SANDLER O'NEILL + PARTNERS

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INVESTMENT BANKING GROUP

ASSET MANAGEMENT

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Shifting Into Higher Gear

2012 M&A Activity in the Asset Management Industry

Resurgent global equity markets delivered a measure of prosperity and a reason for optimism to investors and the asset management sector in 2012. After the volatility and sideways trading that characterized 2011 and the wounds sustained in the financial crisis not long ago, markets in 2012 provided an improved backdrop for deal-making among asset managers, and both M&A and IPO activity in the sector pushed forward. The progress was measured, but the outcome was clear – we shifted into higher gear! Ultimately, buyers and sellers will set the pace, and signs remain positive in 2013.

2012: BY THE NUMBERS	
Asset Management Transactions	143
Aggregate Disclosed Deal Value	$8.5 billion
Aggregate AUM Transacted	$1.5 trillion
IPOs	2
MBOs & PE Sponsored Transactions	29
Minority Stake Transactions	37
Cross-Border Transactions	44
Alternative Manager Sales	48
Sandler O'Neill + Partners Global Asset Manager Index	19%
Median Forward P/E Multiple - Publicly Traded Managers (U.S.)	14.5x
Median Run-Rate EBITDA Multiple - Private Transactions (Globally)	8.8x

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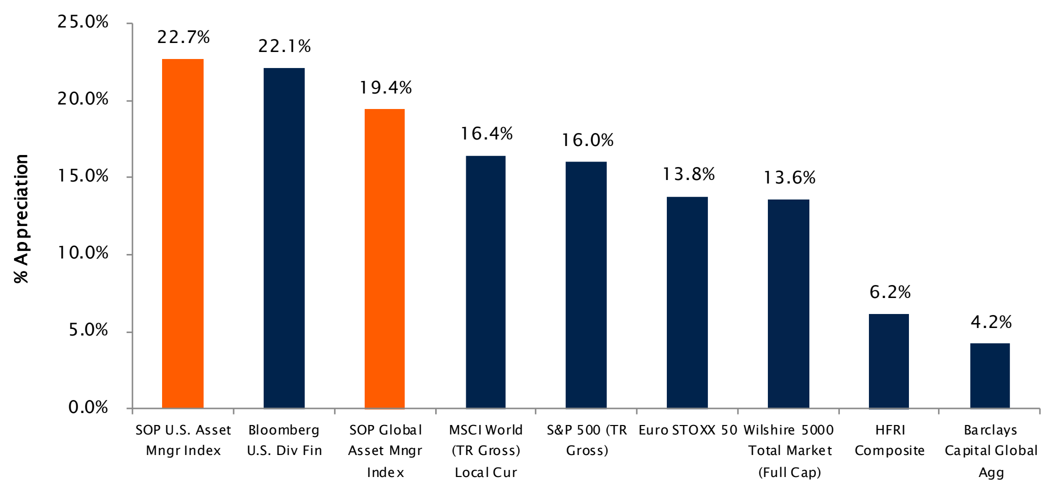
OVERVIEW

After the malaise and anxiety that seemed to dominate investor psyches in 2011, 2012 offered a shot in the arm and a reason for hope as the U.S. equities markets marched within striking distance of their all-time highs. The U.S. elections largely took the global media spotlight away from the sovereign debt crisis, refocusing investor attention on domestic matters. Not all of those inspired confidence, such as the prospects of a fiscal cliff. However, those investors who were willing to stay in the market were rewarded. The U.S. equity markets delivered double-digit returns, with the S&P 500 Total Return index appreciating 16%. The European markets also posted a strong showing, with the Euro STOXX 50 index returning nearly 14%.

Financial services stocks rode the wave and notched a healthy 22% return, with asset managers riding along to similar gains and U.S. managers slightly edging out their global brethren. The Sandler O'Neill U.S. Asset Manager Index[1] returned just under 23% in 2012 and the Sandler O'Neill Global Asset Manager Index[2] came in just under 20%, as investor sentiment and the near-term growth prospects for the industry as a whole both improved.

EXHIBIT 1: Performance of Major Capital Markets Benchmarks and Financial Sector Indices, 2012



Source: Bloomberg, Capital IQ, Hedge Fund Research, Sandler O'Neill

Asset managers globally enjoyed a healthy rebound in their stock prices in 2012, as many reached or came close to new 52-week highs. The improvement in investor sentiment in 2012 bolstered the outlook for asset management businesses globally, as expectations of a strengthening equity market and a return of flows in earnest to higher fee/higher margin non-U.S. equity products.

[1] Market capitalization-weighted non-investable index that seeks to reflect the performance of U.S. publicly traded asset management companies. The index was developed by Sandler O'Neill and currently consists of 31 companies.
[2] Market capitalization-weighted non-investable index that seeks to reflect the performance of publicly traded asset management companies. The index was developed by Sandler O'Neill and currently consists of 63 companies.

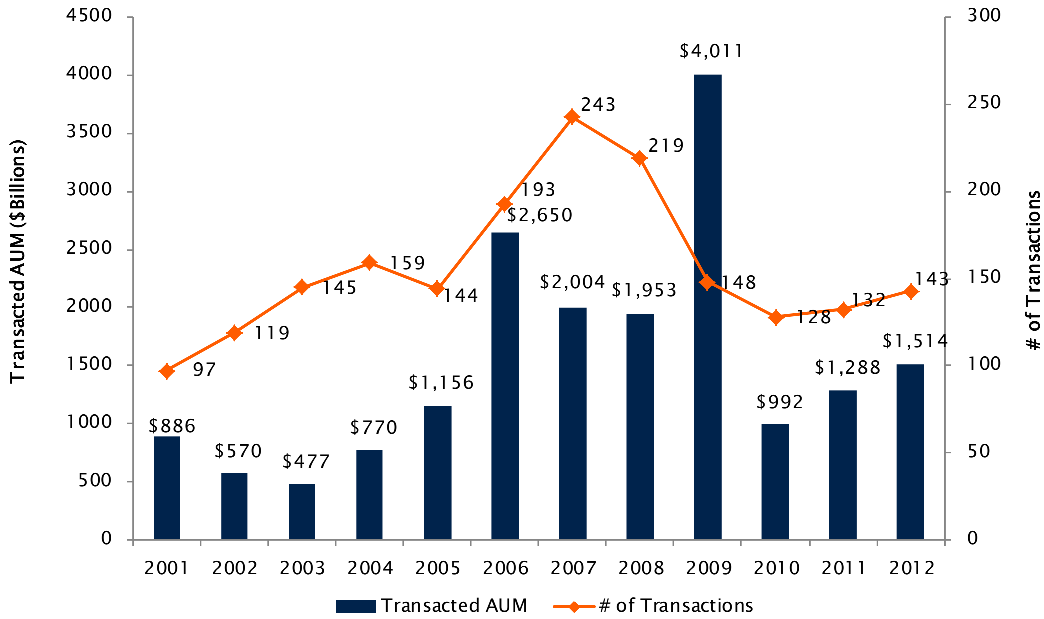
EXHIBIT 2: Stock Performance of the Largest Quoted Fund Managers Worldwide, 2012

Company	Country	Market Cap US$(MM)	2012 % Price Change (Native Currency)	% Change Since 52-Week Low	12/31/2012 Stock Price as a % of 52-Week High
Azimut Holding Spa	Italy	$ 1,877	82%	97%	99%
Aberdeen Asset Management plc	U.K.	6,900	80%	73%	99%
Perpetual Limited	Australia	1,374	76%	81%	99%
F&C Asset Management plc	U.K.	895	62%	72%	99%
Virtus Investment Partners, Inc.	U.S.	948	59%	75%	99%
Apollo Global Management, LLC	U.S.	2,257	54%	67%	97%
Federated Investors, Inc.	U.S.	2,103	50%	31%	85%
Waddell & Reed Financial, Inc.	U.S.	2,953	48%	42%	97%
Eaton Vance Corp.	U.S.	3,601	44%	39%	98%
AllianceBernstein Holding L.P.	U.S.	1,833	42%	52%	95%
Janus Capital Group, Inc.	U.S.	1,595	40%	33%	88%
Henderson Group plc	U.K.	2,397	37%	48%	99%
Fortress Investment Group LLC	U.S.	967	37%	53%	91%
Affiliated Managers Group, Inc.	U.S.	6,975	36%	38%	98%
Franklin Resources, Inc.	U.S.	26,685	35%	33%	94%
Invesco Ltd.	U.S.	11,585	33%	31%	97%
Partners Group Holding	Switzerland	5,824	33%	34%	100%
Jupiter Fund Management plc	U.K.	1,230	33%	48%	94%
Epoch Investment Partners, Inc.	U.S.	662	32%	43%	100%
Schroders plc	U.K.	7,366	32%	45%	97%
Pzena Investment Management	U.S.	61	31%	47%	73%
Value Partners Group Ltd.	Hong Kong	1,159	30%	58%	87%
GAMCO Investors, Inc.	U.S.	1,385	30%	37%	99%
Kohlberg Kravis Roberts & Co.	U.S.	3,711	26%	38%	97%
CI Financial Corp.	Canada	7,075	23%	22%	100%
BlackRock, Inc.	U.S.	35,562	20%	29%	98%
Platinum Asset Management Ltd.	Australia	2,314	20%	19%	90%
SOP Global Asset Management Index			**19%**	**24%**	**99%**
T. Rowe Price Group, Inc.	U.S.	16,596	19%	20%	97%
Och-Ziff Capital Management Group LLC	U.S.	1,365	18%	45%	87%
S&P 500 Index (Total Return Gross)			**16%**	**13%**	**97%**
The Blackstone Group L.P.	U.S.	8,186	15%	40%	90%
Cohen & Steers, Inc.	U.S.	1,333	14%	14%	80%
Ashmore Group plc	U.K.	3,910	12%	20%	89%
Legg Mason, Inc.	U.S.	3,388	9%	15%	87%
Manning & Napier, Inc.	U.S.	169	5%	8%	82%
WisdomTree Investments, Inc.	U.S.	756	1%	14%	68%
Calamos Asset Management, Inc.	U.S.	215	(12%)	14%	75%
Man Group plc	U.K.	2,449	(26%)	35%	54%
Sprott Inc.	Canada	680	(30%)	25%	54%
AGF Management Ltd.	Canada	864	(32%)	17%	56%
Artio Global Investors Inc.	U.S.	114	(60%)	10%	33%
The Carlyle Group LP	U.S.	1,126	N/A	30%	93%
Oaktree Capital Group, LLC	U.S.	1,373	N/A	34%	96%

Note: The Carlyle Group and Oaktree Capital Group not included in price change ranking due to IPOs during 2012.
Source: Company filings, Capital IQ, Sandler O'Neill

Asset management M&A activity stepped up from the prior year, with 143 transactions announced in 2012, an 8% increase from the 132 deals announced in 2011. Controlled optimism was readily apparent, as buyers transacted more but spent less – showing a more active buyer universe, albeit one still wary of large bets on transformational deals. While the overall level of transacted AUM increased to $1.5 trillion from just under $1.3 trillion in 2011, the median disclosed deal value actually fell to $118 million from just over $140 million in 2011. Similarly to 2011, acquisition targets in 2012 were of mixed quality, ranging from asset managers with attractive product suites and strong growth trajectories to firms that have struggled in the face of the post-2008 investor climate and needed a consolidator as a last resort.

EXHIBIT 3: Total Number of Transactions and Acquired AUM



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

The largest deals of the year as measured by AUM ran the gamut of transaction types, representing a diverse range of drivers propelling deal activity. The top transactions included two divestitures by European companies, the sale of **The TCW Group** by **Societe Generale** and the forced sale of **Dexia Asset Management** by the Belgian government, as well as two minority stake sales, one of which, **Janus Capital Group's** stake sale, was a cross-border transaction. **The Carlyle Group's** long-awaited IPO fills out the top five.

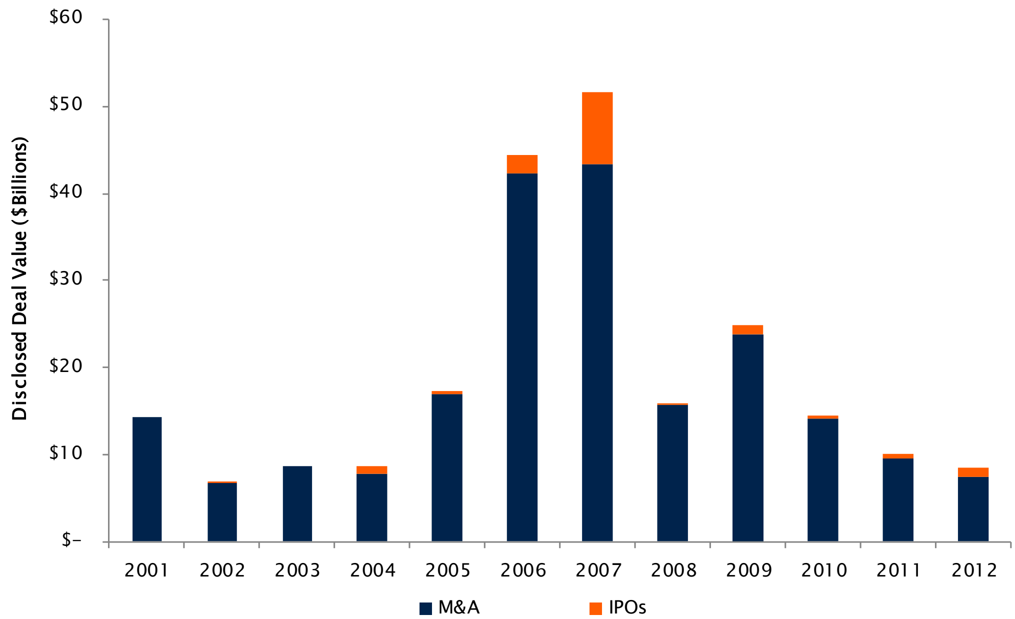
EXHIBIT 4: Largest Asset Management Deals by Transacted AUM, 2012

Date	Target	Country	Type	Acquirer	Country	AUM ($MM)	% Acquired
Aug-12	Janus Capital Group, Inc.	U.S.	Div	The Dai-ichi Life Insurance Company, Limited	Japan	$ 152,400	20%
May-12	The Carlyle Group	U.S.	Alt	IPO	U.S.	146,969	10%
Aug-12	The TCW Group	U.S.	Div	The Carlyle Group	U.S.	127,300	Majority
Feb-12	Bridgewater Associates LP	U.S.	Alt	Teacher Retirement System of Texas	U.S.	120,000	Minority
Dec-12	Dexia Asset Management	Belgium	Div	GCS Capital	Hong Kong	100,211	100%

Note: Data converted to U.S. currency at time of announcement. Announced transactions only.
Source: Sandler O'Neill

Buyers of asset management firms spent $8.5 billion of disclosed deal value during 2012, a 16% decrease from $10.1 billion in 2011 and the lowest level of disclosed deal value since 2002.

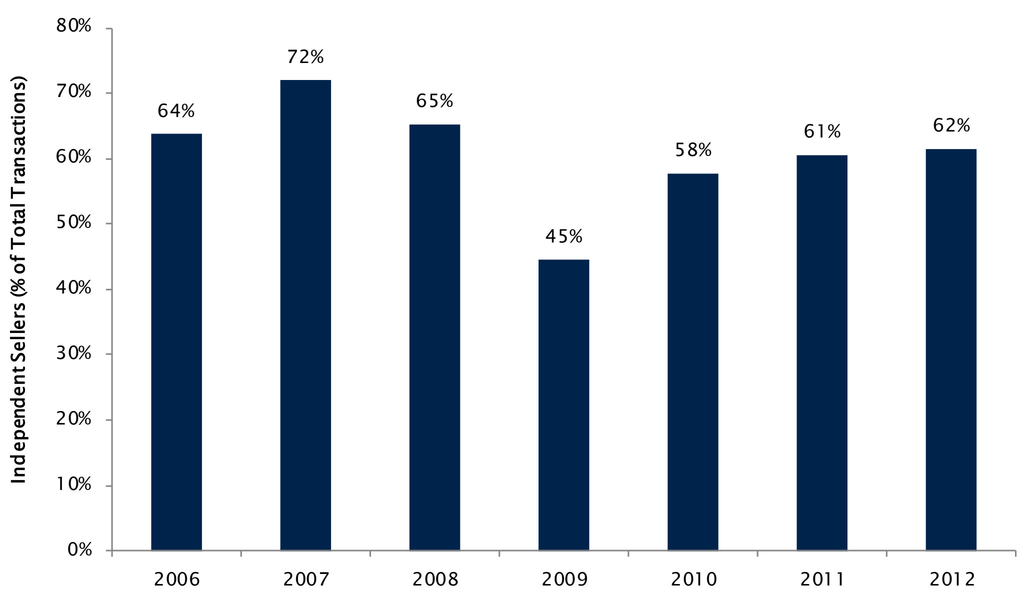
EXHIBIT 5: Disclosed Deal Values in Asset Management Deals Worldwide



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

Independent sellers continued their return to the M&A market in 2012 and represented 62% of deal activity, a slight increase from 2011 levels and a continued climb from the low of 45% in 2009. Independent sellers came to market spurred by the usual motivations – liquidity for founders nearing or entering retirement and joining with larger, strategic partners to help accelerate growth.

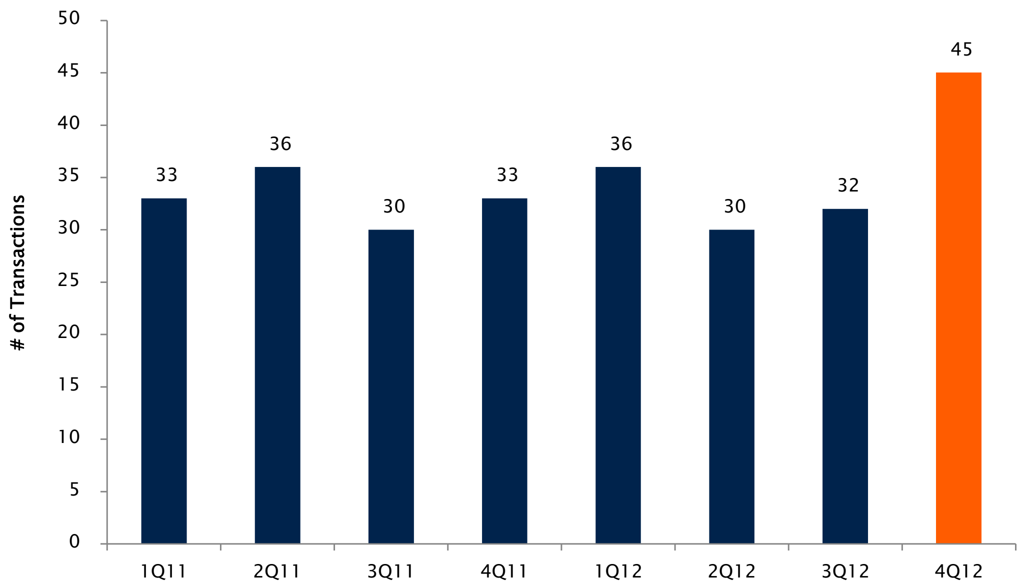
EXHIBIT 6: Transaction Activity Involving Independent Sellers



Source: Sandler O'Neill

One phenomenon specific to 2012 was an increased desire on the part of sellers to complete transactions ahead of looming tax increases in the U.S. This was especially prevalent just before the year-end, when a total of 45 transactions were announced in the fourth quarter, fueling the largest quarterly volume since the fourth quarter of 2008.

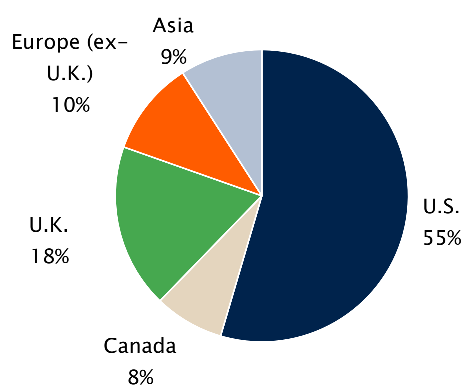
EXHIBIT 7: Quarterly Total Deal Volume



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

U.S.-based firms remained the most active acquirers of asset management businesses in 2012, though their prominence declined slightly. U.S. parties represented 55% of deal volume, a drop from 64% of deal volume in 2011. U.K.-based buyers came in a distant second at 18% of deal volume, a sizable increase over their 2011 level of 11%. Given the relative lack of independent targets in their home markets combined with a global strategy, Asian and Canadian buyers represented a meaningful share of deal volume in 2012 at 9% and 8%, respectively.

EXHIBIT 8: Geographical Breakdown of Transactions by Acquirer Domicile, 2012



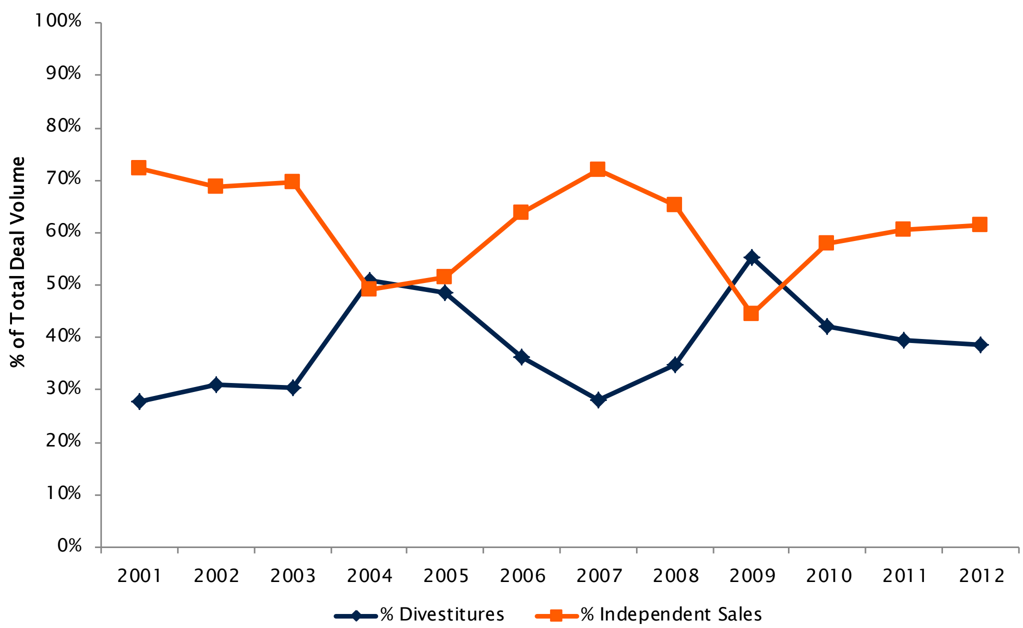
Source: Sandler O'Neill

SELLERS: Another Step Forward

A confluence of global and sector-specific market factors greased the skids on the transaction runway in 2012, leading to an escalation in the volume of sellers pursuing M&A transactions in the asset management sector. Positive momentum in the global equity markets, looming tax increases in the U.S. following the election, and an active, albeit diminished, universe of buyers in the sector provided a healthy boost for M&A activity. Several sizable transactions occurred, including both control transactions and sales of minority stakes, with the standard variety of seller types remaining active.

While divestiture transactions increased slightly to 55 deals in 2012 from 52 in 2011, divestiture activity as a percentage of overall deal volume fell to 38%, its lowest level in four years. Following the volume trend, divestitures represented just under half of the transacted AUM for 2012, at 44%. The headline divestitures, as expected, involved European financial institutions selling their non-core asset management businesses – including **Dexia SA** divesting Dexia Asset Management and Societe Generale selling its U.S.-based asset management subsidiary, The TCW Group.

EXHIBIT 9: Percentage of Divestitures and Independent Sales



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

A substantial amount of divestiture activity in 2012 involved management teams buying their businesses back from parent companies. There were 10 management-led buy-outs last year, compared to six in 2011. Most notably, **Old Mutual (U.S.) Holdings**, the U.S.-based asset management subsidiary of **Old Mutual plc**, completed the sale of five of its affiliates back to their respective management teams, the two largest by AUM being quant manager **Analytic Investors** at $6 billion and growth equities manager **Ashfield Capital Partners** at $3.4 billion. In total, Old Mutual (U.S.) Holdings parted with $11.7 billion in AUM, or 5% of its multi-boutique investment organization. The clean-up also resulted in the return of over $100 million of seed funding to reinvest in the company. Atypical of its business model, **Affiliated Managers Group** reversed course and sold one of its affiliates, growth equities manager **Essex Investment Management Company**, back to the company's management team after AUM had fallen substantially since Affiliated Managers Group's purchase in 1998. **New York Life Insurance Company** also announced the management-led buyout of **McMorgan & Company**, a $4.6 billion money management firm focused on Taft-Hartley union clients which New York Life Insurance Company acquired in 2001. Similar to Affiliated Managers Group and Essex Investment Management Company, New York Life Insurance Company elected to sell McMorgan & Company, following a loss of the majority of its assets. Nearly across the board, these transactions were driven by multi-boutique owners divesting non-core affiliates in order to focus on affiliates most impactful to their businesses.

In one of the largest failed divestitures in memory, **Deutsche Bank** concluded its sales process of **Deutsche Bank Asset Management** in June 2012. Deutsche Bank announced in November 2011 that it was seeking to find a buyer for most of its global asset management division, including **DWS Americas** (the Americas mutual fund business), **DB Advisors** (the global institutional asset management business), **Deutsche Insurance Asset Management** (the global insurance asset management business), and **RREEF** (the global real estate and infrastructure alternative asset management business). Deutsche Bank and diversified financial services firm **Guggenheim Partners** had been in exclusive talks since February 2012 on the sale of almost €400 billion (U.S.$536 billion) in AUM. However, the parties elected to focus their discussions on a potential sale of €47 billion (U.S.$59.7 billion) manager RREEF in May 2012. In the end, both sides failed to agree to terms. Subsequently, Deutsche Bank disclosed its intention to retain RREEF and the rest of its global asset management business in a newly restructured single division.

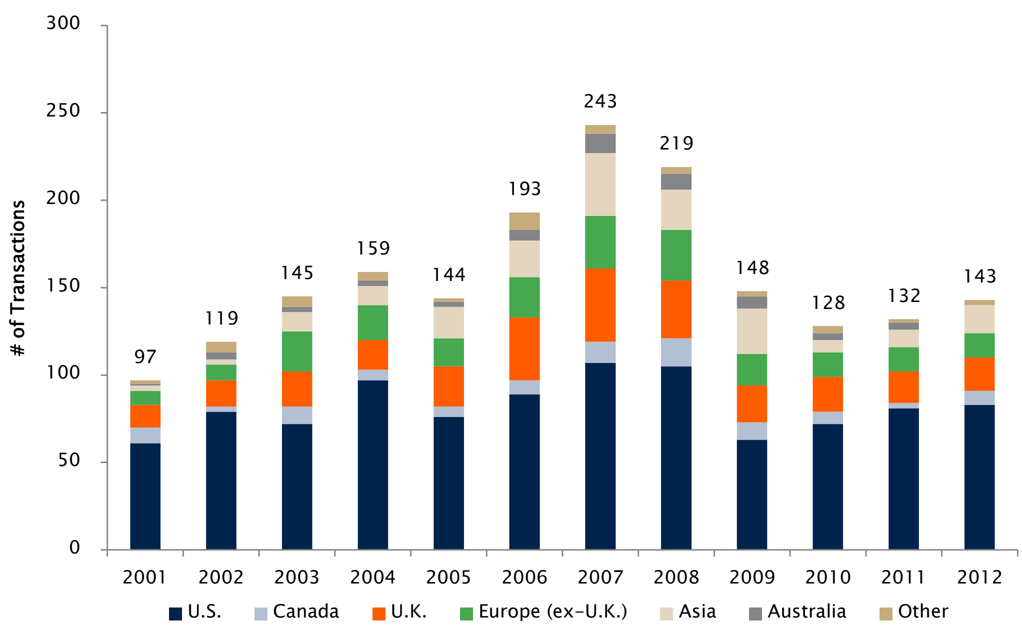
Private equity sponsors contributed little to 2012 selling activity, marking a substantial drop from the prior year, as private equity firms continue to seek maximum value for ownership stakes acquired prior to 2008. After conducting nine sale transactions in 2011, sponsors participated in only two sell-side transactions – **TA Associates** parting with its stake in fund-of-hedge-funds manager **K2 Advisors** and **Lovell Minnick Partners** divesting its stake in quant manager **ClariVest Asset Management** to **Eagle Asset Management**.

As previously mentioned, independently owned asset managers represented nearly 62% of deal activity, a slight uptick from 60% in 2011. Notably, total transacted AUM increased by 72% from 2011 to over $848 billion, the highest level since the financial crisis. The increase was driven by a select few marquee transactions – the IPOs of The Carlyle Group and **Oaktree Capital Group** and Janus Capital Group's sale of a minority stake. Excluding these transactions, the average independent manager that transacted in 2012 managed approximately $5.5 billion in AUM, only a slight increase over the comparable 2011 figure of $5.3 billion in AUM – the lowest level since 2005. These smaller average deal sizes reflect buyers' tendency to focus on small- and mid-sized strategic fill-in acquisitions rather than transformational megadeals.

In 2012 we also witnessed a return to the historical "bread and butter" deals, largely involving two constituencies – independent business owners seeking liquidity, hastened by the looming tax increase in 2013, and companies enhancing their distribution by partnering with a larger, strategic partner. Value-oriented, U.S. investment-grade fixed income manager **STW Fixed Income Management** announced its 100% sale to **Schroders plc** as Schroders seeks to enhance its presence in the U.S. and gain entrée to non-U.S. distribution for its products. Publicly traded **Epoch Holding Corporation**, a $24 billion equities manager, will expand its distribution into Canada via its announced sale for approximately $668 million to **TD Asset Management**, a part of the **TD Bank Group** which is the sixth-largest bank in North America by number of branches.

Despite a challenging political climate and a swelling national debt, the U.S. in 2012 maintained its longstanding status as home to more investment management transactions than any other country in the world, with 58% of investment management transactions (based on the domicile of the seller). As the second-largest market for transactions for yet another year, the U.K. represented 13% of global investment management activity, largely in line with its 2011 levels. Continental Europe, with its lingering debt crisis and sluggish economies, accounted for 10% of deal activity and was edged out by Asia for third place with 11%, a marked increase over its 7% level in 2011. Canada, the biggest relative mover on the list for 2012, nearly tripled its number of deals from 2011, logging eight deals in 2012. The Canadian activity was a mix of divestitures and independent sales, including both in-market and cross-border buyers, ranging from Guggenheim Partners' sale of the **Claymore Investments'** Canadian ETF business to **BlackRock** and **Sprott's** acquisition of market neutral hedge fund manager **Flatiron Capital Management**.

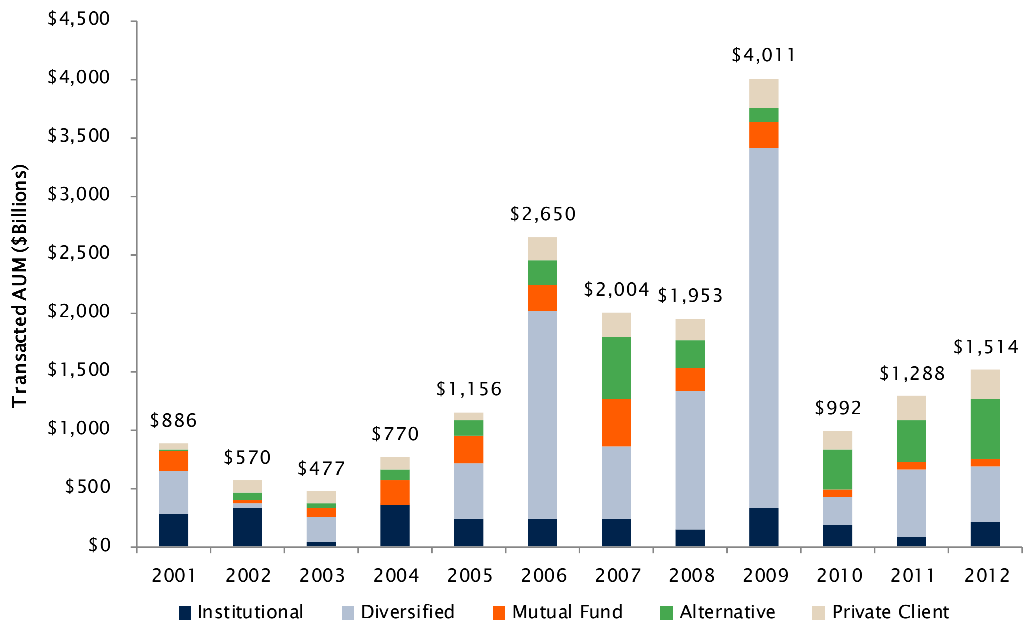
EXHIBIT 10: Historical Target Breakdown by Region



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

The types of businesses involved in transactions in 2012 were largely in line with the mix in 2011. One notable change was that a significantly larger amount of institutional AUM traded in 2012, though the consideration paid for that AUM was markedly lower. Institutional AUM of $214 billion was transacted during 2012, more than double the level in 2011. However, the commensurate disclosed deal value dropped by nearly 60% in 2012 to $238 million from $583 million in 2011. The meaningful drop in disclosed deal value was directly due to a few notable transactions involving targets with significant AUM in lower fee asset classes and overlay strategies, such as **The Clifton Group**, an options overlay manager with $33 billion in AUM, which was acquired by Eaton Vance. Deal activity involving private client businesses in 2012 accelerated to its highest level since 2008 at 40 transactions, representing 28% of deal activity, a slight increase from 26% in 2011. In addition to the expected small- and mid-sized private client transactions, 2012 saw the significant divestiture by **Merrill Lynch** of its international wealth management business with $84 billion in AUM to **Julius Baer Group** for nearly $900 million.

EXHIBIT 11: Transacted AUM by Target Type

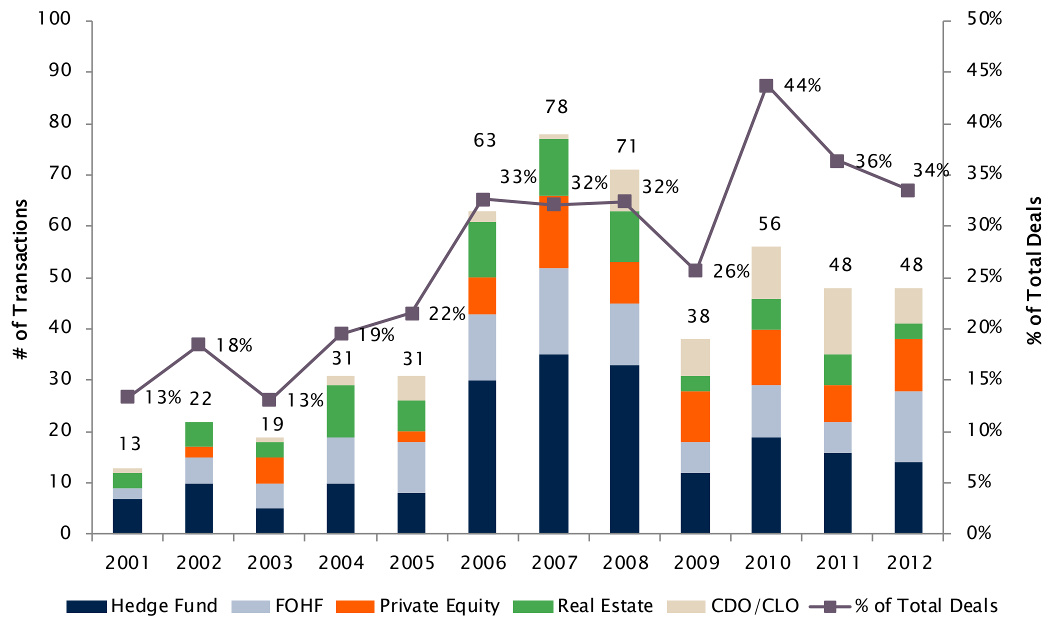


Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

Deal activity involving alternative asset managers continued its soft landing from its 2010 high of 44%, arriving at 34% of deals in 2012. It had declined to 36% in 2011. The weakening of deal activity, however, was not felt evenly across the alternative sectors. While transactions involving hedge funds and CDO/CLO managers declined, transactions involving managers of fund-of-hedge-funds increased 133% from 2011 levels. Deal activity in the fund-of-hedge-funds sector included several strategic transactions involving growing businesses affiliating with larger, strategic partners in the face of continuing challenges to growth in the sector. This includes **Legg Mason's** acquisition of $6 billion manager **Fauchier Partners Management** from **BNP Paribas**. Fauchier Partners Management will be combined with Legg Mason's existing fund-of-hedge-funds business, **Permal Group**, creating a platform with $24 billion in AUM, offices in nine locations around the world, and a global investment team based in New York, London, Paris, and

Singapore. Large but troubled fund-of-hedge-funds manager, **FRM Holdings Group**, agreed to sell to **Man Group** in a transaction that potentially added $8 billion of AUM to Man Group's $11 billion in fund-of-hedge-funds AUM. In an unusual arrangement, Man Group will not pay anything upfront. Instead, there will be staggered payments of up to $82.8 million contingent upon FRM Holdings Group's ability to retain assets over the next three years. Last year also saw consolidating fund-of-hedge-funds deals involving small, "sub-scale" players such as **Olympia Group's** merger with the **Kenmar Group** to create a combined manager with $3.5 billion in AUM. A limited universe of buyers was clearly felt in the hedge fund space in 2012. Of the 14 announced transactions during the year, there was a mix of control and minority transactions across a range of sizes, including **GAM Group's** acquisition of Switzerland-based long-short manager **Arkos Capital** and **Bridgewater Associates'** sale of a minority stake for $250 million to one of its long-time investors, the **Teacher Retirement System of Texas**.

EXHIBIT 12: Historical Transaction Activity Involving Alternative Asset Management Firms

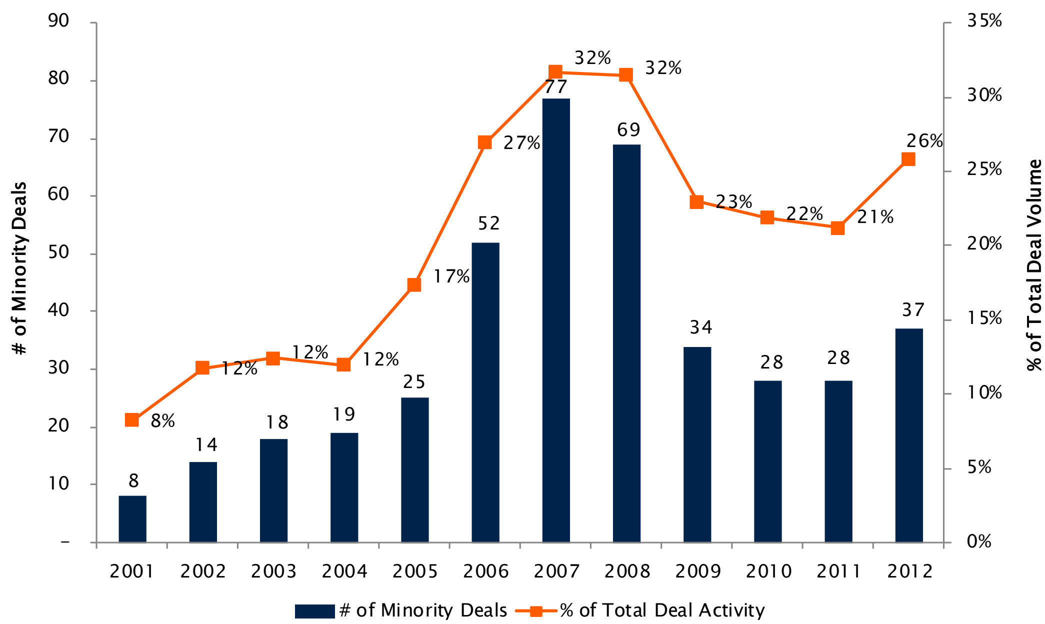


Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

Transactions involving CDO/CLO managers in 2012 dropped by nearly half from 2011 levels, while transacted AUM for these managers dropped by nearly 70% over the same time period. This decline reflects the mature phase of the consolidation in the sector, which peaked in 2011 at 13 transactions and the reality that the short remaining lives and residual value of CLOs in run-off are not suitably attractive to lure buyers. The stabilized state of the credit markets and the hope for increased CLO issuance has likely encouraged sub-scale managers to stay the course and resist the advances of the consolidating buyers.

Minority transaction activity stepped up in 2012 to 37 transactions representing 26% of total deal activity from 28 transactions representing 21% of deal activity in 2011. A significant component of the 2012 increase was the high level of activity of **Dyal Capital Partners**, as the firm completed five minority stake transactions in 2012. While minority stake sales by independent firms to strategic buyers are rare, 2012 saw a few such deals including institutional fund-of-hedge-funds manager **Rock Creek Global's** sale of a 35% stake to **Wells Fargo** with an option to make a controlling investment down the road. **Invesco**, seeking entrée into the retail market in India with an established local player, acquired a minority stake in **Religare Asset Management Company Limited**, the retail fund business of **Religare Enterprises**.

EXHIBIT 13: Historical Minority Transaction Activity



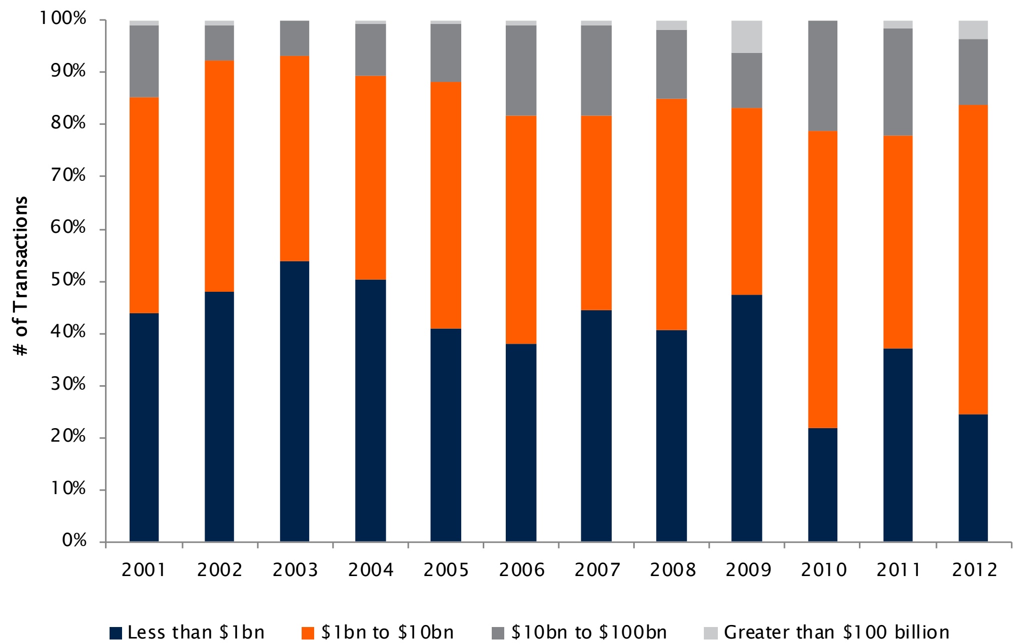
Source: Sandler O'Neill

BUYERS: Forging Ahead

In 2012, buyers transacted more while spending less. Buyers turned up the volume of activity for the second consecutive year as supply increased and we entered the year with pricing at historical lows. Persistent macro headwinds – including anemic global growth, investors' modest risk appetites, the financial crisis in Europe, and a U.S. presidential election – were not enough to suppress strategic acquirers' desires to expand their platforms and financial buyers' pursuit of new investments.

Though enticing valuations boosted deal volume, market volatility tempered the size of acquirers' ambitions, and deal-making remained tactical, not transformational. In aggregate, more than $8.5 billion was spent on asset management acquisitions in 2012, down from $10.1 billion in 2011. This marks the third year in a row that buyers spent less to advance their strategic objectives. The percentage of purchases of businesses with assets under management between $1 billion and $10 billion was the highest in over 15 years, at just shy of 60%. There were just 18 transactions between $10 billion and $100 billion, down from 27 in 2011, and five transactions above $100 billion.

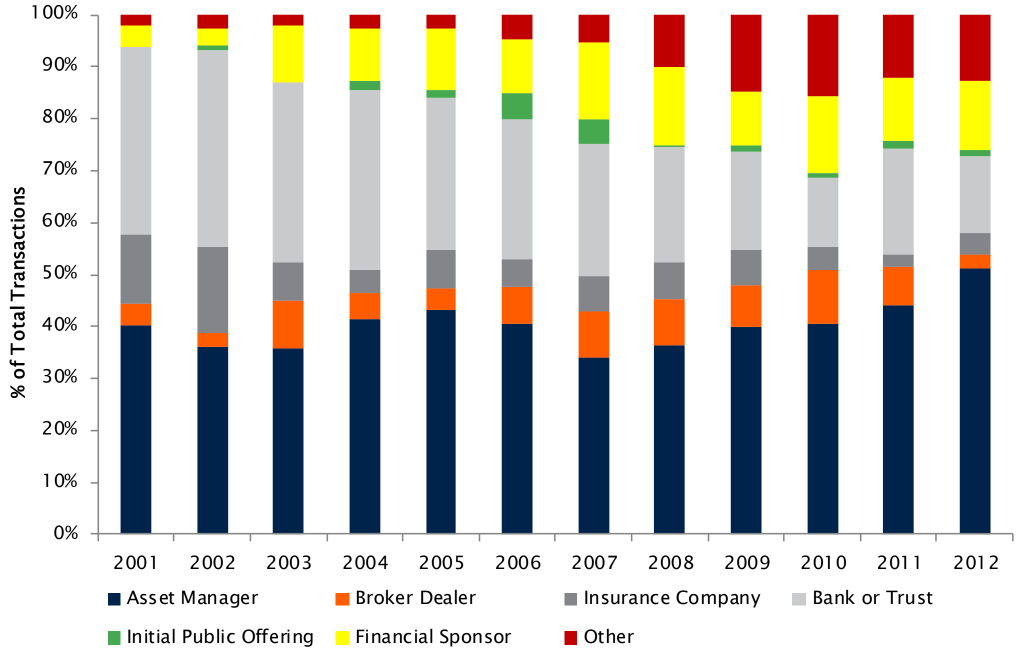
EXHIBIT 14: Number of Asset Management Transactions by AUM Size



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

Activity levels among the different categories of acquirers varied in 2012. Despite the increase in overall transaction volume, only pure-play asset managers, insurance companies, and financial sponsors increased their purchasing activities from 2011. For the fifth time in six years, broker-dealers reduced their buying activity and are now barely visible in the market. Though still conspicuous as the second-largest buying group, banks cut their acquisitions by more than 20% from 2011.

EXHIBIT 15: Number of Asset Management Transactions by Acquirer Type



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

Pure-play asset managers benefited from diminished competition for acquisitions as larger financial institutions continue to be net sellers of asset management businesses. As we forecast in our 2011 paper, "Déjà Vu All Over Again," pure-play managers increased their share of announced transactions in 2012 and were the buyer in 51% of deals. This marks the first time since 1998 that the percentage exceeded 50%. While asset managers took the lead in making acquisitions, the focus was on relatively modest acquisitions, primarily manufacturing capabilities that leverage the buyers' distribution strengths. The average AUM of the acquisitions announced by pure-play managers was $5.6 billion, with a median of $1.7 billion. Supporting the tactical thesis, one of the top five and only two of the top ten acquisitions (excluding IPOs) featured a money manager as the acquirer.

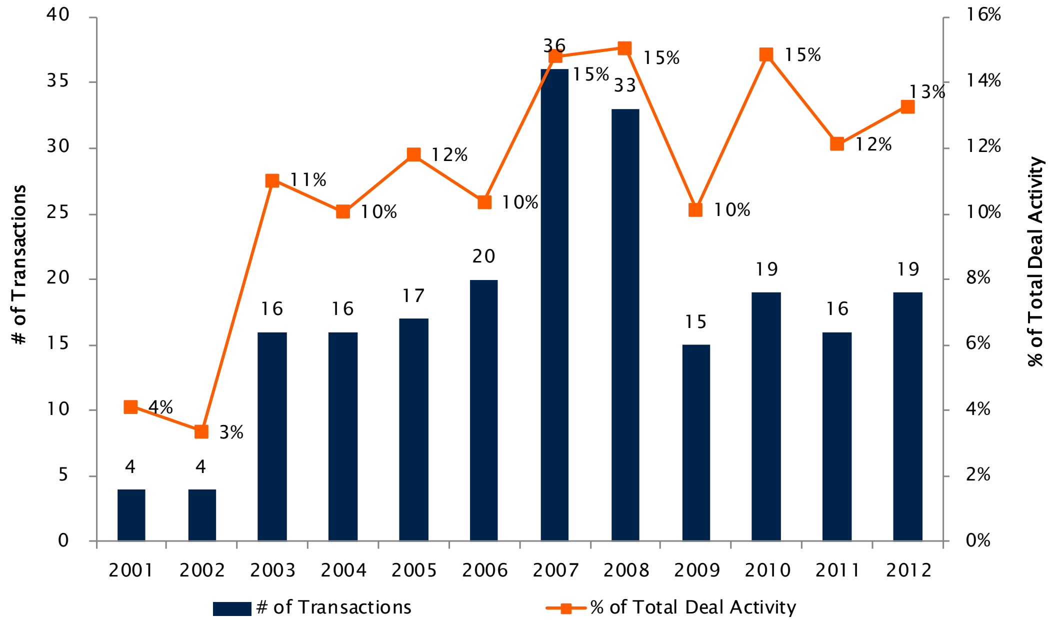
Among asset management buyers, there were a number of familiar faces as well as some newcomers and occasional acquirers. After a noticeable absence in 2011, U.S.-listed Affiliated Managers Group re-emerged in 2012 to take majority stakes in **Yacktman Asset Management**, a $17 billion value equities mutual fund manager, and **Veritable, LP**, a $10 billion ultra-high net worth private wealth manager, the latter being the first acquisition by **AMG Wealth Partners**, a business it founded in 2011 to pursue acquisitions of private wealth management companies. Less frequent buyers also appeared in the market in 2012, helping pure-play managers capture such a high percentage of transactions. For example, U.S.-listed companies **Eaton Vance** and **Franklin Resources** both seized opportunities to develop or extend product offerings. Eaton Vance made a significant minority stake investment in Canadian-based international equities manager **Hexavest**, having actively sought an opportunity to acquire non-U.S. investment capabilities. It also acquired 100% of The Clifton Group to bolster the offerings of its subsidiary **Parametric Portfolio Associates** with The Clifton Group's institutional overlay expertise. Franklin Resources affirmed its publicized strategy to develop its alternative business by acquiring majority control of K2 Advisors, a $9.3 billion fund-of-hedge-funds manager.

Asset managers continue to look for ways to offer or strengthen their alternative investment capabilities. Franklin Resources' move was echoed by other asset managers, who made alternative capabilities acquisitions as their primary acquisition goal in 2012. The largest group of acquirers of alternative asset management businesses continues to be other alternative asset managers. Much of this can be attributed to cultural and compensation differences between alternative and long-only businesses. If, however, traditional long-only managers want to thrive in a market that no longer delivers double-digit growth so readily, they must seek ways to work through those potential issues. For every Franklin Resources, there are five traditional managers still sorting out their alternative strategies and five alternative management buyers that are executing on diversifying their platforms through acquisitions. The Carlyle Group, for example, continued to grow and diversify its global alternatives platform this year, focusing on the commodities sector by acquiring interests in **Vermillion Asset Management**, a $2.2 billion commodities-focused hedge fund manager, and **NGP Energy Capital Management**, a $13 billion private equity firm focused on the natural resource sector. **KKR** announced its first acquisition since going public with the acquisition of $7.8 billion **Prisma Capital Partners**, one of the few fund-of-hedge-funds businesses to buck negative flow trends and experience strong growth in recent years.

After pure-play asset managers, banks were the second-largest group of acquirers in 2012, despite announcing fewer transactions compared to 2011. In total, banks announced 21 purchases last year. When a target's business aligns with the acquiring bank's strategy, asset management companies' high margins, recurring fee streams and low on-going capital requirements offset the punitive capital charges resulting from the large portion of goodwill attributed to asset management acquisitions. The sector that best aligns with banks' strategies today is private wealth management because serving local corporations, foundations and endowments is a natural fit for relationships with the individuals that influence those institutions. Notably, two U.S. West-Coast-based banks made substantial investments in private wealth advisors in 2012. **City National Corporation**, which already had a substantial wealth management business, acquired **Rochdale Investment Management**, creating an $18 billion wealth management business with a national footprint. **First Republic Bank**, which lacked a meaningful wealth management platform, purchased 100% of **Luminous Capital**, a $5.5 billion ultra-high net worth manager that shared its geographical footprint.

Sponsor-led acquisitions were up slightly year-over-year, totaling 19 announced purchases. Attractive pricing and access to cheap credit, albeit at modest leverage levels, enabled sponsors to represent an important part of deal activity last year. In fact, over the past decade, sponsors have been a consistent liquidity provider to sellers, representing 10-15% of acquisitions each year.

EXHIBIT 16: Financial Sponsor Acquisition Activity



Note: Includes minority transactions and recapitalizations.
Source: Sandler O'Neill

The types of businesses that attracted private equity investors differed meaningfully in 2012 versus previous years. Historically, a large portion of private equity-related acquisitions involved long-only mutual fund and institutional businesses. In 2012, there were less than a handful of such transactions. Private equity firms that invest in the asset management industry are primarily passive, growth equity investors. The challenges facing active long-only money managers have forced private equity firms to focus their attention elsewhere, often to private wealth management. Notably, nearly half of the transactions announced by private equity sponsors were purchases of interests in private client advisory businesses. Examples include **Lee Equity Partners**, which acquired U.S.-listed **The Edelman Group** in a take-private transaction, **Estancia Capital Management**, which made a minority investment in **Spruce Private Investors**, and **Bridgepoint**, which acquired U.K.-based **Quilter & Co.** from **Morgan Stanley**. In all of these cases, the buyers were new or infrequent investors in the asset management industry, which highlights the continued broad and powerful allure of the asset management industry to private equity investors.

Private equity investors in 2012 were again active buyers of alternative asset managers. Dyal Capital Partners, which was launched by **Neuberger Berman**, was, by far, the most active among private equity acquirers. Dyal Capital Partners raised $1.28 billion from more than 40 institutional clients to make minority stake investments exclusively in hedge fund management companies. In light of the absence of once-active hedge fund stake acquirers, such as **Goldman Sach's Petershill Fund** and the now defunct **Credit Suisse-owned Asset Management Finance**, Dyal Capital Partners was able to acquire five stakes in hedge fund managers, all announced in the second half of 2012. The largest was credit-focused **Halcyon Asset Management**, which managed assets of $12 billion at the time of the transaction.

The more modest ambitions of strategic buyers have enabled private equity firms to vie for the largest managers. Two of the top five transactions by AUM in 2012 were led by private equity firms. Carlyle successfully competed to become the majority owner of The TCW Group, a $127 billion manager previously owned by Societe Generale. Also, Hong Kong based private equity firm **GCS Capital** acquired Dexia Asset Management for €380 million (U.S.$495 million) in a forced sale by the Belgian government.

Broker-dealers have all but abandoned their asset management growth strategies, announcing only four transactions in 2012, with none of the acquired companies exceeding $3 billion in assets under management. While insurance companies stepped up their buying in 2012, it was from a low starting point: in total, insurers acquired only six asset managers in 2012, up from just three in 2011. Notably, all but one were cross-border transactions. The largest was Japan-based **Dai-ichi Life Insurance Company**, the third largest life insurer in Japan, announcing that it would buy a stake of 15-20% in U.S.-listed Janus Capital Group through open market purchases and through the exercise of conditional options issued to Dai-ichi Life Insurance Company by Janus Capital Group. As part of the deal, Dai-ichi Life Insurance Company will also invest $2 billion into Janus Capital Group's funds and help distribute its products in Japan. Prior to the transaction announcement, Janus Capital Group was facing 12 consecutive quarters of net client redemptions. U.S.-based **Principal Financial Group** continued to globalize its business in 2012, announcing two transactions of pension and mutual fund businesses in South America, **Claritas Investment Ltd.** based in Brazil, and Chile's **AFP Cuprum SA**.

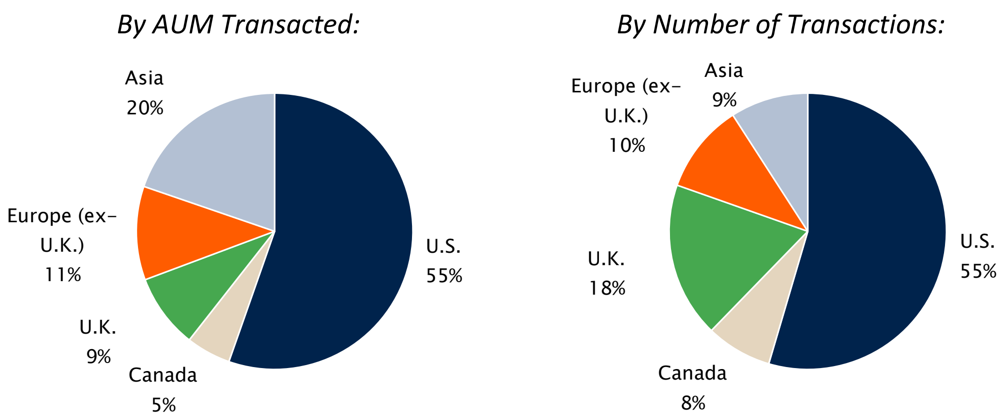
Commensurate with the size of the U.S. asset management market relative to the rest of the world's, U.S. buyers executed 55% of transactions, or 78 of 143, in 2012. Buying activity, however, was down relative to the 85 deals U.S. buyers executed in 2011. Also, only eight of the 78 transactions were to acquire companies outside the U.S., reflecting the view among U.S. buyers that, despite local challenges, there really is no place like home. That said, we do not expect that U.S. buyers will sit idle for long: in 2013, we expect to see them look beyond the U.S. borders as the long-term trend toward globalization continues.

In terms of ownership, the U.K. and U.S. are close cousins: a high percentage of the business in both their markets is controlled by pure-play asset management companies. As previously discussed, their standalone status has afforded them greater freedom to transact free from the shackles of regulation or stressed balance sheets. As a result, U.K.-based buyers were once again the second most active group globally, snatching up 26 firms last year, up nearly two-fold from 15 in 2011. Of the 26, 12 were acquisitions outside the U.K., reflecting market participants' strong desire to reach new markets amid ongoing challenges in their local markets.

Similar to Continental Europe, Canada's asset management market is primarily conducted through banks. They share few other similarities, however: the relative financial strength of the Canadian banks has enabled them to be increasingly active participants in asset management M&A, whereas many of the banks in Continental Europe have been sidelined for the past five years. Canadian firms nearly doubled the volume of their buying activity in 2012, with 11 transactions, up from six in 2011. Among the major economies in Continental Europe, only French firms made a showing last year, announcing four purchases in total. Dutch, Swedish, German, Italian, and Spanish buyers were all notably absent in 2012.

Buying activity by Asian participants in 2012 was on par with 2011. In total, Asian buyers announced 13 transactions versus 12 in 2011. Japanese and Chinese buyers each accounted for three deals in 2012. While the activity of Japanese buyers was comparable to 2011, Chinese buyers stepped up in a big way in 2012, after announcing zero transactions in 2011. Given the composition of the Asian market today, we do not expect to see any major increase in volume in the coming year. Given the size and capitalization of the participants, however, Asian buyers figure to be more prominent in many of the larger, high-profile deals in the coming years. Similar to buyers in a number of the European markets, Australian buyers were also a no-show in 2012.

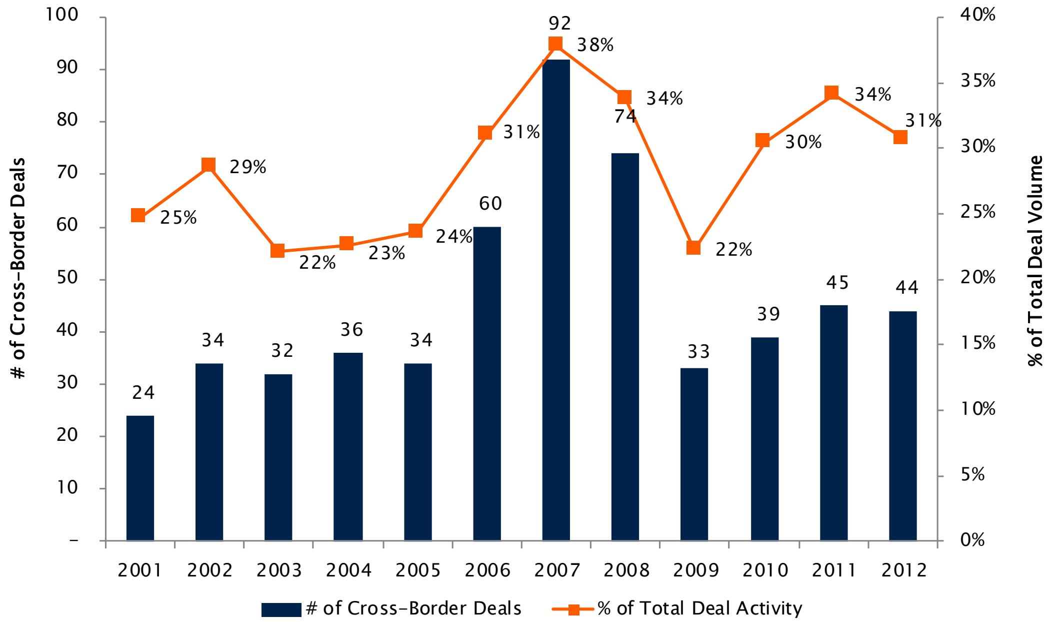
EXHIBIT 17: Geographical Breakdown of AUM Transacted and of Number of Transactions by Acquirer Domicile, 2012



Note: Includes minority transactions, recapitalizations and IPOs.
Source: Sandler O'Neill

Cross-border activity plateaued in 2012 with 44 announced transactions. At 31% of the overall deal volume, it was in line with the 10-year average of just under 30%. Though we have seen a healthy scattering of inter-continental transactions in the recent past, this year cross-border activity was largely intra-continental, as the whole of Europe became an implicit forbidden zone to outside buyers in light of its continuing economic duress. There were just four transactions involving North American buyers in Europe, the most notable being BlackRock's purchase of **Swiss Re Private Equity Partners** which doubled the size of its $7.5 billion private equity and infrastructure fund-of-funds business. To illustrate the magnitude of the decline in interest, last year North American firms purchased 12 asset management firms in Europe. Asian buyers were even more skeptical of European sellers. GCS Capital's purchase of Dexia Asset Management was Asia's sole representation in Europe as a buyer in 2012. Even European managers actively sought opportunities to diversify away from the eurozone, posting 14 such transactions. The most favored geography for gaining or increasing exposure was North America, where European firms ramped up their buying activity more than 300%, from three deals in 2011 to 10 in 2012.

EXHIBIT 18: Historical Cross-Border Transaction Activity



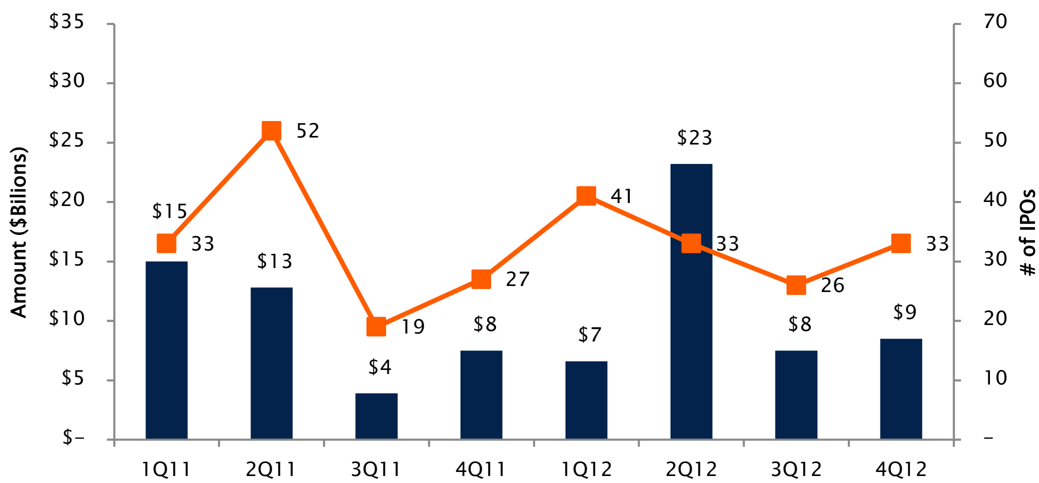
Note: Includes minority transactions and recapitalizations.
Source: Sandler O'Neill

IPOs: The Year of the Alternatives

The global IPO market produced approximately 800 offerings across all regions and sectors in 2012, down nearly 35% from 2011 – reflecting the continued uncertainty in the global economy, eurozone turmoil in May, slower growth in emerging markets, and potential leadership changes in both the U.S. and China. Total capital raised in 2012 totaled approximately $125 billion, representing a decline of approximately 30% from 2011.

Despite the pre-presidential election uncertainty, a looming fiscal cliff, continued high unemployment, and tepid GDP growth, both U.S. IPO volume and value in 2012 surpassed the preceding year. Helped (and subsequently hurt) by the $16 billion Facebook IPO in May, which was the third largest U.S. IPO on record, the U.S. IPO market in 2012 produced over 130 offerings raising over $46 billion, representing year-over-year increases of 2% and 17%, respectively.

EXHIBIT 19: U.S. IPO Activity Over Last Two Years

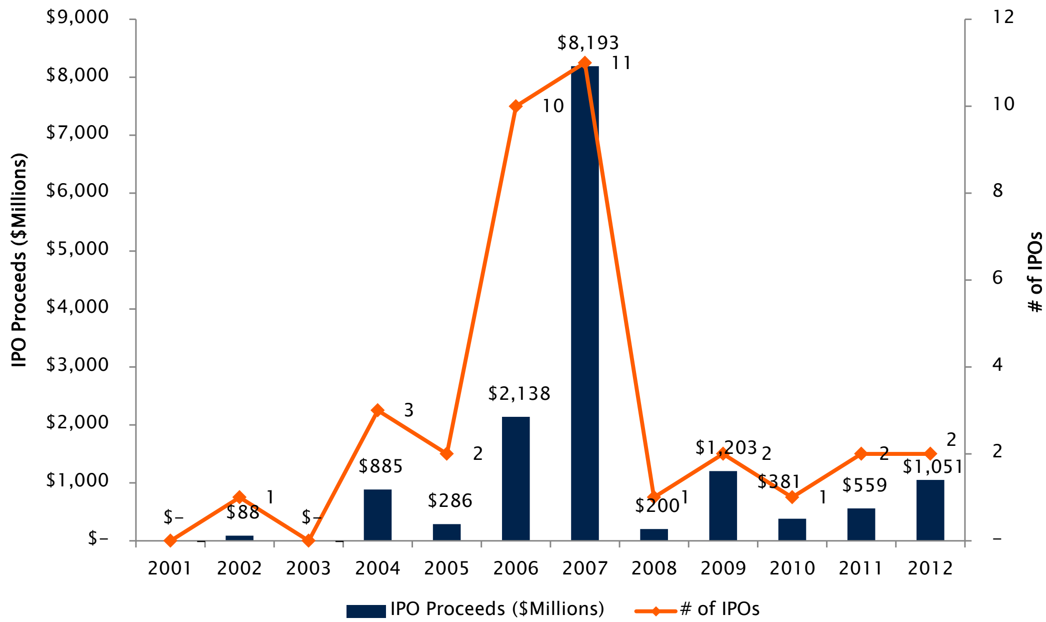


Source: Dealogic

As of December 31, 2012, the total U.S. IPO backlog consisted of 117 offerings seeking to raise as much as $35.7 billion, which seemingly represents the lowest amount since the financial crisis. However, looks can be deceiving, as many smaller companies are taking advantage of the confidential filing provisions afforded to potential issuers by the JOBS Act. Consequently, reports have suggested that the IPO backlog could be upwards of 200 to 220 offerings, in line with the prior year.

Just prior to the second quarter pullback in the equity markets, U.S.-based alternative asset managers Oaktree Capital Group and The Carlyle Group entered the public domain, collectively raising over $1 billion.

EXHIBIT 20: Global Asset Management IPO Activity



Source: Sandler O'Neill

After its stint on the now defunct GSTrUE OTC Market, Oaktree Capital Group floated 6% of its shares on the New York Stock Exchange in April 2012. With $74.9 billion of AUM, Oaktree Capital Group distinguished itself from its publicly traded alternative asset manager peers, emphasizing an opportunistic, value-oriented and risk-controlled approach to investments in distressed debt, corporate debt, control investing, convertible securities, real estate, and listed equities. Despite this differentiation, the offering was downsized by over 20% and priced at the bottom of its $43-46 pricing range, which implied a market capitalization of $6.5 billion. Proceeds were used to purchase units held by existing shareholders and units held by certain existing GSTrUE shareholders.

Less than one month after Oaktree Capital Group's IPO, The Carlyle Group floated 10% of its shares to the public in May 2012. The Carlyle Group is recognized as one of the world's largest and best-known alternative asset management firms, with over $147 billion of AUM at the time of its IPO. Throughout the course of the last three years, The Carlyle Group has substantially diversified and bolstered its non-private equity platform, acquiring majority stakes in long/short credit manager **Claren Road Asset Management** in 2010; fund-of-funds solutions provider **AlpInvest Partners**, emerging markets hedge fund manager **Emerging Sovereign Group**, and CLO provider **Churchill Financial** in 2011; commodities focused hedge fund manager Vermillion Asset Management and natural resources private equity manager NGP Energy Capital Management in 2012. The company raised $671 million, reflecting the largest amount raised in an asset manager IPO since November 2007 when **Och-Ziff Capital Management** raised over $1.1 billion.

After withdrawing its registration in late December of 2011, **Artisan Partners Asset Management**, a diversified equity investment manager with $69.8 billion in AUM, publicly re-filed with the SEC in November 2012. Seeking to raise $250 million in the IPO, according to the November 2012 filing, Artisan intends to use the net proceeds raised to repay all or a portion of any loans under its revolving credit agreement, purchase shares from certain initial outside investors, make a distribution of retained profits to pre-offering partners, and for general corporate purposes. Over the course of 2012, Artisan Partners Asset Management's AUM has increased over 30%, which ranks the company in the top quartile of U.S. publicly traded traditional asset managers.

An unprecedented number of U.S. publicly traded asset managers declared special dividends in the fourth quarter of 2012 as a way to return excess cash to shareholders before the anticipated (and now enacted) tax hikes on dividends in 2013. For many companies, this special dividend represented the largest single declaration in the firm's history. In total, an estimated $1.4 billion was returned to shareholders in the fourth quarter of 2012 from special dividends.

EXHIBIT 21: Special Dividends Declared by U.S. Traditional Asset Managers in 4Q12

	Special Dividend Date		Special Dividend Amount	
Company Name	Announcement	Payable	per Share	Aggregate ($MM)
Cohen & Steers, Inc.	11/7/12	12/20/12	$ 1.50	$ 65.6
Diamond Hill Investment Group, Inc.	12/5/12	12/21/12	8.00	25.3
Eaton Vance Corp.	12/4/12	12/20/12	1.00	116.3
Epoch Holding Corp.	11/12/12	12/14/12	0.75	17.8
Federated Investors, Inc.	10/25/12	11/15/12	1.51	156.9
Franklin Resources, Inc.	11/17/12	12/20/12	3.00	637.6
GAMCO Investors, Inc.	11/10/12	11/29/12	2.20	56.6
T. Rowe Price Group, Inc.	12/6/12	12/28/12	1.00	257.9
U.S. Global Investors, Inc.	12/12/12	12/31/12	0.02	0.3
Waddell & Reed Financial, Inc.	11/15/12	12/6/12	1.00	85.7
Total				$ 1,420.0

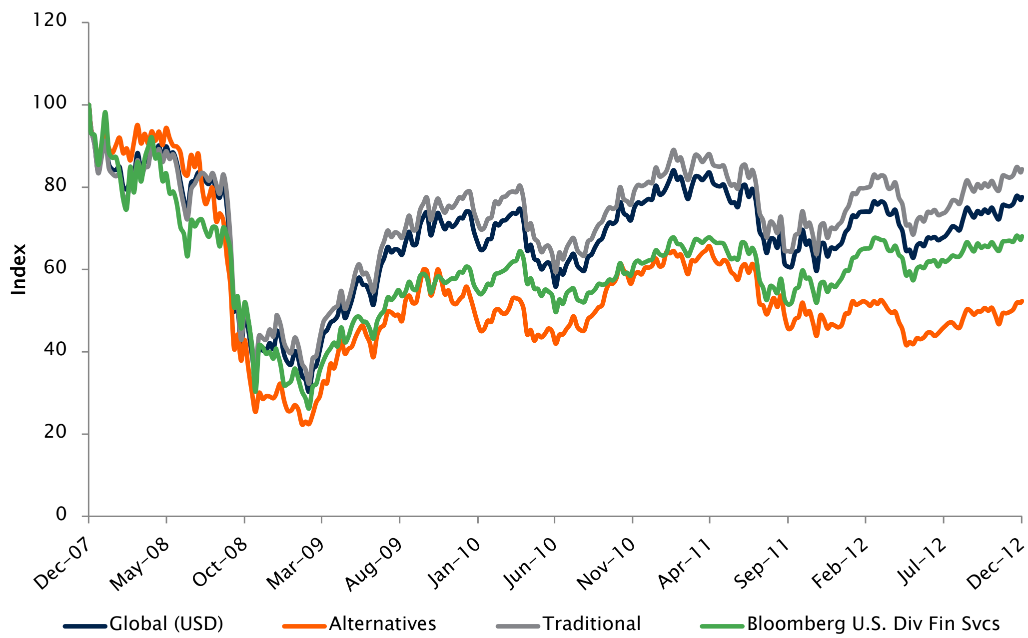
Source: Company filings, Sandler O'Neill

PRICING: Up, Up and…Almost There

Pricing in 2012 started off strong, with domestic and global markets surging due to improved economic conditions. Much of these gains, however, were given back during the second quarter, thanks to sovereign debt concerns in Europe and weaker economic data in the U.S. and China. Following the September announcement by the Federal Reserve to begin a new round of quantitative easing (QE3), stock markets posted relatively strong gains. However, uncertainty and volatility were emblematic of the fourth quarter as politics dominated the news, from the presidential election to the fiscal cliff.

When all was said and done, the markets proved to be resilient, and not even the expiration of the Mayan calendar could prevent the markets from posting strong returns across the board. The S&P 500 Total Return index gained 16.0%, marking the index's largest annual return since 2009 and fourth-largest return in the last decade. Not surprisingly, the high beta universe of asset managers outpaced the broader markets, with the Sandler O'Neill Global Asset Management Index increasing 22.7%.

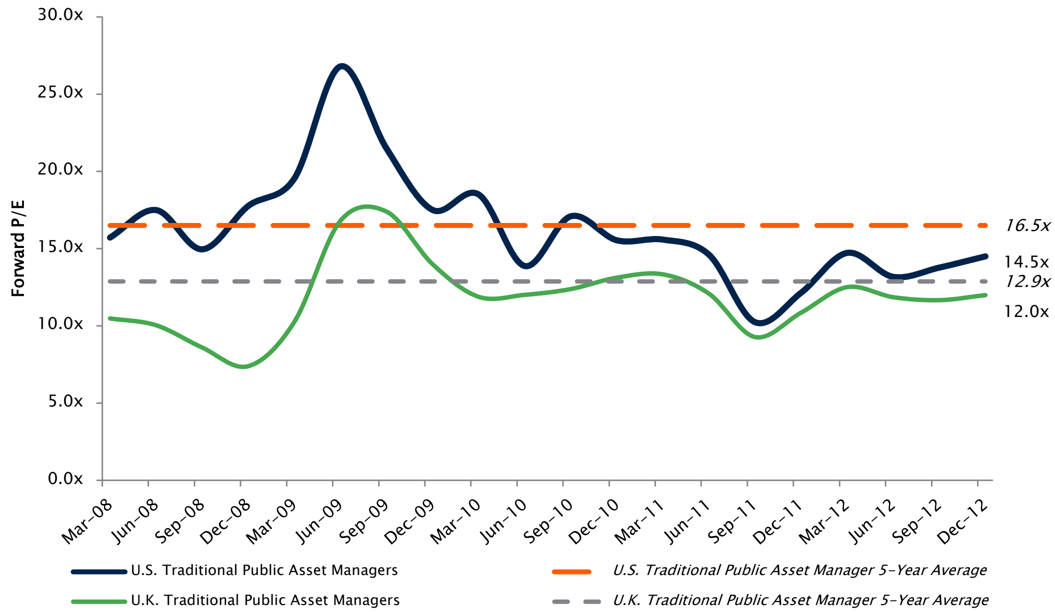
EXHIBIT 22: Sandler O'Neill's Global Asset Management Index Performance



Note: 100 = year-end 2007.
Source: Bloomberg, Sandler O'Neill

Publicly traded traditional asset managers in the U.S. were trading at 14.5 times price to forward earnings at the end of 2012, approximately 12% under the historical five-year average of 16.5 times. Forward earnings multiples for U.K. traditional managers, which continue to trail their U.S. counterparts, increased to 12.0 times, though approximately 7% under the historical five-year average of 12.9 times. For both constituencies, year-over-year pricing improved for the first time since 2009, reflecting an improved overall market sentiment.

EXHIBIT 23: Forward Price to Earnings Ratios for U.S. and U.K. Traditional Managers



Note: Excludes outliers above 50x and below 1x.
Source: Bloomberg, Capital IQ, Sandler O'Neill

At the beginning of 2012, U.S. traditional public asset managers traded at 12.1 times forward earnings, supported by subdued expectations of (on average) 6% earnings growth from 2012 to 2013. In tandem with the equity market rally of 2012, forward earnings for U.S. traditional public asset managers traded up nearly 20% for the year to 14.5 times forward earnings. Momentum does not appear to be slowing down, as analysts forecast organic growth to re-accelerate throughout 2013, driving a substantial portion of the forecast 12% earnings growth over the next 12 months. U.K. traditional public asset managers experienced an increase of 10% in forward earnings to a multiple of 12.0 times at the end of 2012.

EXHIBIT 24: Median Trading Multiples of Quoted Fund Managers

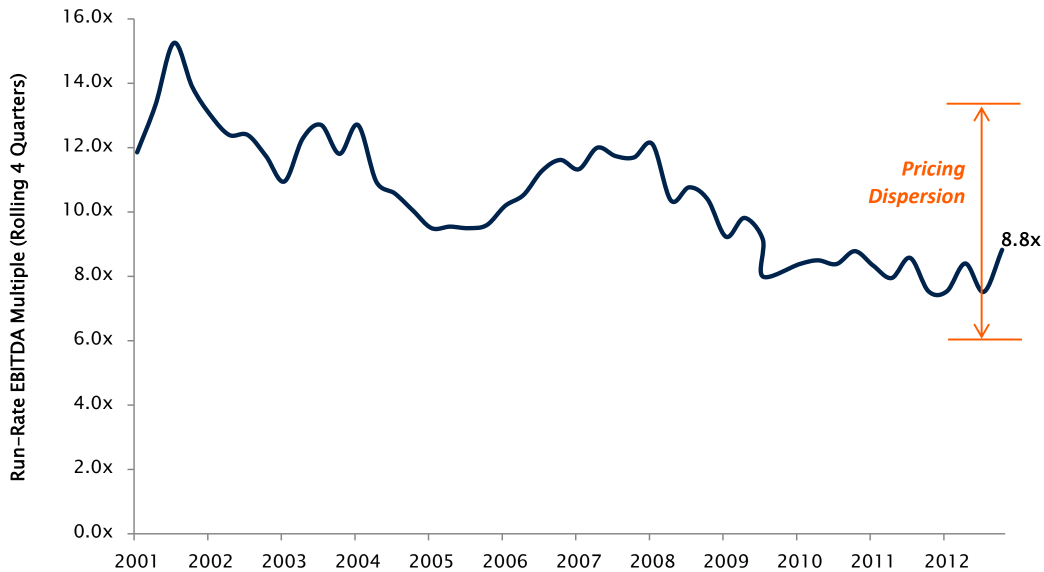
	LTM P/E		1-Year Forward P/E		EV / LTM EBITDA		EV / 1-Year Forward EBITDA	
	1/1/12	12/31/12	1/1/12	12/31/12	1/1/12	12/31/12	1/1/12	12/31/12
U.S. Traditional Asset Managers	12.4x	15.6x	12.1x	14.5x	6.1x	8.3x	6.1x	7.8x
U.S. Alternative Asset Managers	12.1x	9.5x	6.4x	7.7x	10.7x	9.8x	5.4x	7.0x
U.K. Traditional Asset Managers	11.0x	14.7x	10.9x	12.0x	6.2x	8.4x	5.8x	7.2x
U.K. Alternative Asset Managers	14.8x	15.6x	12.8x	13.0x	7.9x	8.6x	7.4x	6.9x

Note: Multiples and Enterprise Values are based on 1/1/12 and 12/31/12 share prices. One-year Forward P/E multiples for 1/1/12 and 12/31/12 are based on 2012 earnings estimates and 2013 earnings estimates, respectively. EBITDA multiples for Alternative Asset Managers derived using "Economic Net Income," where applicable.
Source: Company filings, Bloomberg, Capital IQ, Sandler O'Neill

Worldwide acquisition multiples in the asset management sector showed an improvement from the all-time lows experienced in 2011, reflecting a slight shift in overall transaction activity away from divestitures to more strategic transactions. By the end of 2012, the median asset manager was trading at a two-year high of 8.8 times run-rate EBITDA, just a hair under the five-year average of 8.9 times run-rate EBITDA and 12% below the 10-year average of 10.0 times run-rate EBITDA.

Pricing dispersion was evident more than ever in 2012. Independent businesses with high-demand capabilities traded as high as over 13.0 times run-rate EBITDA. On the other side of the spectrum, divested businesses where the seller was less sensitive to valuation, as well as businesses with low demand strategies traded at substantial discounts, as low as around 6.0 times run-rate EBITDA.

EXHIBIT 25: Run-Rate EBITDA Multiples of Global Asset Management Trade Sales



Note: Multiples reflect four-quarter rolling medians and include all global trade sales for both traditional and alternative managers.
Source: Sandler O'Neill

Despite upturns in buyer demand and in the financial markets entering 2013, pricing continues to remain a bit conservative and below longer-term averages. Asset managers are poised to post double-digit growth throughout 2013, but it is highly unlikely we will return to the heyday of the early 2000s. Private company transaction pricing advanced in 2012, but upcoming divestitures from highly motivated sellers will hold average pricing below 10 times run-rate EBITDA. In the end, underlying business fundamentals and the state of the global economy remain key factors in determining how the asset management sector will fare in 2013 and thereafter.

CONCLUSIONS: The Passing Lane is Open

The asset management industry continued on a path toward good health in 2012, owing to a seemingly never-ending accommodative monetary policy, strong performance in global equities markets, and the ongoing benefit of reduced cost bases following cuts made during the financial crisis. Investors have begun to show signs of life, albeit intermittently, driven by longer term savings and funding needs that cannot be met by negative real yields on cash. All of this suggests that 2013 will take the asset management industry further down the path of renewed health, and along with it transaction activity. There will undoubtedly be bumps along the way, but in a more sanguine environment for transactions we expect the following to play out in 2013:

- *Buyers will expand their horizons.* Those seeking acquisitions will continue to aim toward opportunities that hit their strategic bullseye, but will find acquisitions that can pierce the second or third ring worthy of pursuit. This would represent substantial change from the past several years, in which buyers had laser focus on pursuing only those acquisitions that met their highest-priority objectives. In the pursuit of gold, buyers have passed up numerous opportunities that would have added meaningfully to their businesses. The silver and bronze medals are once again noble objectives in expanding an asset management platform.

- *There will be greater competition for assets.* A by-product of buyers' broader acquisition mandates will be more buyers competing for the same assets. Since 2009, competition for acquisitions has been limited, with relatively few exceptions, as each buyer pursued its focused agenda. While we do not expect to see a feeding frenzy for all businesses being sold, we expect more competition, which will, in turn, provide sellers with more choices.

- *Transaction volumes are likely to remain stable in 2013.* A healthy portion of the 8% increase in the number of transactions in 2012 compared to the prior year can be explained by the wave of U.S. sellers who closed transactions in the fourth quarter, getting under the wire in advance of expected tax changes. This, in effect, accelerated a significant amount of deal activity that otherwise would have occurred in 2013 and beyond. So while tax-driven selling will be absent in 2013, that void will be offset by sellers taking advantage of improving markets and healthier multiples to address their strategic and liquidity objectives.

- *New buyers will continue to emerge.* The attractive recurring fee streams provided by asset management businesses are hard for financial and strategic investors to resist, particularly in a more stable market environment. Those with excess capital will emerge to create a new generation of buyers, be it financial sponsors with pools of investable capital needing deployment or financial institutions looking to improve their lot with more fee-based business. This phenomenon will occur on a global basis and won't be limited by the size of the acquirer or target.

- *Global, holistic initiatives among buyers will result in an increase in cross-border activity.* Growth opportunities in markets that have healed at a faster pace than others, as well as attractive pricing in geographies facing ongoing economic challenges, will garner greater attention from buyers in 2013. As more non-U.S. firms focus on asset management as one of their core businesses, they will need to develop solutions-based approaches that require diverse and market-relevant product suites. The scarcity of local targets, particularly in Asia, Canada, and Australia, will direct buyers from those areas to focus their attention abroad. U.K. and European players with capital to put to work will reduce their risk locally and seek acquisitions abroad that can broaden their product sets and client bases. Large, diversified U.S. firms will look more internationally in 2013 as a means of growth, with the primary focus being on finding distribution channels through which to leverage their available capacity in existing products.

- *Global/international, emerging markets, and alternative strategies will continue to be the most favored by buyers.* Global strategies, both equity and fixed income, will continue to have broad appeal to traditional long-only acquirers given the ongoing supply-demand imbalance. Successful managers specializing in emerging markets are few and far between and will continue to garner exceptionally strong interest among buyers. Among sellers of alternative businesses, it will be "horses for courses," as acquirers will seek out those businesses with the greatest application to their channels of distribution strength. More traditional domestic investment strategies will largely be ignored, offering those buyers with a contrarian view opportunities to pick up businesses at more attractive prices. Those firms that can differentiate their investment process and track record will be best positioned to fend off deep value pricing.

- *Divestitures will continue to play a material role in deal activity, but the average size of those transactions will continue to decrease.* Since 2009, divestitures have gone from large wholesale exits of asset management business to sales which have been the byproduct of more focused asset management initiatives and strategies. While there will be episodic sales of larger platforms, the vast majority of deal flow will be tactical sales as sellers continue to refine their focus. As a result, divestiture pricing will improve, as there are a larger number of buyers for mono-line products and distribution than there are for full-scale platforms, particularly among strategic buyers.

- *Pricing will remain stable at current levels, though dispersion is likely to tighten.* Despite the expectation of greater competition for assets, 2013 is unlikely to bring a material pickup in pricing of private transactions, given the material increase in the average pricing experienced in 2012. Buyers will be active but remain disciplined, and sellers, who have waited patiently to approach the market, will do so with hopeful expectations that remain moderated by post-crisis conditions.

Appendix

EXHIBIT 26: Largest Asset Management Deals by Transacted AUM, 2012

Date	Target	Country	Type	Acquirer	Country	AUM ($MM)	% Acquired
Aug-12	Janus Capital Group, Inc.	U.S.	Div	The Dai-ichi Life Insurance Company, Limited	Japan	$ 152,400	20%
May-12	The Carlyle Group	U.S.	Alt	IPO	U.S.	146,969	10%
Aug-12	The TCW Group	U.S.	Div	The Carlyle Group	U.S.	127,300	Majority
Feb-12	Bridgewater Associates LP	U.S.	Alt	Teacher Retirement System of Texas	U.S.	120,000	Minority
Dec-12	Dexia Asset Management	Belgium	Div	GCS Capital	Hong Kong	100,211	100%
Aug-12	Merrill Lynch's International Wealth Management Business	U.K.	PvtCl	Julius Baer Group Ltd.	Switzerland	84,000	100%
Apr-12	Oaktree Capital Group, LLC	U.S.	Alt	IPO	U.S.	74,897	6%
Sep-12	BHF-Bank	Germany	PvtCl	RHJ International S.A.	Belgium	46,967	100%
Sep-12	Pareto Investment Management Limited	U.K.	Inst	Insight Investment Management Limited	U.K.	43,440	100%
Feb-12	Dwight Asset Management Company, LLC	U.S.	Inst	Goldman Sachs Group	U.S.	42,000	100%

Source: Sandler O'Neill

EXHIBIT 27: All-Time Largest Asset Management Deals by Transacted AUM

Date	Target	Country	Type	Acquirer	Country	AUM ($MM)	% Acquired
Jun-09	Barclays Global Investors	U.S.	Div	BlackRock Inc.	U.S.	$ 1,440,000	100%
Dec-06	Mellon Financial Corporation Inc.	U.S.	Div	Bank of New York Company, Inc.	U.S.	947,000	100%
Jan-09	Société Générale Asset Management	France	Div	Crédit Agricole SA	France	838,651	100%
Feb-06	Merrill Lynch Investment Managers	U.S.	Div	BlackRock Inc.	U.S.	544,000	100%
Jun-05	Citigroup Asset Management	U.S.	Div	Legg Mason	U.S.	437,000	100%
Sep-01	Zurich Scudder Investments	U.S.	Div	Deutsche Bank AG	Germany	278,000	100%
Nov-99	PIMCO Advisors L.P.	U.S.	Inst	Allianz AG	Germany	256,153	69%
Oct-08	Aberdeen Asset Management plc	U.K.	Div	Mitsubishi UFJ Financial Group Inc.	Japan	226,300	10%
Jul-08	Russell Investments	U.S.	Div	Nippon Life Insurance	Japan	211,000	5%
Jun-00	United Asset Management (UAM)	U.S.	Inst	Old Mutual plc	U.K.	203,150	100%

Source: Sandler O'Neill

EXHIBIT 28: Largest Asset Management Deals by Disclosed Deal Value, 2012

Date	Target	Country	Type	Acquirer	Country	DDV ($MM)	% Acquired
Aug-12	Merrill Lynch's International Wealth Management Business	U.K.	PvtCl	Julius Baer Group Ltd.	Switzerland	$ 884	100%
May-12	The Carlyle Group	U.S.	Alt	IPO	U.S.	671	10%
Dec-12	Epoch Holding Corporation	U.S.	Div	TD Bank Group	Canada	668	100%
Dec-12	NGP Energy Capital Management, LLC	U.S.	Alt	The Carlyle Group	U.S.	578	48%
Sep-12	BHF-Bank	Germany	PvtCl	RHJ International S.A.	Belgium	501	100%
Dec-12	Dexia Asset Management	Belgium	Div	GCS Capital	Hong Kong	495	100%
Apr-12	Oaktree Capital Group, LLC	U.S.	Alt	IPO	U.S.	380	6%
Apr-12	Yacktman Asset Management Co.	U.S.	MuFu	Affiliated Managers Group, Inc.	U.S.	376	Majority
Aug-12	Janus Capital Group, Inc.	U.S.	Div	The Dai-ichi Life Insurance Company, Limited	Japan	321	20%
Feb-12	Natcan Investment Management Inc.	Canada	Div	Fiera Sceptre Inc.	Canada	310	100%

Note: For the NGP Energy Capital Management / The Carlyle Group deal, DDV reflects the estimated present value of consideration and % acquired reflects the % acquired of management fee-related revenue.
Source: Sandler O'Neill

EXHIBIT 29: All-Time Largest Asset Management Deals by Disclosed Deal Value

Date	Target	Country	Type	Acquirer	Country	DDV ($MM)	% Acquired
Dec-06	Mellon Financial Corporation Inc.	U.S.	Div	Bank of New York Company, Inc.	U.S.	$ 17,619	100%
Jun-09	Barclays Global Investors	U.S.	Div	BlackRock Inc.	U.S.	13,502	100%
Feb-06	Merrill Lynch Investment Managers	U.S.	Div	BlackRock Inc.	U.S.	9,602	100%
Jun-07	Nuveen Investments Inc.	U.S.	Div	MBO (Madison Dearborn Partners, LLC)	U.S.	5,750	100%
Sep-97	Mercury Asset Management	U.K.	Inst	Merrill Lynch & Co.	U.S.	5,326	100%
Sep-05	Global Asset Management & 3 private banks	Switzerland	Alt	Julius Baer Holding AG	Switzerland	4,600	100%
Jun-07	The Blackstone Group	U.S.	Alt	IPO	U.S.	4,130	12%
Apr-00	Robert Fleming Holdings Limited	U.K.	Div	Chase Manhattan Corp.	U.S.	4,100	100%
Feb-07	Putnam Investments	U.S.	MuFu	Power Financial Corporation	Canada	3,900	100%
Jun-05	Citigroup Asset Management	U.S.	Div	Legg Mason, Inc.	U.S.	3,700	100%

Source: Sandler O'Neill

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