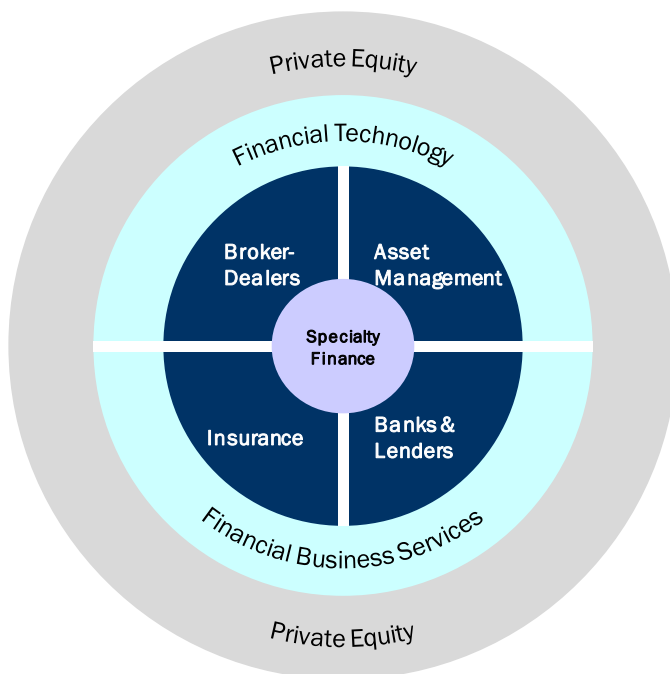
**Global Asset Management Transactions as of June 30, 2012<sup>1</sup>**



<sup>1</sup> All transaction statistics reflect deals with reported AUM > \$500mm as of 6/30/2012

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# Global Deal Activity

## Uncertainty Continues

Global deal activity continued to lag in the first half of 2012 at 57 transactions with disclosed AUM, the same as the first half of 2011. This comes at a time when Euro-zone fears, weakened US first quarter GDP growth and volatile markets continue to plague the global economy.

## Temporary Stall in Deal Volume

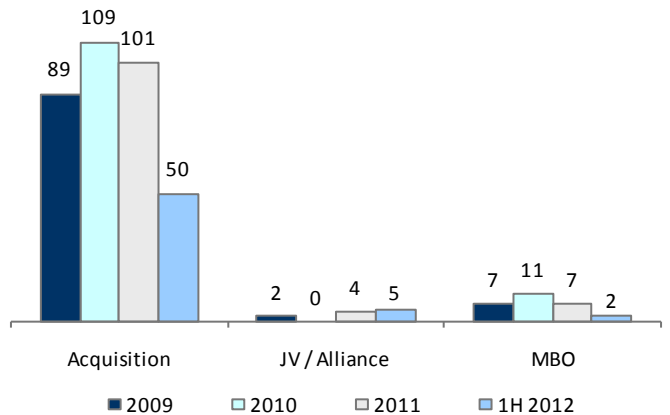
In the US, deal activity included 32 transactions, a 22% decrease from 41 in the first half of 2011. While the effects of last August put many asset manager M&A plans on hold, the current pipeline of alternative and wealth management deals is very strong. We expect activity to be flat through the remainder of 2012, followed by an increase of 10-20% as opportunities to buy non-core assets in Europe reach the market in 2013.

European firms saw a spike in 2011 M&A activity, hosting some of the year's largest transactions. However, this year shows a reversion to the mean with 17 transactions year to date, a 15% drop from 20 transactions in the first half of 2011.

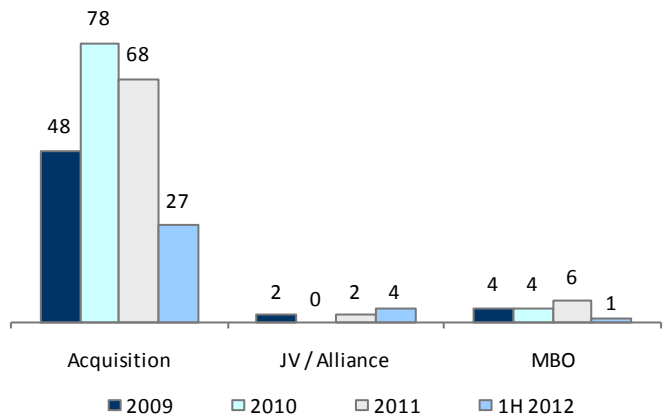
## Asia Shows Signs of Growth

Deals in Asia are set to increase from 2011, with 9 transactions announced through June 2012 (18 annualized through year-end). Asian firms remain strong and have begun to expand globally as their growth slows at home. One such transaction was Japan-based Nippon Life Insurance's acquisition of a 26% interest in Indian based Reliance Capital (\$19.0 billion AUM).

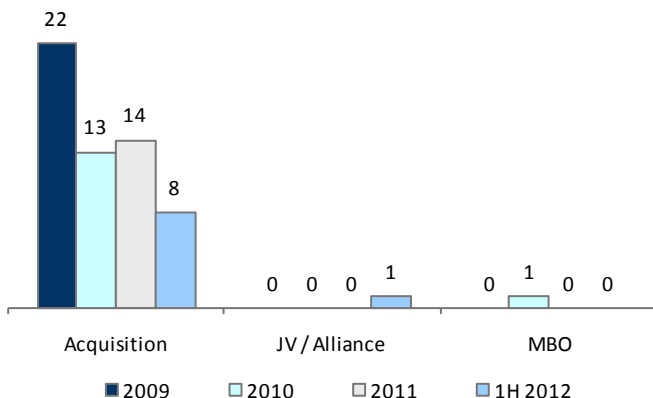
## No. of Global Asset Management Transactions



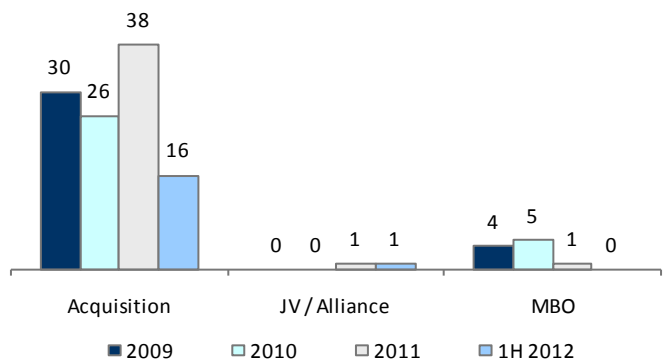
## No. of Transactions Involving US Firms



## No. of Transactions Involving Asian Firms



## No. of Transactions Involving European Firms



## Transaction Detail

### Deal Highlights

The first half of 2012 included robust deal activity among traditional asset managers, marked by the announcement of two large transactions in the first quarter:

- Goldman Sachs' acquisition of Dwight Asset Management (\$42 billion AUM)
- RIT Capital Partners' purchase of a minority stake in Rockefeller Financial Services (\$34 billion AUM)

Existing strategic alliances were furthered through announcement of Morgan Stanley's purchase of an additional 14 percent stake in its wealth management joint venture with Citi as well as the acquisition by Nippon Life Insurance of an additional 26% stake in Reliance Capital. On the other hand, this May Barclays announced plans to sell its 20% stake in Blackrock, received as part of the 2009 sale of BGI, citing the anticipation of Basel III capital requirements.

Among registered investment advisors (RIAs) AMG Wealth Partners' acquisition of Veritable, a firm that manages over \$10 billion in assets, is significant. This marks the first transaction for newly-launched AMG Wealth Partners. At the time of the transaction Veritable was the third largest RIA on Financial Planning's list of Top 50 RIAs.

Finally Eaton Vance's acquisition of a 49% stake in Canadian asset manager Hexavest presents a strategic transaction with Eaton Vance assuming Hexavest's new business development outside Canada and Hexavest sub-advising a new series of mutual funds for Eaton Vance's US and offshore markets.

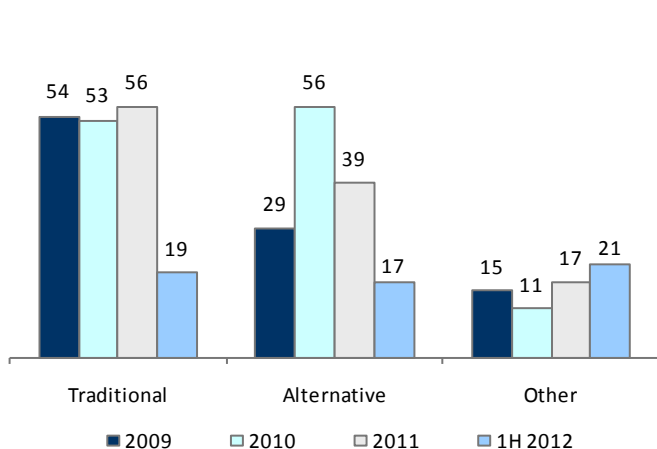
### Top 10 Asset Manager Transactions (1H 2012)

#	Target	Acquirer	% Acquired	AUM (\$mm)
1.	Bridgewater Associates	Texas Teacher Pension	Minority	\$120,000
2.	Dwight Asset Management	Goldman Sachs	100%	42,000
3.	Rockefeller Financial Services	RIT Capital Partners	37%	34,000
4.	Natcan Investment Management	Fiera Sceptre	100%	25,000
5.	Reliance Capital Asset Management	Nippon Life Insurance	26%	19,000
6.	Yacktman Asset Management	Affiliated Managers Group	Majority	17,000
7.	Edelman Financial	Lee Equity Partners	100%	17,000
8.	Quilter Holdings	Bridgepoint Capital	100%	12,091
9.	Veritable	Affiliated Managers Group	Minority	11,100
10.	Hexavest	Eaton Vance	49%	9,332
<b>Top 10</b>				<b>\$306,523</b>
<b>Total</b>				<b>\$468,280</b>
<b>% of Total</b>				<b>65%</b>

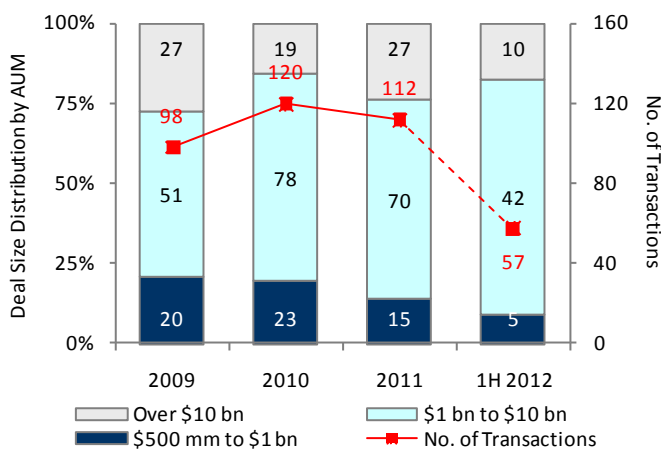
### Top 10 Asset Manager Transactions (2011)

#	Target	Acquirer	% Acquired	AUM (\$mm)
1.	Neuberger Berman	MBO	Minority	\$183,000
2.	American Century Investments	Canadian Imperial Bank of Commerce	41%	112,000
3.	Bank Sarasin & Co.	Safra Group	46%	108,000
4.	AMP Capital	Mitsubishi UFJ Trust Management	15%	94,500
5.	Mondrian Investment Partners	Precision Capital	27%	70,000
6.	KBL European Private Bankers	Carlyle Group	100%	60,000
7.	Alpinvest Partners	Power Corporation of Canada & Other Investors	60%	43,300
8.	China Asset Management	UBS	31%	35,000
9.	ING (Australian Investment Mgmt Unit)	Millenium	100%	34,000
10.	ETF Securities		Minority	27,000
<b>Top 10</b>				<b>\$766,800</b>
<b>Total</b>				<b>\$1,276,111</b>
<b>% of Total</b>				<b>60%</b>

### Transactions by Company Type<sup>1</sup>



### Transaction Size



## Building a Sustainable ETF Franchise

In our last report, we estimated the accelerating rate of ETF transactions from the perspective of a growing buyer demand for the asset class. In doing so, we overlooked the 40+ new entrants each year, some of which will become the next market leaders while others fail to gain traction.

With many fortunes to be won or lost over the next five years, we focus on new endeavors, and where opportunities lie for new entrants to be successful.

### Growth: Prospects continue to excite after 20 years

Nearly 20 years after the introduction of the first ETF product, ETF growth continues to entice asset managers. Since 2008, the ETF asset class has grown at a rate of 24.9% globally. This compares to a 6.7% growth rate in US mutual fund assets and 8.3% in European investment fund assets.<sup>1</sup>

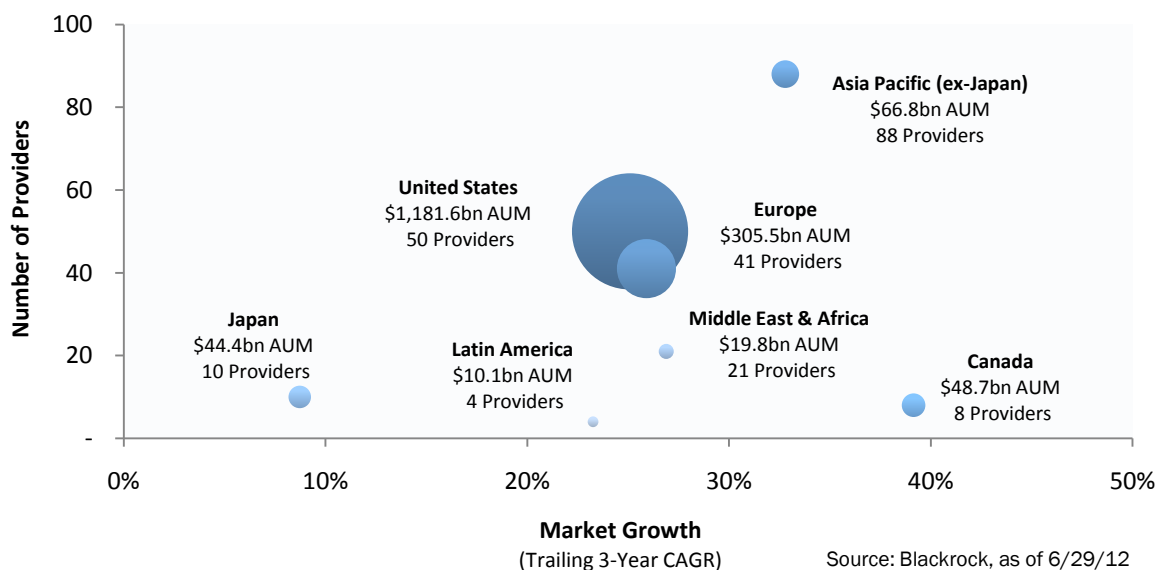
More importantly, many indicators suggest this trend will continue for the near future. In the US and Canada, the ETF market remains one tenth the size of the mutual fund market. This is comparable to Europe where assets in UCITS vastly surpass that in European ETF products.

### Competitive Position: Large players are set-up to construct large volume, low fee products

Currently, the vast majority of ETF assets are housed in large, low fee index products. For example, State Street's largest fund, SPDR S&P 500, has \$103.7bn in assets or 36.8% of State Street's total US ETF AUM at a 9 basis point fee rate.

To put this in context, the figures below represents the size and growth characteristics of various markets around the globe. State Street's US S&P 500 fund is larger than the total markets of Asia Pacific, Canada, Japan, the Middle East & Africa, and Latin America. Given the low adoption rate in many regions, the growth for ETFs is high as ETFs gain market share from competing products.

### Global ETF Market Growth



## Building a Sustainable ETF Franchise (Cont'd)

The top three funds for iShares, State Street, and Vanguard represent 31% of the US ETF market. Of these funds, 8 represent broad market indices, with the exception of the SPDR Gold Shares ETF. The path for other competitors will be in more specialized products or investment themes or processes.

### Top 3 ETFs for iShares, State Street & Vanguard

Provider	Fund	Ticker	Net Assets (\$ bn)	% of Firm US AUM	Expense Ratio
iShares	iShares MSCI Emerging Markets Index	EEM	\$34.2	7.1%	0.67%
iShares	iShares MSCI EAFE Index	EFA	\$34.3	7.1%	0.34%
iShares	iShares S&P 500 Index	IVV	\$29.8	6.2%	0.09%
State Street Global Advisors	SPDR S&P 500	SPY	\$103.7	36.8%	0.09%
State Street Global Advisors	SPDR Gold Shares	GLD	\$65.8	23.3%	0.40%
State Street Global Advisors	SPDR Dow Jones Industrial Average	DIA	\$11.4	4.0%	0.17%
Vanguard	Vanguard MSCI Emerging Markets ETF	VWO	\$50.9	24.3%	0.20%
Vanguard	Vanguard Total Stock Market ETF	VTI	\$21.5	10.3%	0.05%
Vanguard	Vanguard Total Bond Market ETF	BND	\$17.4	8.3%	0.10%

Source: Bloomberg, as of 6/29/2012

### Competitive Position: Independents & new entrants are poised to capture future industry growth

We believe there will be continued new flows into ETF products over the next five years; however, a disproportionately large amount of these flows will be concentrated among those with a differentiated focus or product innovation. One strong reason supporting this, we believe, is the market opportunity for ETF asset expansion beyond broad index products. Large firms generally have an advantage in marketing, distribution, and structuring product capabilities; however, reputational risk and organizational controls can result in a limited ability to innovate or market innovative products to retail investors. Product proliferation has resulted in a declining rate of successful ETF launches in recent years, but smaller new entrants are more keen to bear this early stage “venture” risk.

As the trend of the independent ETF provider unfolds, we anticipate the following themes:

- ▶ *Active strategies remain a niche portion of the current ETF market*
- ▶ *Innovative product packaging will lead to product proliferation that is different than exists today*
  - Two examples launched in 2012 include: (1) the PIMCO Total Return ETF, an ETF version of Bill Gross’s successful open-end bond fund and (2) the SPDR S&P Small Cap Emerging Asia Pacific ETF, which gave investors the first ETF opportunity to invest in small cap stocks in the region
- ▶ *Prevalent distribution to retail investors and swift execution gives this trend the ability to scale much faster than historical precedents*
  - 10 years ago, the majority of mutual funds were sold through advisors, with only 12% of assets sold via direct channels and 16% through retirement plans<sup>1</sup>. Now, with the advent of online brokerages and growth in 401k plans, retail investors are more empowered to make investment decisions
- ▶ *Marketing prowess and quality management are two of the most vital growth drivers, yet are often underestimated in this asset class*

### Successful Non-Bank Franchises (>\$5bn AUM)

Provider	AUM (\$ bn)	Focus
ETF Securities	\$24.8	Commodities
Van Eck	\$23.5	Hard assets
ProShares	\$23.1	Leveraged and inverse
WisdomTree Investments	\$12.2	Dividends & global/emerging markets
Direxion	\$6.7	Leveraged and inverse
First Trust Advisors	\$6.3	International, specialty
Rydex	\$5.6	Broad market and currencies

### Successful Newer Franchises (>\$1bn AUM)

Provider	AUM (\$ bn)	Key Shareholders
ETFlab Investment	\$4.5	Dekabank Deutsche Girozentrale
EasyETF	\$4.5	BNP Paribas
VelocityShares	\$1.2	CSFB Private Equity, FTV Capital

Source: Company Websites, SEC ADV and Blackrock, as of 12/31/2011 or most recent public filing

## Searching for Yield

In the current low-interest rate, low-growth and high unemployment environment, investors continue to struggle to secure yield. Institutional investors have their liabilities priced at over 700 bps, but with the 10-year US treasury yield around 140 bps there is a tremendous need to fill this gap. As a result, alternative fixed income (“AFI”) products are beginning to play an active role in the market, offering attractive risk adjusted returns to investors.

### Growth of Specialty Finance Lenders

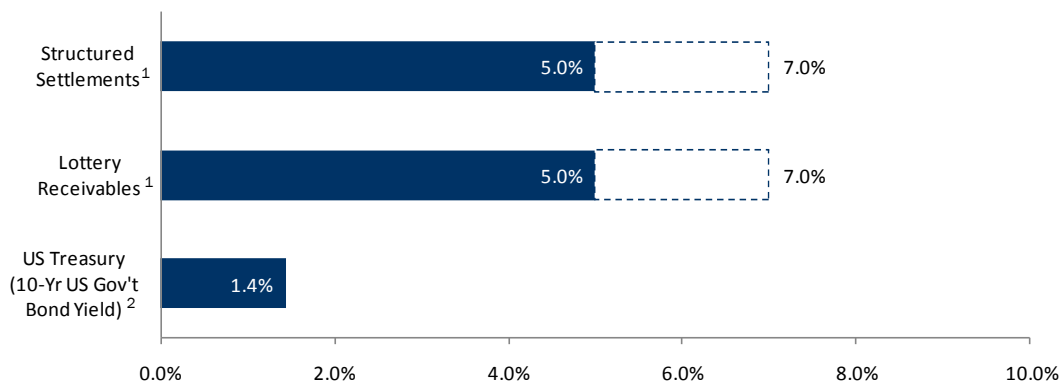
Investor demand for AFI products and end-user cash needs have fueled the growth of specialty finance lenders (some of whom are re-starting in the wake of the credit crisis while others, the survivors of the crisis, are looking for growth opportunities). These originators of AFI assets recognize the growth opportunity as they witness the mass exodus of traditional banks from this sector. As traditional sources withdraw funding, this has created a void in capital available to the specialty lenders. Consequently, the latest constituents in this eco-system are the capital providers to specialty lenders, providing debt financing, asset purchases, and on occasion, equity injections.

Two of the most prevalent alternative fixed income products are structured settlements and lottery receivables, which are secondary purchases from retail clients of receivables from insurance companies and lottery commissions.

### Example 1: Structured Settlements

In its most common form, a structured settlement is an alternative compensation method (in lieu of lump sum cash payments) to plaintiffs for personal or physical injuries, medical malpractice, commercial claims or worker’s compensation claims. A highly rated insurance company issues the annuity and administers the payments, while the ownership and obligation to make the future payments generally lies in the hands of a wholly-owned subsidiary of the insurer, creating a high level of security for claimants. Structured settlement purchases are made from individuals through a non-appealable court order, adding a level of security to the assets.

### Expected Yields

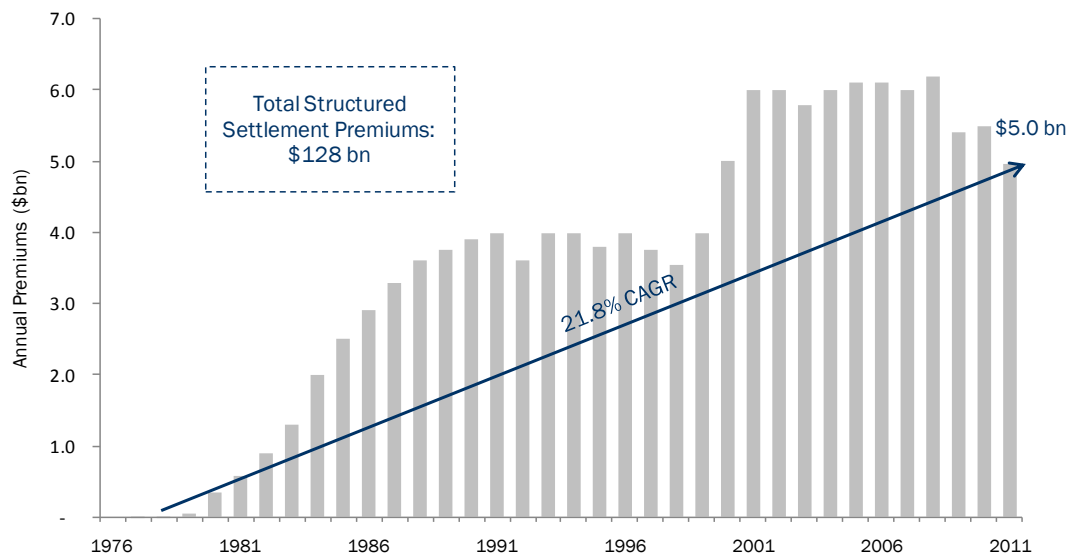


<sup>1</sup>Source: Freeman & Co. estimated range; reflects expected future yields of current products in the market

<sup>2</sup>Source: Bloomberg; as of 6/29/2012

## Searching for Yield (Cont'd)

### US Structured Settlement Premiums<sup>1</sup> (1976-2011)



Source: LawCatalog, "Structured Settlements and Periodic Payment Judgments"  
<sup>1</sup>Reflects annuity payments to retail clients

### Example 2: Lottery Receivables

As expected, everyone wants to win the lottery. Over the past 10 years there has been an explosion in the sale of lottery tickets, with lottery revenue reaching all-time highs in 2011 for many states. Accompanying these developments is the creation of a secondary market for the purchase and sale of lottery prize payments. Lottery receivables are fully amortizing, providing yields between 5-7% on average. Receivables are purchased from lottery winners, who receive a lump sum payment. State lottery commissions have the backing of their respective state governments and must defease their liabilities for lotteries with highly-rated collateral such as treasuries or rated annuities (only in certain states).

### Timing: The Current Opportunity for Outside Investment

Capital sources face an opportune time to re-enter the alternative product space as banks and other traditional lenders have cut lending in the face of new regulations and capital requirements. The absence of commercial banks has cleared the market for other investors to gain market share in providing capital. While a limited number of banks have special situations lending groups dipping a toe in this end of the pool, the regulated underwriting/approval process makes them less competitive than other investors in many instances.

We see the current trend for outside investors as mainly being interested in:

1. Buying these receivables directly or
2. Providing debt to the originators of these receivables

Investors (alternative managers and industry competitors alike) can purchase the portfolios and gain an attractive yield with low risk.



# Public Company Comparables – Stock Price Performance

## Stock Prices

The overall market swoon that characterized the second half of 2011 has proven difficult to reverse, especially for public asset managers. On a last-twelve-months basis, the S&P 500 has struggled to stay in positive territory, currently up 7.2%, while asset managers approached their original levels, only to languish in negative territory as 2012 wears on. Equally weighted indexes of traditional and alternative managers are down -8.9% and -8.3%, respectively.

Top 5 Performers	Stock Prices			YOY % Change
	7/29/2011	1/31/2012	7/31/2012	
	Boston Private Financial Hldg	\$ 6.94	\$ 8.23	
Liontrust Asset Management	£ 0.73	£ 0.83	£ 0.96	32.2%
F&C Asset Management	£ 0.70	£ 0.66	£ 0.88	25.0%
Partners Group	CHF 149.90	CHF 161.00	CHF 178.30	18.9%
Aberdeen Asset Management	£ 2.21	£ 2.39	£ 2.58	17.1%

The top performers in the sector were primarily traditional asset managers. The laggards in the market were primarily alternative managers, who were more affected by the deleveraging cycle, with ultra-low interest rates and occasional bouts of severe volatility. Ongoing uncertainty about the economy, especially the potential size and scope of any dislocation in Europe, will continue to impact performance, especially to those firms with performance fees.

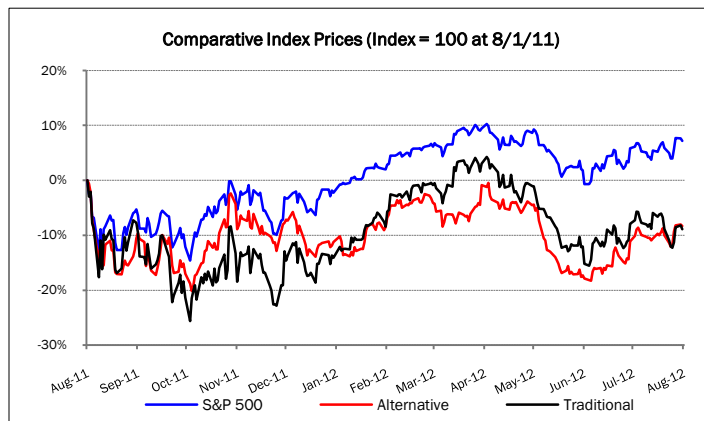
Bottom 5 Performers	Stock Prices			YOY % Change
	7/29/2011	1/31/2012	7/31/2012	
	Henderson Group	£ 1.60	£ 1.11	
Och-Ziff Capital Management Group LLC	\$ 12.36	\$ 9.93	\$ 7.25	-41.3%
Charlemagne Capital Limited	£ 0.18	£ 0.13	£ 0.10	-46.2%
MAN Group	£ 2.23	£ 1.16	£ 0.80	-64.3%
Artio Global Investors Inc.	\$ 11.00	\$ 4.49	\$ 3.23	-70.6%

## IPO Activity

The second quarter of 2012 saw the widely-publicized IPOs of two alternative asset managers. Both Carlyle Group and Oaktree Capital Group offered units to public investors at the lower end of their expected ranges; the listings have traded slightly below their initial prices. These conservative valuations reflect weak public market performance across the sector amid an uncertain outlook for the global economy.

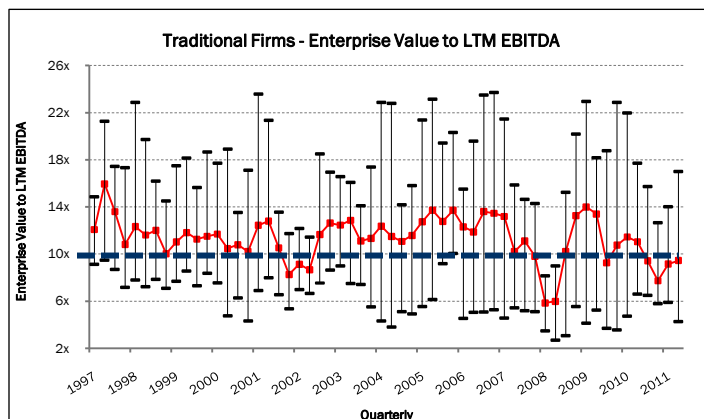
## EBITDA Multiples

Valuations rose modestly through the first quarter of 2012, as evidenced by the multiples of firms' current enterprise value to last twelve months (LTM) EBITDA. Traditional managers' multiples grew to 8.8x, but they continue to lag their historical average of 10.9x. Alternative managers' valuations grew more aggressively, rising from an average of 12.7x to 13.4x.



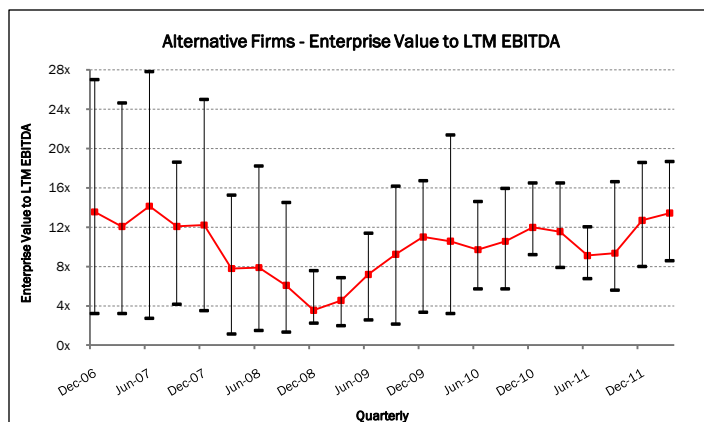
**Traditional Index:** Artio, BlackRock, Calamos, Cohen & Steers, Eaton Vance, Federated Investors, Franklin Resources, GAMCO, Invesco, Janus, Legg Mason, Pzena, Schroders, SEI Investments, T. Rowe Price, Waddell & Reed  
**Alternative Index:** Apollo, Ashmore, Blackstone, Charlemagne, Fortress, KKR, Man Group, Och-Ziff, Partners Group, Polar Capital  
 Note: The above are all equally weighted indexes

Source: Capital IQ



**Traditional Firms:** BlackRock, Cohen & Steers, Eaton Vance, Federated Investors, Franklin Resources, Gamco, Invesco, Janus, Legg Mason, Schroders, T. Rowe Price, Waddell & Reed

Source: Publicly available SEC filings, Capital IQ, Freeman & Co.



**Alternative Firms:** Apollo, Ashmore, Blackstone, Fortress, KKR, Och-Ziff, Partners Group, Polar Capital

Source: Publicly available SEC filings, Capital IQ, Freeman & Co.

# Public Company Comparables – US Money Managers

## Financial Valuation <sup>(1)</sup>

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

Company Name	Summary Financials							LTM Valuation Metrics				2012E	2013E
	7/31/2012			LTM				Enterprise Value /		PE	Enterprise Value % AUM		
	End AUM (\$ bn)	Stock Price	Market Cap	Enterprise Value <sup>(2)</sup>	Adj Net Revenue	Adj EBITDA <sup>(3)</sup>	Adj Dil EPS <sup>(3)</sup>	Adj Net Revenue	Adj EBITDA				
<b>Traditionals</b>													
BlackRock	\$ 3,559.9	\$ 170.26	\$ 30,577	\$ 33,327	\$ 8,930.0	\$ 3,716.0	\$ 12.15	3.7x	9.0x	14.0x	0.9%	8.9x	8.1x
Franklin Resources	707.1	114.95	24,568	20,237	4,414.4	2,824.3	8.52	4.6x	7.2x	13.5x	2.9%	7.1x	6.3x
Invesco	646.6	22.13	10,076	10,703	2,871.3	1,279.8	1.69	3.7x	8.4x	13.1x	1.7%	9.3x	8.2x
Legg Mason	631.8	24.52	3,401	3,818	1,940.0	673.1	2.68	2.0x	5.7x	9.1x	0.6%	7.3x	7.1x
T Rowe Price	541.7	60.75	15,831	14,859	2,729.9	1,336.6	2.98	5.4x	11.1x	20.4x	2.7%	10.5x	9.3x
Federated Investors	355.9	20.11	2,018	2,274	655.7	286.4	1.53	3.5x	7.9x	13.1x	0.6%	7.7x	7.1x
Eaton Vance	197.5	26.53	3,074	3,151	971.5	487.6	1.94	3.2x	6.5x	13.7x	1.6%	7.2x	7.1x
Janus Capital	152.4	7.23	1,340	1,684	747.2	284.0	0.68	2.3x	5.9x	10.6x	1.1%	6.9x	6.5x
Waddell & Reed	89.1	29.09	2,505	2,348	574.2	299.7	1.96	4.1x	7.8x	14.8x	2.6%	7.6x	6.8x
Cohen & Steers	44.4	33.00	1,465	1,378	227.5	100.7	1.35	6.1x	13.7x	24.4x	3.1%	12.1x	10.7x
Gamco	36.7	44.69	1,181	1,125	286.3	128.8	2.65	3.9x	8.7x	16.9x	3.2%	8.1x	7.5x
Calamos Investments	33.4	10.57	995	1,211	273.0	179.3	1.21	4.4x	6.8x	8.7x	3.6%	9.4x	8.9x
Artio	21.2	3.23	193	131	192.3	72.9	0.60	NM	NM	NM	0.6%	7.9x	NM
Pzena	13.1	3.85	252	246	77.0	38.3	0.32	3.2x	6.4x	12.0x	1.9%	7.1x	7.3x
<b>AVERAGE</b>								<b>3.9x</b>	<b>8.1x</b>	<b>14.2x</b>	<b>1.9%</b>	<b>8.4x</b>	<b>7.8x</b>
<b>MEDIAN</b>								<b>3.7x</b>	<b>7.8x</b>	<b>13.5x</b>	<b>1.8%</b>	<b>7.8x</b>	<b>7.3x</b>
<b>Alternatives</b>													
Blackstone	\$ 190.3	\$ 13.85	\$ 15,540	\$ 16,192	\$ 2,403.1	\$ 921.5	\$ 0.69	6.7x	17.6x	20.1x	8.5%	9.5x	7.2x
Apollo	104.9	13.57	5,269	5,387	199.6	(245.3)	(0.94)	NM	NM	NM	5.1%	5.7x	4.1x
KKR	61.5	13.99	9,807	10,189	1,331.6	1,018.4	1.15	7.7x	10.0x	12.2x	16.6%	5.0x	5.6x
Fortress	43.8	3.78	2,091	2,126	865.4	228.9	0.35	2.5x	9.3x	11.0x	4.9%	7.7x	6.7x
Och-Ziff	29.9	7.25	3,292	3,511	556.7	279.4	0.46	6.3x	12.6x	15.8x	11.7%	5.6x	4.7x
<b>AVERAGE</b>								<b>5.8x</b>	<b>12.4x</b>	<b>14.7x</b>	<b>9.4%</b>	<b>6.7x</b>	<b>5.7x</b>
<b>MEDIAN</b>								<b>6.5x</b>	<b>11.3x</b>	<b>14.0x</b>	<b>8.5%</b>	<b>5.7x</b>	<b>5.6x</b>
<b>Holding Companies</b>													
AllianceBernstein	\$ 407.3	\$ 12.12	\$ 3,365	\$ 3,210	\$ 2,238.3	\$ 418.4	\$ 0.90	1.4x	7.7x	13.5x	0.8%	7.1x	6.4x
Affiliated Managers Group	384.6	111.59	5,881	6,894	1,663.5	457.0	6.55	4.1x	15.1x	17.0x	1.8%	12.9x	10.8x
<b>AVERAGE</b>								<b>2.8x</b>	<b>11.4x</b>	<b>15.3x</b>	<b>1.3%</b>	<b>10.0x</b>	<b>8.6x</b>
<b>HIGH</b>								<b>7.7x</b>	<b>17.6x</b>	<b>24.4x</b>	<b>16.6%</b>	<b>12.9x</b>	<b>10.8x</b>
<b>AVERAGE</b>								<b>4.2x</b>	<b>9.3x</b>	<b>14.4x</b>	<b>3.6%</b>	<b>8.1x</b>	<b>7.3x</b>
<b>MEDIAN</b>								<b>3.9x</b>	<b>8.4x</b>	<b>13.5x</b>	<b>2.6%</b>	<b>7.7x</b>	<b>7.1x</b>
<b>LOW</b>								<b>1.4x</b>	<b>5.7x</b>	<b>8.7x</b>	<b>0.6%</b>	<b>5.0x</b>	<b>4.1x</b>

Source: Publicly available SEC filings, CapIQ and Bloomberg

Note: All figures have been adjusted for extraordinary and non-recurring items

(1) Financial data as of 6/30/2012, except for Eaton Vance (4/30/2012)

(2) Enterprise Value calculated as Equity Value plus Minority Interest and Net Debt (Total Debt less Cash & Cash Equivalents)

(3) Alternative Manager EBITDA and EPS figures reflect economic earnings

# Public Company Comparables – European Money Managers

## Financial Valuation <sup>(1)</sup>

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

Company Name	Summary Financials							LTM Valuation Metrics				2012E	2013E
	7/31/2012			LTM				Enterprise Value /		PE	Enterprise Value % AUM		
	End AUM (£ bn)	Stock Price	Market Cap	Enterprise Value <sup>(2)</sup>	Adj Net Revenue	Adj EBITDA	Adj Dil EPS	Adj Net Revenue	Adj EBITDA				
<b>Traditionals</b>													
Schroders	£194.6	£12.83	£3,453.9	£2,647.1	£1,103.4	£367.7	£1.03	2.4x	7.2x	12.5x	1.4%	7.2x	6.5x
Aberdeen Asset Management	184.7	2.58	2,888.4	2,975.0	811.2	446.6	0.21	3.7x	6.7x	12.2x	1.6%	8.5x	7.7x
F&C Asset Management	98.2	0.88	476.2	573.1	250.3	61.7	0.03	2.3x	9.3x	NM	0.6%	7.1x	5.7x
Henderson Group	64.3	0.98	1,084.2	1,102.1	480.1	152.5	0.05	2.3x	7.2x	19.2x	1.7%	6.5x	5.9x
Jupiter Fund Management	24.2	2.17	589.8	585.0	237.9	114.0	0.13	2.5x	5.1x	16.5x	2.4%	4.8x	4.3x
<b>AVERAGE</b>								<b>2.6x</b>	<b>7.1x</b>	<b>15.1x</b>	<b>1.5%</b>	<b>6.8x</b>	<b>6.0x</b>
<b>MEDIAN</b>								<b>2.4x</b>	<b>7.2x</b>	<b>14.5x</b>	<b>1.6%</b>	<b>7.1x</b>	<b>5.9x</b>
<b>Alternatives</b>													
Ashmore Group	£38.9	£3.24	£2,291.54	£1,986.34	£341.10	£235.20	£0.26	5.8x	8.4x	12.3x	5.1%	8.4x	8.9x
MAN Group	33.9	0.80	1,450.1	886.1	946.1	553.4	0.07	0.9x	NM	11.1x	2.6%	2.7x	NM
Partners Group	£20.4	CHF 178.3	CHF 4,527.1	CHF 4,431.2	CHF 346.5	CHF 212.5	CHF 7.8	NM	20.9x	23.0x	14.9%	16.3x	13.5x
Polar Capital Holdings	3.3	1.83	141.1	118.6	37.8	10.7	0.08	3.1x	11.1x	22.4x	3.6%	8.8x	6.6x
Charlemagne Capital Limited	2.2	0.10	27.0	12.1	17.7	4.0	0.01	NM	3.0x	13.0x	0.5%	6.4x	3.4x
<b>AVERAGE</b>								<b>3.3x</b>	<b>10.9x</b>	<b>16.4x</b>	<b>5.4%</b>	<b>8.5x</b>	<b>8.1x</b>
<b>MEDIAN</b>								<b>3.1x</b>	<b>9.8x</b>	<b>13.0x</b>	<b>3.6%</b>	<b>8.4x</b>	<b>7.7x</b>
<b>HIGH</b>								<b>5.8x</b>	<b>20.9x</b>	<b>23.0x</b>	<b>14.9%</b>	<b>16.3x</b>	<b>13.5x</b>
<b>AVERAGE</b>								<b>2.9x</b>	<b>8.8x</b>	<b>15.8x</b>	<b>3.4%</b>	<b>8.0x</b>	<b>7.3x</b>
<b>MEDIAN</b>								<b>2.4x</b>	<b>7.2x</b>	<b>13.0x</b>	<b>2.1%</b>	<b>7.2x</b>	<b>6.5x</b>
<b>LOW</b>								<b>0.9x</b>	<b>3.0x</b>	<b>11.1x</b>	<b>0.5%</b>	<b>2.7x</b>	<b>3.4x</b>

Source: Publicly available company filings, CapIQ, and Bloomberg

Note: All figures have been adjusted for extraordinary and non-recurring items

(1) Henderson, Ashmore, Partners, Charlemagne as of 12/31/2011; Aberdeen and Polar as of 3/31/2012; all others as of 6/30/2012

(2) Enterprise Value calculated as Equity Value plus Minority Interest and Net Debt (Total Debt less Cash & Cash Equivalents)

# Select Freeman & Co. Asset Management Transactions

**\$2 billion AUM**

**Sasco Holdings, LLC**  
has sold a portion of its indirect interest in

**Pinnacle**  
ASSET MANAGEMENT, L.P.

to an  
**Investor Group**

*Financial advisor to Sasco Holdings  
May 2012*

Freeman & Co. Securities LLC

**\$7 billion AUM**

  
CLAYMORE ETFs


a wholly owned subsidiary of  
**GUGGENHEIM**

has been sold to  
**BLACKROCK**


*Financial advisor to Guggenheim Partners  
and Claymore Investments  
March 2012*

Freeman & Co. Securities LLC

**\$2 billion AUM**

  
altegris.

has been acquired by

  
Genworth<sup>™</sup>  
Financial

*Financial advisor to Altegris Investments  
December 2010*

Freeman & Co. Securities LLC

**\$210,000,000**

  
GSC  
GROUP

**Senior Debt Restructuring**

*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<sup>™</sup>

**SGI** | SECURITY GLOBAL INVESTORS<sup>SM</sup>

*Financial advisor to  
Security Benefit Corporation, parent of Rydex SGI  
July 2010*

Freeman & Co. Securities LLC

**GUGGENHEIM**

has acquired the  
U.S. High Yield Fixed Income  
assets of

**Halbis**  
HSBC Global Asset Management

*Financial advisor to Guggenheim Partners,  
February 2009*

Freeman & Co. Securities LLC

**\$700 million AUM**

**KBC Alpha Asset Management**  
a hedge fund of funds division of

  
KBC

has been acquired by

  
PACIFIC ALTERNATIVE ASSET  
MANAGEMENT COMPANY

*Financial advisor to KBC Financial Products  
December 2008*

Freeman & Co. Int. LLP

**\$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

*Financial advisor to  
The Bank of New York Mellon  
July 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.

*Financial advisor to Value Asset Management  
October 2007*

Freeman & Co. Securities LLC

**\$5.5 billion AUM**

  
K2 ADVISORS

has sold a minority interest to

**TA Associates**

*Financial advisor to K2 Advisors LLC  
April 2007*

Freeman & Co. Securities LLC

**\$24 billion AUM**

  
CERES

has completed an equity  
recapitalization by

**Undisclosed  
Financial Sponsor**

*Financial advisor to Ceres Capital Partners  
January 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

*Financial advisor to Ursa Capital  
September 2006*

Freeman & Co. Securities LLC

**\$8 billion AUM**

  
LIGHTHOUSE  
PARTNERS


has been acquired for  
\$625 million by

  
HFA  
—holdings—


*Financial advisor to  
Lighthouse Investment Partners, LLC  
November 2007*

Freeman & Co. Securities LLC

**\$2.8 billion AUM**

  
The BANK  
of NEW YORK.

has acquired

  
URDANG

*Financial advisor to The Bank of New York  
February 2006*

Freeman & Co. Securities LLC

**The \$2.8 billion AUM  
Hedge Fund of Funds of**

**GUGGENHEIM**

has been acquired by

**Bank of Ireland**   
Asset Management

*Financial advisor to Guggenheim Capital  
January 2006*

Freeman & Co. Securities LLC

**\$1.5 billion AUM**

  
HAMILTON LANE

has acquired

  
RICHCOURT

from

  
CITCO

*Financial advisor to Hamilton Lane  
December 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

*Financial advisor to Zurich Capital Markets  
October 2003*

Freeman & Co. Securities LLC

The structured products  
business of

  
ZURICH  
CAPITAL MARKETS


has been acquired by

  
BNP PARIBAS


*Financial advisor to Zurich Capital Markets  
July 2003*

Freeman & Co. Securities LLC

**AUM of \$800 million**


  
VOLARIS

has been acquired by

  
CREDIT SUISSE | FIRST BOSTON

*Financial advisor to Volaris Advisors, LLC  
June 2003*

Freeman & Co. Securities LLC

  
The BANK  
of NEW YORK.

has acquired

**Axe Houghton Associates Inc.'s  
Index Asset Management Unit**

*Financial advisor to The Bank of New York  
February 2002*

Freeman & Co. Securities LLC

# Recent Publications by Freeman & Co.

## Asset Management Reports

- *The Roller Coaster Ride Continues (August 2012)*
- *The Year That Wasn't (December 2011)*
- *Slowly but Surely Coming Back (April 2011)*
- *Slogging Through the Mud (September 2010)*

## Financial Technology Reports

- *Who is Buying (or Not Buying) What (December 2011)*
- *Convergence: Servicing the Trader, PM and Back Office (April 2011)*
- *Out of the Frying Pan and into Regulatory Reform (September 2010)*
- *Happy to have no Balance Sheet (September 2009)*

## Insurance Industry Focus

- *Harder Markets Ahead (June 2012)*
- *Converging Issues for U.S. Insurers (November 2011)*
- *The Marriage of the Decade (July 2011)*
- *Is A Terrorist Lurking in Your Investment Portfolio? (January 2011)*

## Private Equity Focus

- *Another New Normal (September 2011)*
- *Show me the Money (September 2010)*
- *Waiting for the Turn (September 2009)*
- *Where have you gone LBO? (September 2008)*

## Securities Industry Reports

- *Light Through the Trees (June 2012)*
- *Post-Crisis: A Rapidly Changing Environment (October 2011)*
- *Filling the Void in the Middle Market (January 2011)*
- *Focus Shifts From Survival Mode to Strategic Mode (October 2009)*

## Specialty Finance & Asset Focus

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

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