Issue 23
Fall 2011 Edition

December 2011

New York • London

Asset Management Focus
Freeman & Co. LLC

Inside this Issue:

Market Data as of 10/31/2011

DJIA	11,995
NASDAQ	2,684
S&P 500	1,253
FTSE 100	5,544
10-yr US T-Bond	2.01%
USD per GBP	$1.61
USD per Euro	$1.40

The Year that Wasn't

After a strong performance in the first half of the year, market uncertainty has slowed asset manager deal activity in the second half of the year as measured by AUM. However, the number of transactions remains reasonably robust.

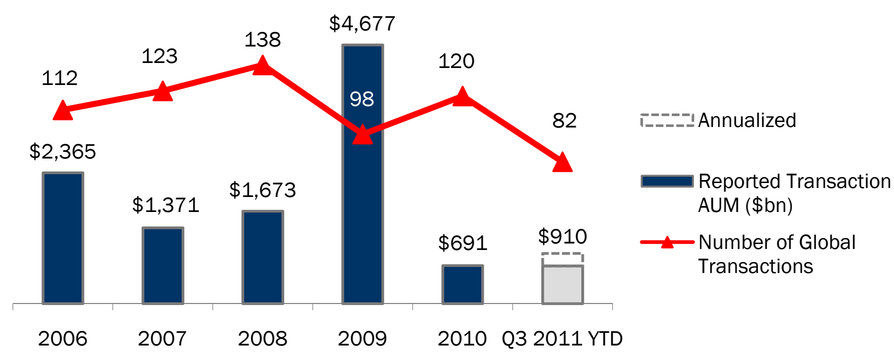
This conflicting message is a result of two themes affecting the landscape. First, regulatory and economic uncertainty has suspended many significant acquisitions. Second, divestitures of unique or small asset classes has resulted in increasing deal activity among managers in the less than $1bn AUM range.

Finally, as we look toward 2012, we expect to see opportunities from large banks shoring up their capital bases by divesting asset managers, and independent firms seeking distribution or management succession deals.

Summary

- **Deal Activity/M&A:** Global deal activity decreased through Q3 2011 YTD to 82, a decrease of 2% over the same time period in 2010. Through September, traditional manager deals returned, outpacing alternatives with 46 vs. 28 deals.
- **HF & PE Divestiture Activity Among Large Banks:** The Volker Rule is a watershed event. However, many firms have taken steps to divest hedge fund and private equity assets in advance of the rule's effective date. These new spinouts and divestitures need to reinvent themselves, finding sources of distribution at a time when market conditions are less than ideal.
- **ETF Transactions:** Perhaps the fastest growing product class now, ETF providers have historically attracted the attention of sponsors and strategics alike. However, to date only a handful of transactions have been completed as firms focus on independent growth. New entrants have difficulty gaining market share and may need to pursue M&A opportunities to buy their way into the market.

Global Asset Management Transactions as of September 30,2011



Performance as of October 31, 2011

	YTD	1 Yr	3 Yr	5 Yr
S&P 500	1.3%	8.1%	11.4%	0.2%
Dow Jones	5.5%	10.4%	11.8%	2.5%
FTSE 100	-2.8%	1.5%	12.8%	2.1%
HFRI*	-3.3%	-0.3%	7.6%	3.4%

**HFRI Fund Weighted Composite Index*

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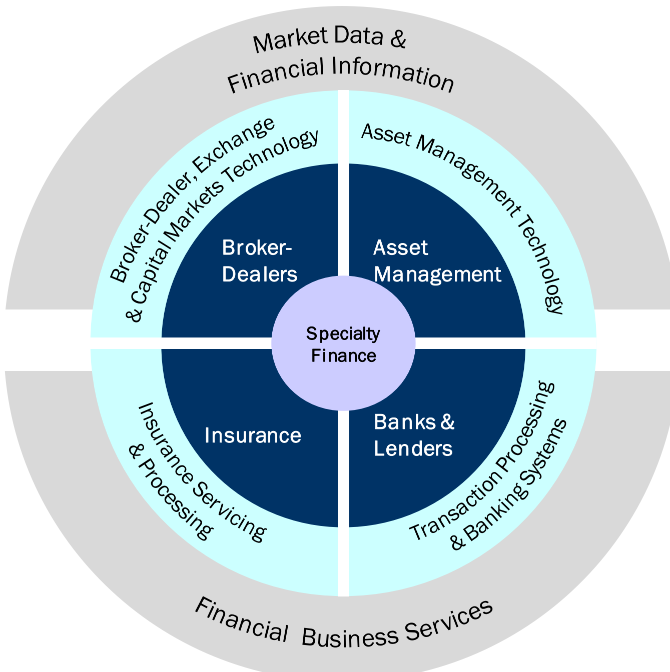

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Global Deal Activity

Large European Divestitures Propel 2011 Transaction Activity

Following two straight years of decreasing deal activity, European deals rebounded significantly over the past nine months. In 2011 there were 32 European asset management transactions, up 39% over 23 transactions in the first three quarters of 2010. Europe hosted some of 2011's largest transactions including:

- Carlyle's purchase of AlpInvest Partners ($43.3 billion AUM)
- Gartmore's purchase of Henderson ($25.8 billion AUM)

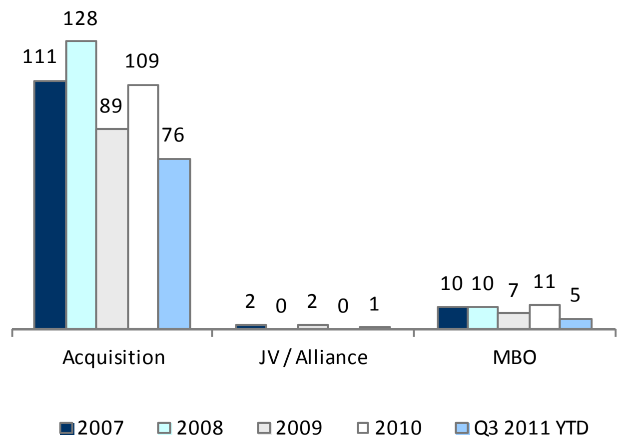
US deal activity rebounded a year earlier in 2010. 2011's acquisition activity is on par with 56 transactions through the third quarter of 2011, down slightly from 57 transactions over the same period last year. Transatlantic activity remains active with 20 announced deals in 2011.

Traditional Deals Outpace Alternatives in Q1-Q3 2011

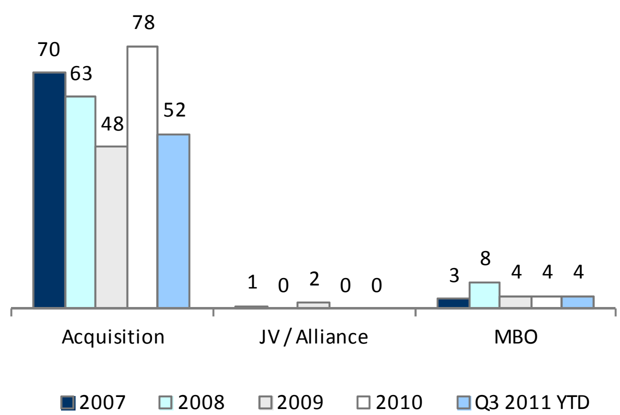
2010 marked the first year alternative deals outpaced traditional managers. In 2011, traditional manager deals returned, outpacing alternatives with 46 announced deals vs. 28 announced alternative deals for Q3 2011 YTD.

While the effect of recent volatility in the markets on transactions has yet to be seen, we still see several underlying drivers that could increase alterative transactions in the near future, namely divestures from large banks, convergence in alternatives, and increasing allocations to alternative asset classes on behalf of both retail and institutional investors.

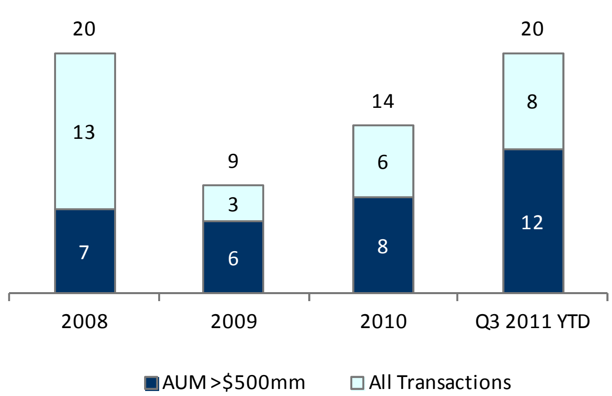
No. of Global Asset Management Transactions



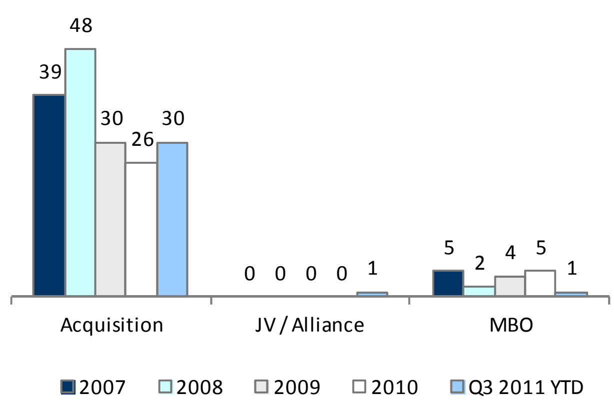
No. of Transactions Involving US Firms



No. of Transatlantic Transactions (US & Europe)



No. of Transactions Involving European Firms



Source: Freeman & Co. Research

Note: All transaction statistics reflect deals with reported AUM > $500mm as of 9/30/2011

Transaction Detail

Continued Divestitures & Uncertainty Ahead

While the typical deal process can take 6-9+ months, the effect of the recent volatility on M&A activity has yet to be fully realized. Through the third quarter, the number of announced asset management M&A deals of 82 are down 2% over the same period last year, but these are the deals that have been in the pipeline since the strong performance era of the second half of 2010 and first quarter 2011.

Looking to 2012, third quarter activity can be considered a leading indication of key trends we expect to see going forward. This quarter, while the number of transactions decreased, divestitures accounted for 39% of all asset management transactions. The potential for consolidation and spinouts of European banks also could play a key roll in 2012.

2011 YTD total deal AUM remains low at $682 billion. During normal years total deal volume can range between $1-2.5 trillion in deal AUM, which was the case from 2005-2008. After a big year in 2009 ($4.7 trillion in total AUM), 2011 deal volume is projected well below the $1 trillion threshold.

Purchasers of large asset managers (namely global banks and insurers) need both regulatory stability and capital certainty before they consider any sizable acquisitions. With the effects of the Volker Rule, Basel III, and Solvency 2 still filtering through the system we don't expect these transactions to return in 2011.

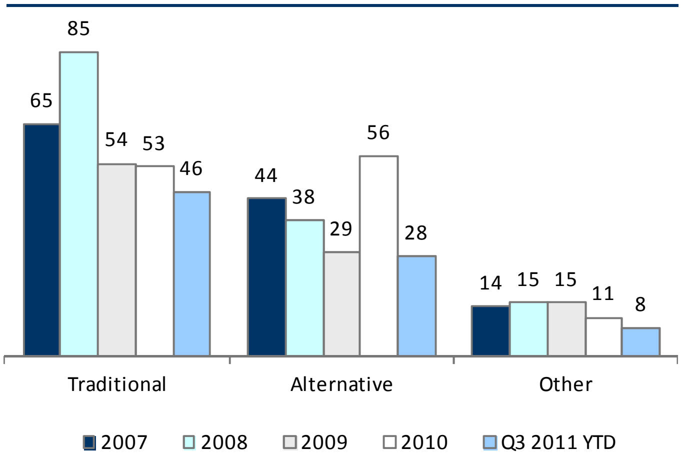
Top 10 Asset Manager Transactions (Q3 2011 YTD)

Rank	Target	Acquirer	% Acquired	AUM ($MM)
1	American Century Investments	Canadian Imperial Bank of Commerce (CIBC)	41%	$112,000
2	Mondrian Investment Partners Limited	Management	27%	$70,000
3	AlpInvest Partners	Carlyle Group	60%	$43,300
4	China Asset Management Co.	Power Corporation of Canada	31%	$35,200
5	ING (Australian Investment Management Unit)	UBS	100%	$34,000
6	ETF Securities	Millennium	Minority	$27,000
7	Gartmore Group Ltd.	Henderson Group Plc	100%	$25,760
8	BlueCrest Capital	Management	25%	$25,000
9	ING Clarion Partners, LLC	Lightyear Capital and Management	100%	$22,000
10	Matthews International Capital Management	Lovell Minnick Partners, LLC	Minority	$19,000
			Top 10	**$413,260**
			Median	**$30,500**
			Total	**$682,126**
			% of Total	**60.6%**

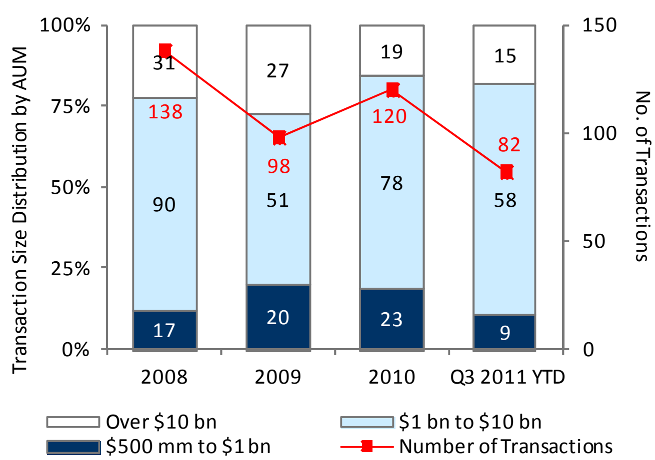
Top 10 Asset Manager Transactions (2010)

Rank	Target	Acquirer	% Acquired	AUM ($MM)
1	Nordea Invest Fund Management	Nordea Bank AB	100%	$57,300
2	BlueBay Asset Management	Royal Bank of Canada	100%	$40,000
3	DundeeWealth Corp	Bank of Nova Scotia	82%	$39,400
4	FAF Advisors, Inc.	Nuveen Investments	100%	$25,000
5	Tyndall Investments	Nikko Asset Management Co. Ltd.	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	The 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	**$690,772**
			% of Total	**42.5%**

Transactions by Company Type[1]



Transaction Size



Source: Freeman & Co. Research

Note: All transaction statistics reflect deals with reported AUM > $500mm as of 9/30/2011

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

HF & PE Divestiture Activity Among Large Banks

Volcker Rule Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted on July 21, 2010, includes a section referred to as the "Volcker Rule" that prohibits US banking entities from:

Sponsoring funds: banks will not be allowed to serve as general partner, managing member or trustee of a private fund or pooled investment vehicle; select or control a majority of the directors, trustees or management of a fund; or share a name or variant of a name with a fund

Exceptions: a banking entity may participate in these activities provided:

A. The bank owns no more than 3% of the fund

B. No more than 3% of the banking entity's Tier 1 capital is invested in private funds

C. The bank does not share a name or variation of a name with a fund

The Volcker Rule would affect more than just US banks; non-US banks would be able to sponsor or invest in funds only if the bank is ultimately owned by a banking entity that is organized outside the US and if "no ownership interest in such fund is offered for sale to a resident of the United States."

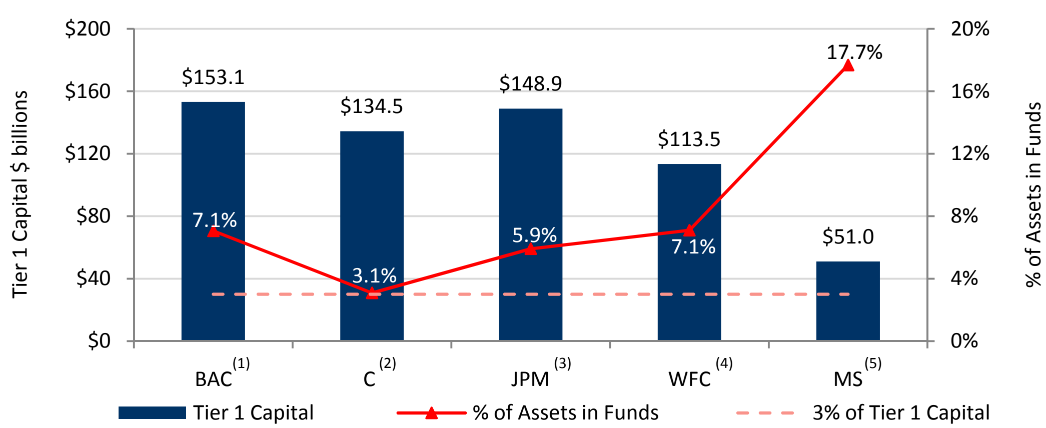
Timeline for Implementation

The Volker Rule's implementation will be a watershed event, but the industry pressures that led its execution have been building for some time. First enacted on July 21, 2010, the Volker Rule has undergone scrutiny and further consideration building up to the October 11, 2011 proposal released by the regulators for public comment. Through the Dodd-Frank financial reform bill, the regulations could go into effect as early as July 21, 2012. Although this is possibly optimistic and the bill is subject to consultation and potential amendment.

Now is the time of profound regulatory change, with important repercussions for the future competitive environment. Those changes include:

- Bank holding companies need to shed HF, PE, and RE business lines, a significant driver of historical profitability
- Spinouts of bank holding companies need to reinvent themselves, finding new sources of distribution
- This change is expected to continue in the coming years with market timing less than ideal:
  - In 2012, economic forecasts project the euro zone economy will contract by -0.3% as the debt crisis lingers and the effect on the financial sector deepens[(6)]
  - US growth is projected to slow further next year to 1.3%, partly owning to contagion from the euro zone[(6)]

Sample of Large US Bank Capital Analysis



Source: Freeman & Co. Research, SEC Filings, and other publically available information

(1) BAC: Global Principal Investments, including investments in private equity, real estate and other alternative investments
(2) C: Fair value of investments in hedge funds, private equity funds (including venture capital and infrastructure) and real estate funds
(3) JPM: Carry value of private equity portfolio, including publicly held securities, privately held direct securities and third-party fund investments
(4) WFC: Private equity investments (using equity method) and principal investments
(5) MS: Investments at fair value, including private equity funds, real estate funds, hedge funds, principal investments and other investments
(6) The Economist, Global Intelligence Unit Global Forecasting Services, "The euro zone economy will contract in 2012 and the US growth will slow further"

HF & PE Divestiture Activity Among Large Banks

Spinouts & Divestitures

Upon the Volker Rule's passing, the list of asset management units to be divested included at least 25+ units held by 12+ global financial institutions. With over $450 billion of hedge fund, private equity, real estate, and fund of fund assets up for grabs, few M&A transactions have materialized to date. More commonly, new spinouts and divestitures have emerged supported by long-term agreements with their former parent.

- The list of recent spin outs of large asset managers includes:
  - BAML Capital Partners / North Cove Partners (2011)
  - Wachovia Capital Partners / Pamlico Capital Partners (2010)
  - Morgan Stanley / FrontPoint (2010)

Refocusing

For many large institutions this is a time to refocus their activities along product or geographic lines and to shed weak businesses. While Morgan Stanley, Bank of America and Wachovia, among others, have all maintained significant hedge fund, private equity and real estate assets historically, now is the time to assess a strategic response to the current environment.

- New Spinouts can expect to face:
  - Increased competition from new asset classes and a rising number of independent managers
  - Increased regulation putting cost pressures on smaller managers
  - Advantageous valuations enticing private equity and foreign investors

Examples of US Bank Divestitures of Alternative Assets - 2010-2011

Bank	Unit	AUM (bn)	Date	Buyer
BAC	Merrill Lynch Real Estate Assets	$1.0	Aug-11	Negotiating w/ Blackstone (1)
C	Private Equity Portfolio	$1.7	Jun-11	AXA Private Equity
BAC	BAML Capital Partners (PE)	$5.0	Jun-11	Spin Off (North Cove Partners)
BAC	Portfolio of Asian Private Equity Assets	$0.4	Apr-11	NewQuest Capital
MS	FrontPoint (HF)	$7.0	Oct-10	Management
BAC	Merrill Lynch Real Estate Assets	$0.3	Sep-10	Peakside Capital
BAC	Banc of America Capital Investors (PE)	$1.4	Aug-10	Spin Off (Ridgemont Equity Partners)
C	Private Equity businesses	$4.0	Jul-10	Lexington Partners & StepStone Group
BAC	Asian Real Estate Assets	$2.0	Jul-10	Blackstone
BAC	Portfolio of Private Equity funds	$1.9	Apr-10	AXA Private Equity
C	Hedge Funds businesses	$4.2	Apr-10	Skybridge Capital
WFC	Wachovia Capital Partners (PE)	$2.0	Mar-10	Spin Off (Pamlico Capital Partners)
C	Citi Property Investors (Real Estate)	$3.0	Mar-10	Apollo

(1) Published by The Financial Times on 8/16/2011

Source: Freeman & Co. Research, SEC Filings, and other publically available information

ETF Transactions

Expect More ETF Transactions in the Future

Historically independent ETF providers have attracted the attention of sponsors and strategics alike. Given ETFs remain the fastest growing asset class today, we would expect this to continue. However, to date only a handful of transactions have been completed with high bid-ask spreads and others "not for sale". As the market begins to rationalize we expect to see more transactions of scale coming to market in the future.

On the demand side, banks recognize the need to offer ETF products to customers, and have developed a framework to distribute independent ETFs through their advisor channels. As this becomes a larger opportunity many global players are taking a "build" approach to creating their own ETFs, including 2011 launches from RBC, the Bank of China, and numerous traditional asset managers.

However, starting a successful ETF business from scratch is not as easy as it may have been five years ago. The market is highly concentrated among top players, already benefiting from first-mover advantage, product placement and scale. Rather than taking the investment of time, effort and money to register and scale new ETFs, it makes sense banks will turn to established funds with three to five-year track records.

A final driver we see is the high-priced examples of Wisdom Tree and precedent transactions. In July 2011, Mirae Asset acquired 85% of BetaPro Management for US$131.5 million or 5% of AUM at the time of the transaction. With the number of providers expected to increase significantly in 2012, independent and even profitable ETF providers may be enticed to explore options with sponsors willing to pay for growth.

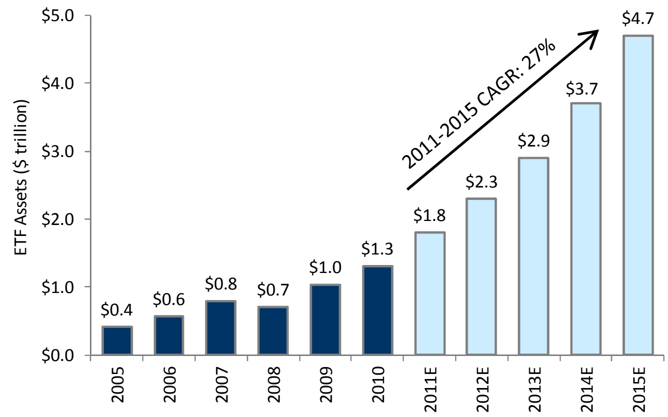
Top 3 Concerns for Sellers

1. Providers see further growth potential
2. Partnering with one bank may cut off distribution to other banks
3. Partnering with a sponsor may not maximize value

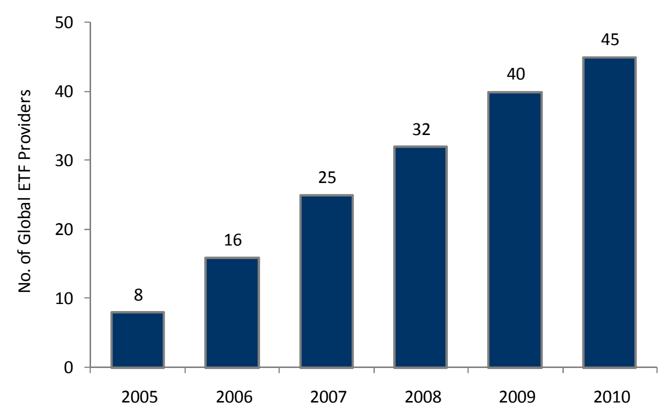
Top 3 Concerns for Buyers

1. Think they can do it themselves
2. Want small targets to grow and scale
3. Do not want to pay "market precedents" for growth or for their own distribution

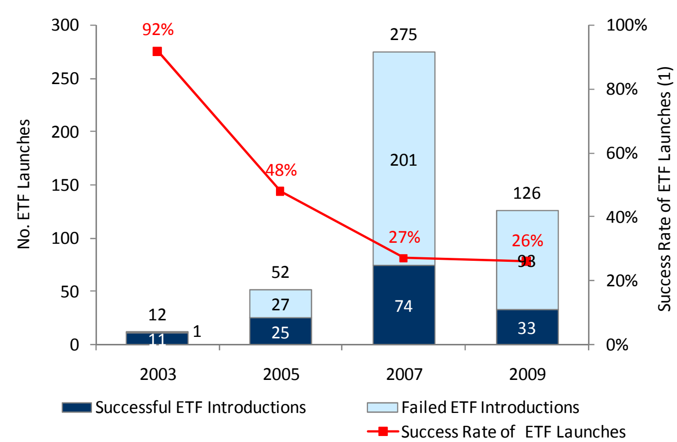
Continuing Market Growth Trajectory



New Market Entrants



Lower Success Rate of New ETF Launches



(1) *Successful ETFs defined as those reaching $100 million in AUM at any point during the year of introduction or the year after*

Source: Freeman & Co. Research, Bloomberg, Blackrock, McKinsey & Company

ETF Transactions (Cont'd)

Accelerating Transaction Rate Includes 4 ETF-Related Transactions in 2011

Year	Target	Acquirer	Ownership %	Total Deal AUM ($mm)	Entity Value ($mm)	Entity Value/ AUM
2011	BetaPro Management	Mirae Asset Financial Group	85.0	3,100	155	5.0%
2011	ETF Securities	Millennium	Minority	27,000	-	-
2011	Grail Advisors, LLC	Columbia Management	100.0	23	-	-
2011	U.S. One, Inc	Russell Investments	100.0	NA	-	-
2010	IndexIQ	Rocaton Investment Advisors	Minority	500	-	-
2010	Ossiam	Natixis Global Asset Management	Majority	NA	-	-
2010	Windward Investment Management	Charles Schwab Corp.	100.0	3,900	150	3.8%
2010	Security Benefit (Rydex SGI)	Guggenheim Partners, LLC	100.0	22,000	-	-
2009	Innealta Portfolio Advisors	Al Frank Asset Management	100.0	650	-	-
2009	Claymore Group	Guggenheim Partners	100.0	12,900	-	-
2009	Barclays Global Investors	BlackRock	100.0	1,500,000	13,500	0.9%
2009	Hahn Investment Stewards	Jovian Asset Management	50.0	NA	-	-
2008	Pan-Asset Capital Management	Evercore Partners	50.0	150	-	-
2007	Rydex Investments	Security Benefit	100.0	15,000	-	-
2006	Indexchange Investments AG	Barclays Plc	100.0	19,443	307	1.6%
2006	PowerShares Capital Management LLC	Amvescap plc	100.0	3,500	730(1)	20.9%

New Providers Registering ETFs in 2011 Include Large Diversified Asset Managers[2]

Potential New Entrants in 2011
AllianceBernstein
Bank of China Investment Management
Eaton Vance
GAM Holdings
Hartford
Janus Capital Management
Legg Mason
Neuberger Berman
Northern Trust
Oppenheimer Funds
RBC Global Asset Management
T Rowe Price

HF & HFOF Net Asset Flows

Positive Outlook for 2012 and Beyond

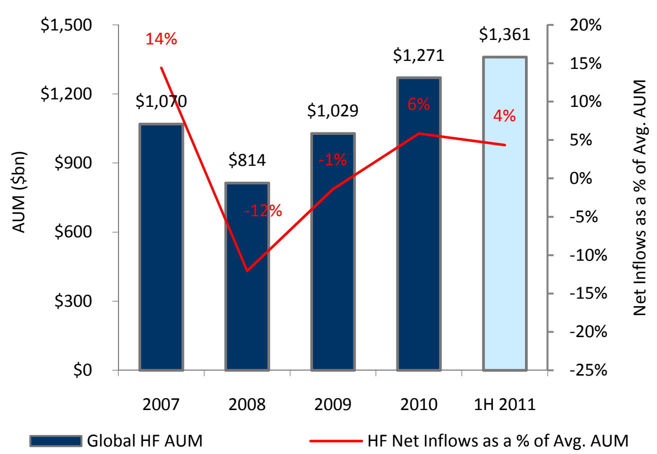
Once the fastest growing asset class of the mid-2000's, HFOFs have suffered prolonged redemptions in recent years. However, 2011 brings a change of fate with positive net inflows YTD. Growth in HF & HFOFs will come from increasing alternative allocations on behalf of institutional investors. Select drivers include:

AUM CAGR	HF	HFOFs
2005-2007	22.7%	42.3%
2008-1H 2011	22.8%	5.6%

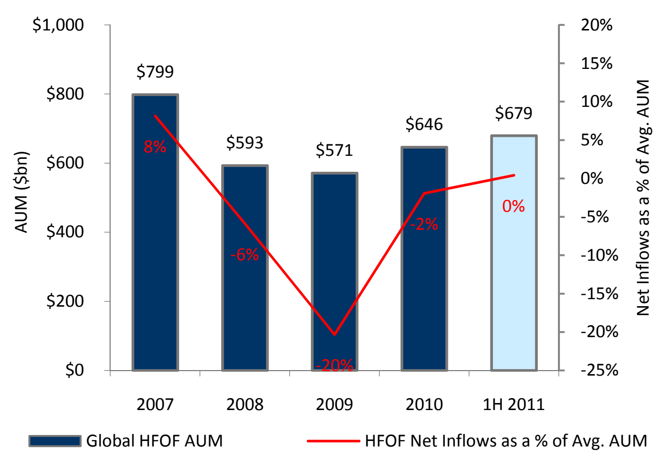
- *U.S. state retirement programs are underfunded by ~24% (or $694.2 billion) as of year end 2010*
- *On a 10yr basis, four of the worst performing states had more than 50% of AUM in public equities (MD, AZ, CA, GA)*
- *State pension plans are projected to achieve a median annual return of 6.5% over the next 15 years, well below 5yr returns on the S&P 500*

In November 2011, the Teacher Retirement System of Texas allocated $6 billion to KKR and Apollo as part of the system's 11.7% allocation to private equity assets and 12.2% allocation to real assets. This is one recent example, followed up by other states to upsize returns, gain exposure to new markets, and divest U.S. equity exposure.

Hedge Funds



HFOFs



(1) *Includes an initial purchase price of $60 million payable at closing, remaining consideration is contingent upon earnout provisions*
(2) *List includes diversified asset managers with announced plans to provide ETFs on national exchanges as disclosed by the BlackRock Investment Research – ETF Research, Bloomberg, and the National Stock Exchange (NSX)*

Source: Freeman & Co. Research, Blackrock, HFR, Pensions & Investments, Bloomberg

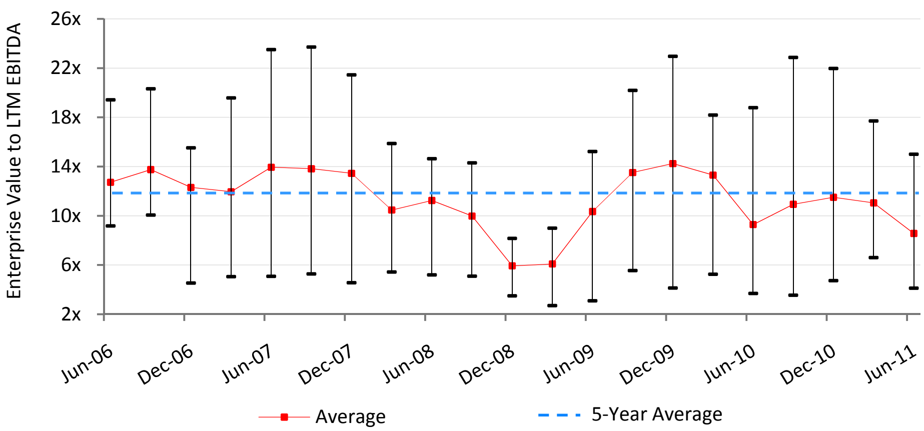
Public Company Comparables – Stock Price Performance

2011 is categorized as a time of change. To recap, the year started off with troubled Gartmore agreeing to a takeover by Henderson. Apollo IPO'ed in March. Carlyle and Oaktree contemplated public offerings, and London's once star hedge fund, RAB Capital delisted in May after the last of its lock-ups retired this spring. Finally an unprecedented downgrade of U.S. debt sent stocks plummeting in August followed by a sovereign debt crisis in Europe.

Similar to the rest of the market asset managers experienced sharp declines in August and continued to perform poorly in September. The average stock price for traditional and alternative asset managers was down -16.9% and -4.8% in 2011 as of October 31.

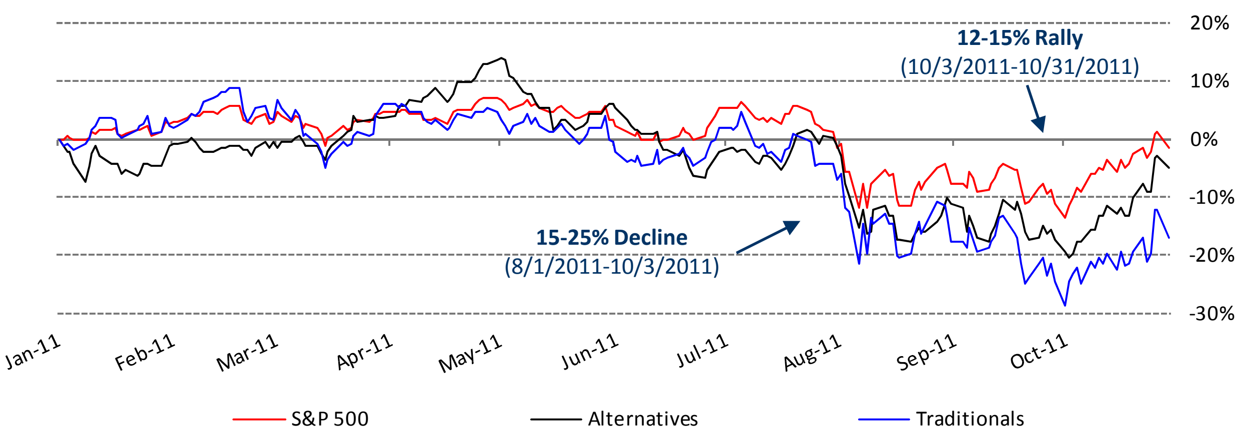
- Average LTM EV/EBITDA Trading Multiples as of 10/31/2011:
  - Traditional Managers: 8.1x
  - Alternative Managers: 8.2x
- 5-Year Average LTM EV/EBITDA Trading Multiple:
  - Traditional Managers: 11.3x (33% premium)

US & European Traditional Managers – LTM EV/EBITDA Multiples



US & European Alternative and Traditional Manager Stock Price Performance

As of 10/31/2011



Source: Freeman & Co. Research, Capital IQ, Bloomberg

Public Company Comparables – US Money Managers

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

	Summary Financials							LTM Valuation Metrics			
		11/30/2011			LTM 9/30/2011			Enterprise Value /			
Company Name	End AUM ($ bn)	Stock Price	Market Cap	Enterprise Value (1)	Revenue(2)	EBITDA(2)	EPS(2)	Revenue	EBITDA	PE Ratio	Enterprise Value % AUM
Diversified											
Blackrock	$ 3,345.1	$ 172.04	$ 24,077.9	$ 26,095.9	$ 9,347.0	$ 3,814.0	$ 12.17	2.8x	6.8x	14.1x	0.8%
Franklin Resources	734.2	100.82	22,234.6	18,687.6	6,831.3	2,791.3	8.39	2.7x	6.7x	12.0x	2.5%
Legg Mason	611.8	26.53	3,708.2	4,027.8	2,822.3	484.5	2.81	1.4x	8.3x	9.5x	0.7%
Invesco	598.4	20.25	9,580.3	11,016.3	3,263.5	1,307.3	1.71	3.4x	8.4x	11.8x	1.8%
T Rowe Price	453.5	56.76	15,025.5	14,212.4	2,723.0	1,311.2	2.92	5.2x	10.8x	19.4x	3.1%
Federated Investors	351.7	15.87	1,646.8	2,362.4	924.0	299.9	1.56	2.6x	7.9x	10.1x	0.7%
Eaton Vance	199.0	24.03	2,819.4	2,906.8	1,269.0	466.4	1.77	2.3x	6.2x	13.5x	1.5%
Janus Capital	141.0	6.60	1,232.8	1,528.0	1,042.0	372.0	0.94	1.5x	NM	7.0x	1.1%
Waddell & Reed	77.5	27.18	2,318.7	2,192.2	1,185.5	314.2	2.12	1.8x	7.0x	12.8x	2.8%
Cohen & Steers	38.6	27.22	1,160.5	1,065.8	229.7	89.3	1.16	4.6x	11.9x	23.4x	2.8%
Artio	34.3	5.86	347.2	310.7	309.3	152.9	1.54	1.0x	NM	NM	0.9%
Calamos Investments	31.8	11.83	238.1	468.7	356.0	150.8	1.06	1.3x	NM	11.1x	1.5%
Gamco	31.3	47.21	2,198.4	2,166.5	337.6	129.2	2.70	6.4x	16.8x	17.5x	6.9%
Pzena	12.2	4.92	319.1	313.4	84.6	45.1	0.37	3.7x	7.0x	13.3x	2.6%
TOTAL	**$ 6,660.3**		**$ 86,907.4**	**$ 87,354.5**			**AVERAGE**	**2.9x**	**8.9x**	**13.5x**	**2.1%**
							MEDIAN	**2.6x**	**7.9x**	**12.8x**	**1.7%**
Alternatives											
Blackstone	$ 132.9	$ 13.73	$ 15,045.1	$ 18,631.4	$ 3,444.4	$ 1,691.0	$ 1.05	3.0x	6.0x	13.1x	14.0%
Apollo	65.1	12.52	4,545.3	6,220.4	874.0	(93.2)	(2.96)	3.7x	NM	NM	9.6%
KKR	58.7	12.83	8,767.6	9,511.0	879.4	405.8	1.43	4.1x	8.9x	9.0x	16.2%
Fortress	43.6	3.40	1,684.9	2,164.5	809.3	322.3	0.46	2.7x	6.7x	7.3x	5.0%
Och-Ziff	28.5	7.86	2,948.2	4,200.4	936.1	628.3	1.12	4.8x	7.1x	7.0x	14.7%
TOTAL	**$ 328.8**		**$ 32,991.0**	**$ 40,727.8**			**AVERAGE**	**3.6x**	**7.2x**	**9.1x**	**11.9%**
							MEDIAN	**3.7x**	**6.9x**	**8.2x**	**14.0%**
Holding Companies											
AllianceBernstein	$ 402.0	$ 13.41	$ 3,729.5	$ 3,435.7	$ 2,902.5	$ 569.6	$ 1.43	1.2x	6.0x	9.4x	0.9%
Affiliated Managers	305.9	94.57	5,033.2	6,954.3	1,723.2	664.8	6.88	4.0x	10.5x	13.7x	2.3%
TOTAL	**$ 707.9**		**$ 8,762.7**	**$ 10,390.0**			**AVERAGE**	**2.6x**	**8.2x**	**11.6x**	**1.6%**
Overall TOTAL	**$ 7,697.0**		**$ 128,661.2**	**$ 138,472.3**							
							HIGH	**6.4x**	**16.8x**	**23.4x**	**16.2%**
							AVERAGE	**3.1x**	**8.4x**	**12.4x**	**4.4%**
							MEDIAN	**2.8x**	**7.1x**	**12.0x**	**2.5%**
							LOW	**1.0x**	**6.0x**	**7.0x**	**0.7%**

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) Alternative Manager Revenue, Operating Income and EPS figures reflect total reportable segments or economic earnings. EV/Revenue, EV/Operating Income, and P/E ratios have been adjusted to reflect common units outstanding

Public Company Comparables – European Money Managers

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

	Summary Financials							LTM Valuation Metrics			
		11/30/2011			LTM(1)			Enterprise Value /			
Company Name	End AUM (£ bils)	Stock Price	Market Cap	Enterprise Value(2)	Revenue	EBITDA	EPS	Revenue	EBITDA	PE Ratio	Enterprise Value % AUM
Traditional											
Schroders	£204.8	£13.43	£3,787.3	£2,980.5	£1,211.6	£427.2	£1.19	2.5x	7.0x	11.2x	1.5%
Aberdeen	£169.9	£2.01	2,292.0	2,378.8	784.0	315.0	£0.14	3.0x	7.6x	14.6x	1.4%
F&C Asset Management	£108.0	£0.69	356.1	448.5	273.4	57.3	£0.04	1.6x	7.8x	16.4x	0.4%
Henderson Group	£74.4	£1.16	1,219.2	1,196.8	438.0	173.6	£0.07	2.7x	6.9x	16.9x	1.6%
Jupiter Fund Management	£24.8	£2.22	784.4	817.8	247.1	122.6	£0.16	3.3x	6.7x	13.6x	3.3%
TOTAL	**£581.9**						**AVERAGE**	**2.6x**	**7.2x**	**14.6x**	**1.6%**
							MEDIAN	**2.7x**	**7.0x**	**14.6x**	**1.5%**
Alternative											
MAN Group	£41.3	£1.42	2,621.8	2,153.0	£1,178.8	£468.8	£0.17	1.8x	4.6x	8.3x	5.2%
Ashmore Group	£41.0	£3.37	2,301.8	1,949.2	333.8	239.4	£0.27	5.8x	8.1x	12.7x	4.8%
Partners Group	£20.6	CHF 168.6	CHF 4,248.7	CHF 4,145.0	CHF 358.0	CHF 220.6	CHF 9.7	NM	18.8x	17.5x	14.9%
Polar Capital	£2.5	£1.98	147.5	137.9	43.5	12.2	£0.10	3.2x	11.3x	20.7x	5.5%
Charlemagne Capital	£2.1	£0.11	29.8	14.4	19.2	4.9	£0.01	NM	2.9x	8.7x	0.7%
TOTAL	**£107.4**						**AVERAGE**	**3.6x**	**9.1x**	**13.6x**	**6.2%**
							MEDIAN	**3.2x**	**8.1x**	**12.7x**	**5.2%**
Overall TOTAL	**£689.3**										
							HIGH	**5.8x**	**18.8x**	**20.7x**	**14.9%**
							AVERAGE	**3.0x**	**8.2x**	**14.1x**	**3.9%**
							MEDIAN	**2.9x**	**7.3x**	**14.1x**	**2.5%**
							LOW	**1.6x**	**2.9x**	**8.3x**	**0.4%**

Source: Publicly available company filings, CapIQ, and Bloomberg
Note: All figures have been adjusted for extraordinary and non-recurring items
(1) Aberdeen, Man Group, and Polar Capital as of 9/30/2011; all others as of 6/30/2011
(2) Enterprise value calculated as equity value plus net debt (total debt less cash & cash equivalents) & minority interest

Select Freeman & Co. Asset Management Transactions

$2 billion AUM
altegris
has been acquired by
Genworth 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
SGI SECURITY GLOBAL INVESTORS
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

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 $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 been acquired by
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

$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 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

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