



SECOND QUARTER EARNINGS PRESENTATION

July 28, 2021

George R. Aylward
President and Chief Executive Officer

Michael A. Angerthal
Executive Vice President and Chief Financial Officer

IMPORTANT DISCLOSURES



This presentation contains statements that are, or may be considered to be, forward-looking statements. All statements that are not historical facts, including statements about our beliefs or expectations, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements may be identified by such forward-looking terminology as “expect,” “estimate,” “intent,” “plan,” “intend,” “believe,” “anticipate,” “may,” “will,” “should,” “could,” “continue,” “project,” “opportunity,” “predict,” “would,” “potential,” “future,” “forecast,” “guarantee,” “assume,” “likely,” “target” or similar statements or variations of such terms.

Our forward-looking statements are based on a series of expectations, assumptions and projections about the company and the markets in which we operate, are not guarantees of future results or performance, and involve substantial risks and uncertainty, including assumptions and projections concerning our assets under management, net asset inflows and outflows, operating cash flows, business plans and ability to borrow, for all future periods. All of our forward-looking statements are as of the date of this presentation only. The company can give no assurance that such expectations or forward-looking statements will prove to be correct. Actual results may differ materially.

Our business and our forward- looking statements involve substantial known and unknown risks and uncertainties, including those discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 Annual Report on Form 10-K, as supplemented by our periodic filings with the Securities and Exchange Commission (the "SEC"), as well as the following risks and uncertainties resulting from: (i) any reduction in our assets under management; (ii) general domestic and global economic, political and pandemic conditions; (iii) inability to achieve the expected benefits of our strategic transactions; (iv) the on-going effects of the COVID-19 pandemic and associated global economic disruption; (v) withdrawal, renegotiation or termination of investment advisory agreements; (vi) damage to our reputation; (vii) inability to satisfy financial covenants and payments related to our indebtedness; (viii) inability to attract and retain key personnel; (ix) challenges from the competition we face in our business; (x) adverse developments related to unaffiliated subadvisers; (xi) negative changes in key distribution relationships; (xii) interruptions in or failure to provide critical technological service by us or third parties; (xiii) risk of loss on our investments; (xiv) lack of sufficient capital on satisfactory terms; (xv) adverse regulatory and legal developments; (xvi) failure to comply with investment guidelines or other contractual requirements; (xvii) adverse civil litigation and government investigations or proceedings; (xviii) unfavorable changes in tax laws or limitations; (xix) volatility associated with our common stock; (xx) inability to make quarterly common stock dividends; (xxi) certain corporate governance provisions in our charter and bylaws; (xxii) losses or costs not covered by insurance; (xxiii) impairment of goodwill or intangible assets; and other risks and uncertainties. Any occurrence of, or any material adverse change in, one or more risk factors or risks and uncertainties referred to above, in our 2020 Annual Report on Form 10-K and our other periodic reports filed with the SEC could materially and adversely affect our operations, financial results, cash flows, prospects and liquidity.

Certain other factors that may impact our continuing operations, prospects, financial results and liquidity, or that may cause actual results to differ from such forward-looking statements, are discussed or included in the company's periodic reports filed with the SEC and are available on our website at www.virtus.com under “Investor Relations.” You are urged to carefully consider all such factors.

The company does not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections, or other circumstances occurring after the date of this presentation, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. If there are any future public statements or disclosures by us that modify or impact any of the forward-looking statements contained in or accompanying this presentation, such statements or disclosures will be deemed to modify or supersede such statements in this presentation.

AGENDA



- Overview of Quarter
- Results
- Agreement with Stone Harbor Investment Partners
- Q & A Session

OVERVIEW OF QUARTER

SECOND QUARTER 2021

OVERVIEW



Assets and Flows

- Assets under management (AUM) increased 6% sequentially to \$178.6 billion due to market performance and positive net flows
- Sales of \$9.6 billion compared with \$10.6 billion in the prior quarter; growth in institutional and exchange traded funds (ETFs) offset by lower sales of open-end funds and retail separate accounts
- Net flows of \$1.3 billion, representing 3.2% annualized organic growth, reflected positive net flows in retail separate accounts, institutional, and ETFs; organic growth of 7.1% over trailing twelve months

Non-GAAP Financial Results

- Operating income, as adjusted, of \$102.9 million, up 32% sequentially
- Operating margin, as adjusted, of 48.9%, up 730 bps sequentially
- Earnings per diluted share, as adjusted, of \$9.07 increased \$2.29, or 34%, sequentially

Capital Activities

- Repurchased 26,921 shares for \$7.5 million; net settled an additional 14,439 shares for \$4.1 million
- Repaid \$5.9 million of debt; net cash of \$82 million at June 30, 2021
- Announced agreement to add Stone Harbor Investment Partners as an affiliated manager

RESULTS

ASSETS UNDER MANAGEMENT

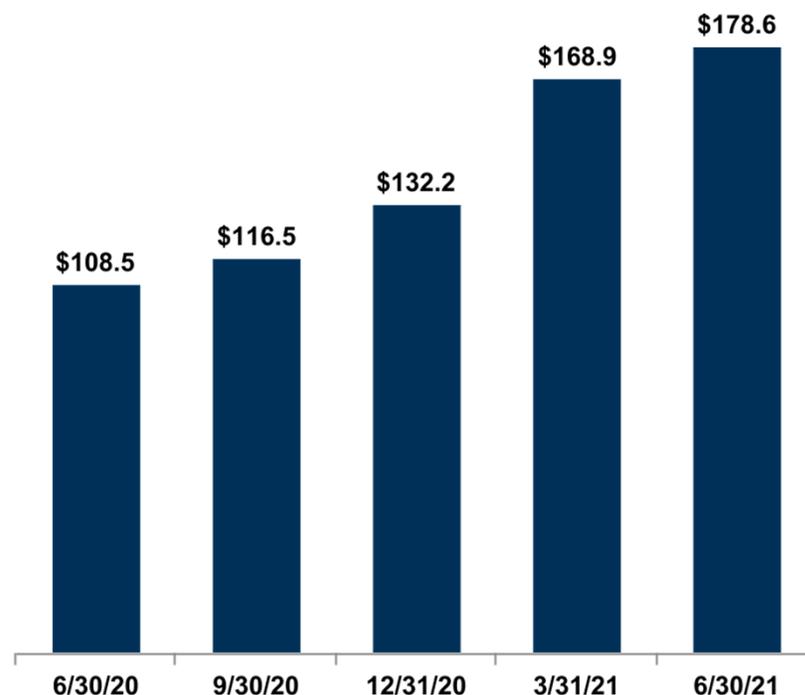
MARKET AND FLOW DRIVEN GROWTH



- Total assets increased by \$9.8 billion, or 6%, sequentially to \$178.6 billion due to:
 - \$8.8 billion of market performance
 - \$1.3 billion of positive net flows

- Domestic equity assets grew 7% to \$82.8 billion
 - Large-cap up 7% to \$25.7 billion (31% of total)
 - Mid- and SMID-cap up 12% to \$27.3 billion (33% of total)
 - Small-cap up 4% to \$29.9 billion (36% of total)

- Assets diversified across product types:
 - Open-end funds: 42%
 - Institutional: 26%
 - Retail separate accounts: 23%



AUM by Asset Class					
Equity	61.0%	62.5%	65.3%	62.9%	63.7%
Fixed Income	25.3%	24.3%	21.9%	20.8%	19.8%
Multi-Asset ¹	9.9%	9.5%	9.2%	13.3%	13.2%
Alternatives ²	3.8%	3.7%	3.6%	3.0%	3.3%

\$ in billions

¹ Consists of strategies with substantial holdings in at least two of the following: equity, fixed income and alternatives

² Consists of real estate securities, infrastructure, mid-stream energy, long/short and options strategies

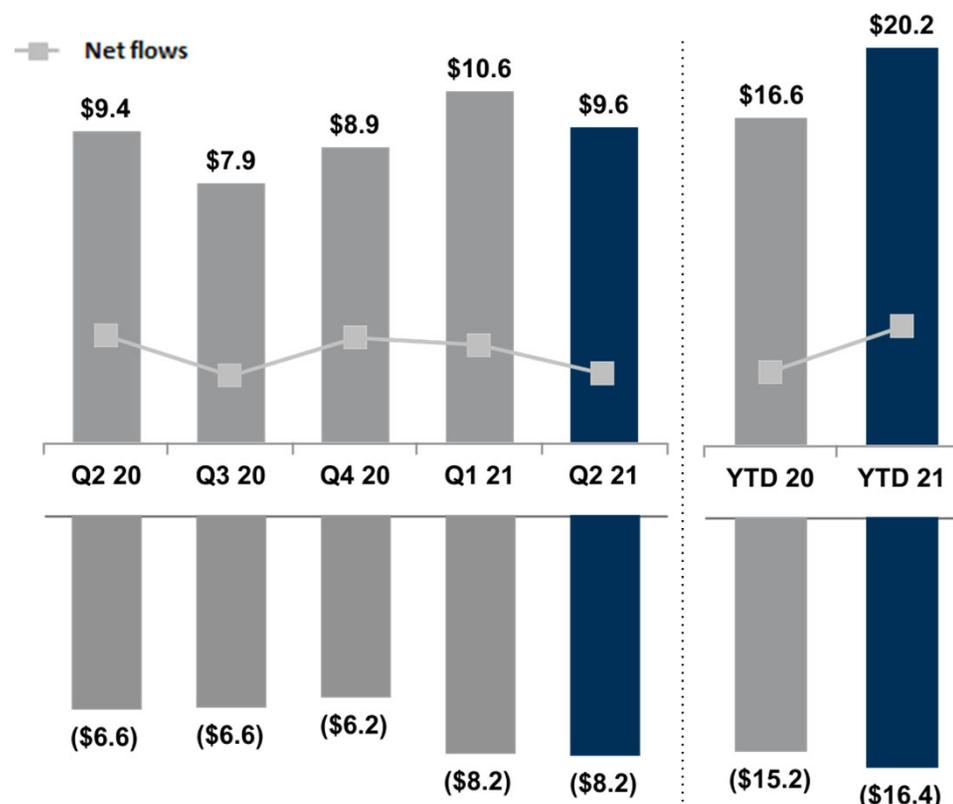
ASSET FLOWS

CONSISTENT ORGANIC GROWTH



- Net flows of \$1.3 billion represent 3.2% annualized organic growth
 - Retail separate accounts: \$1.4 billion
 - Institutional: \$0.1 billion
 - ETFs: \$0.1 billion

- Sales of \$9.6 billion declined sequentially from highest quarterly level
 - Institutional sales of \$2.3 billion increased 22%
 - ETF sales of \$0.2 billion increased 33%
 - Retail separate accounts sales of \$2.3 billion compared with \$2.7 billion
 - Open-end funds sales of \$4.7 billion compared with \$5.9 billion



Flows Metrics						
Net Flows						
\$2.8	\$1.3	\$2.7	\$2.4	\$1.3	\$1.4	\$3.8
Net Flow Rate ¹						
12.3%	4.7%	9.2%	7.5%	3.2%	2.6%	5.7%

\$ in billions

¹ Annualized net flows divided by beginning-of-period total AUM

INVESTMENT MANAGEMENT FEES, AS ADJUSTED

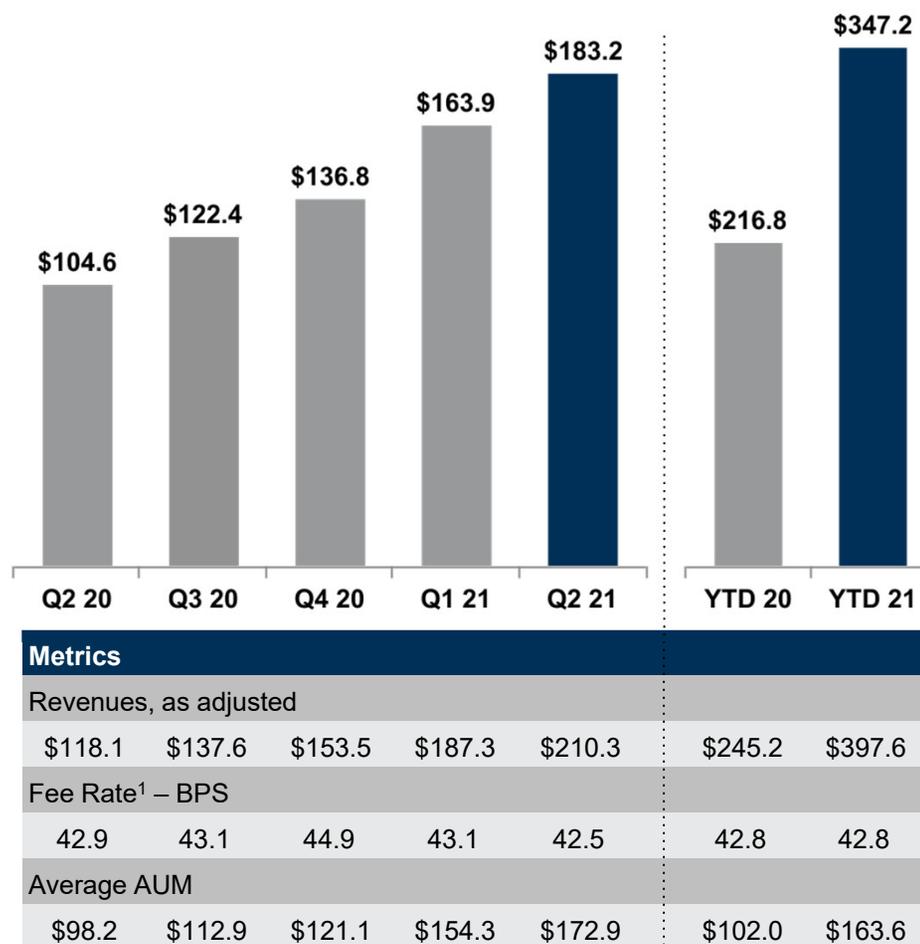
HIGHER AVERAGE ASSETS



- Investment management fees, as adjusted, increased sequentially by \$19.3 million, or 12%, due to:
 - Higher average AUM, which increased 12%
 - Performance-related fees of \$0.8 million, compared with \$0.6 million in the prior quarter

- Average fee rate on total assets of 42.5 bps decreased sequentially from 43.1
 - Decline due to full-quarter impact of the AllianzGI relationship

- Excluding performance fees, average fee rate of 42.3 bps compared with 43.0 bps in prior quarter



\$ in millions, except AUM, which is in billions

¹ Represents investment management fees, as adjusted, divided by average assets. Investment management fees, as adjusted, exclude the impact of consolidated investment products and are reduced by revenue-related adjustments that are based on specific agreements and reflect the portion of investment management fees passed-through to third-party client intermediaries for services to investors in sponsored investment products

See the financial supplement for U.S. GAAP to Non-GAAP (“as adjusted”) reconciliations and related notes

EMPLOYMENT EXPENSES, AS ADJUSTED

REFLECTS GROWTH OF THE BUSINESS

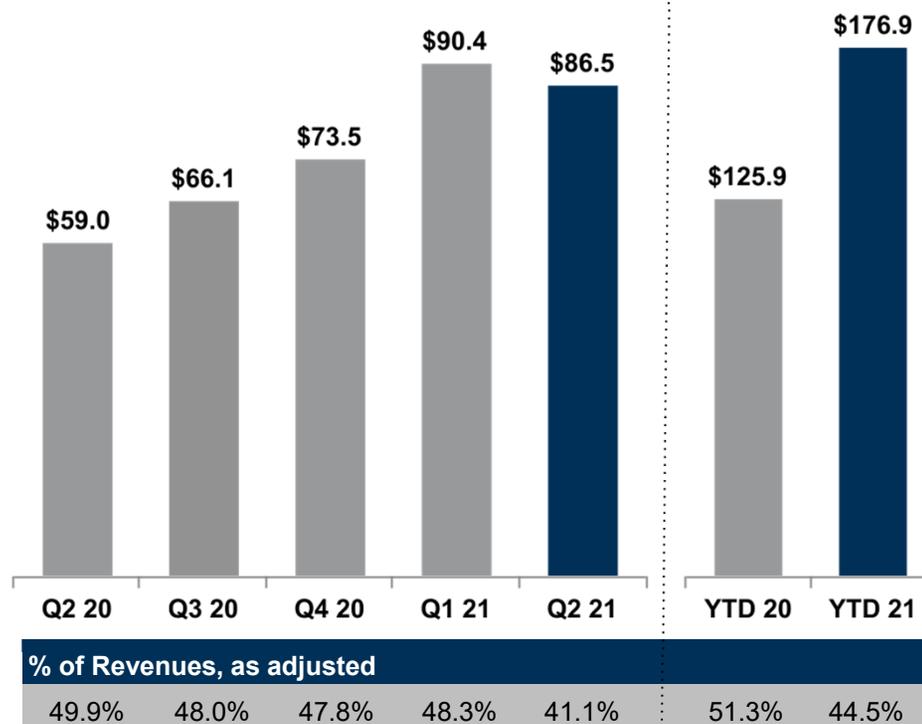


- Employment expenses, as adjusted, decreased \$3.9 million, or 4%, sequentially due to seasonally higher expenses in the prior quarter, partially offset by:

- Higher profit-based incentive compensation
- Full-quarter impact of new affiliate

- Ratio as a percentage of revenues, as adjusted, of 41.1% declined sequentially due to:

- Prior quarter seasonal expenses
- Market-driven revenue growth
- Full-quarter impact of a higher level of unaffiliated subadvised assets



\$ in millions

See the financial supplement for U.S. GAAP to Non-GAAP ("as adjusted") reconciliations and related notes

OTHER OPERATING EXPENSES, AS ADJUSTED

REFLECTS BUSINESS GROWTH

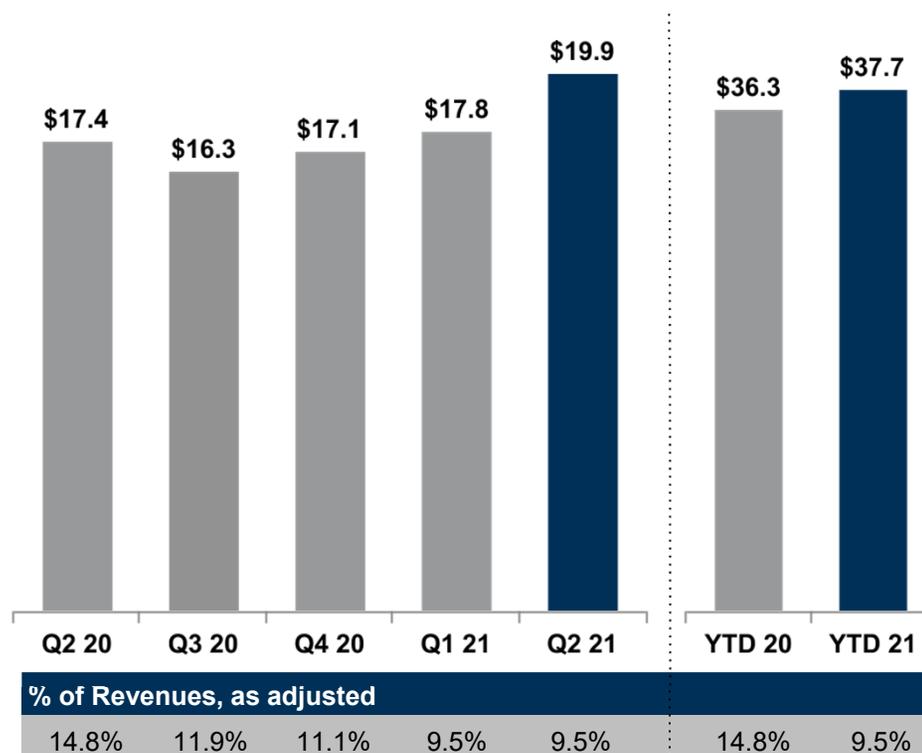


- Other operating expenses, as adjusted, of \$19.9 million increased \$2.1 million, or 12%, sequentially due to:

- Annual grants to Board of Directors of \$0.8 million
- Growth of the business, including full-quarter impact of new affiliate
- Initial resumption of travel and related expenses

- Other operating expenses, as adjusted, as a percentage of revenues, as adjusted, were 9.5%, unchanged sequentially

- Excluding annual director grants, other operating expenses, as adjusted, as a percentage of revenues, as adjusted, were 9.1%



\$ in millions

See the financial supplement for U.S. GAAP to Non-GAAP ("as adjusted") reconciliations and related notes

NON-GAAP RESULTS

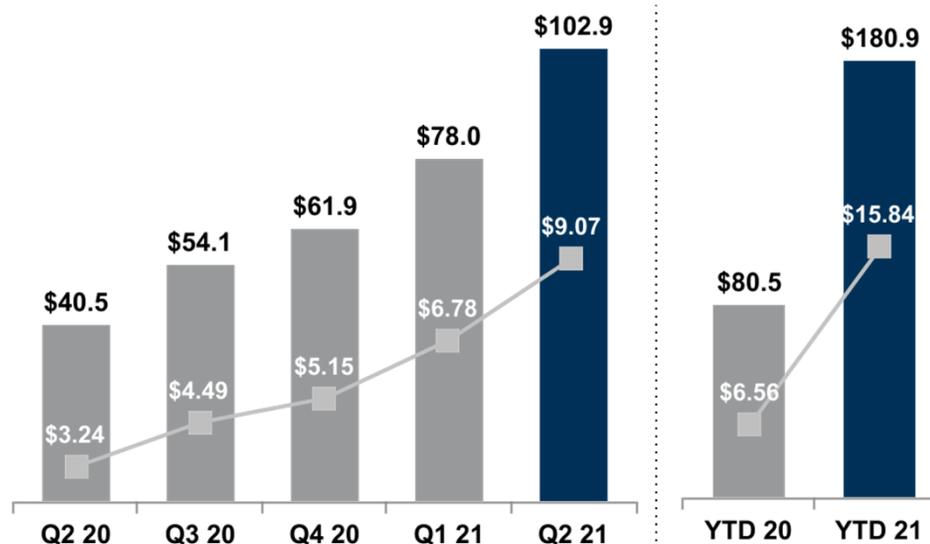
HIGHEST LEVEL OF PROFITABILITY



- Operating margin, as adjusted, of 48.9% increased 730 bps from the prior quarter and from 34.3% in the prior-year period
 - Excluding seasonal employment expenses in the prior quarter, operating margin increased 220 bps sequentially
- Diluted EPS, as adjusted, of \$9.07 increased sequentially by \$2.29, or 34%, due to:
 - 12% growth in average AUM
 - Seasonal employment expenses in the prior quarter
- Diluted EPS, as adjusted, increased 180% over prior year

Operating Income, As Adjusted

■ Diluted earnings per share, as adjusted



Metrics							
Net Income, As Adjusted							
	\$25.6	\$35.9	\$41.4	\$54.6	\$72.7	\$52.0	\$127.3
Operating Margin, As Adjusted							
	34.3%	39.3%	40.3%	41.6%	48.9%	32.8%	45.5%

\$ in millions, except per share data

See the financial supplement for U.S. GAAP to Non-GAAP ("as adjusted") reconciliations and related notes

CAPITAL AND SELECT BALANCE SHEET

BALANCED CAPITAL MANAGEMENT



	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	
■ Working capital of \$229 million increased 9% sequentially due to cash generation in excess of debt repayment and return of capital	Cash and cash equivalents	\$168	\$202	\$247	\$228	\$275
	Seed capital investments ¹	\$103	\$116	\$135	\$122	\$141
	Investments - other ²	\$61	\$64	\$69	\$67	\$74
	Deferred taxes, net	\$11	\$9	\$10	\$9	\$11
■ Repaid \$5.9 million of debt, continuing consistent quarterly reduction	Gross debt ³	\$241	\$223	\$206	\$200	\$194
	Revenue participation liability ⁴	\$—	\$—	\$—	\$138	\$138
	Redeemable noncontrolling interests ⁵	\$66	\$75	\$87	\$98	\$109
■ Repurchased 26,921 shares for \$7.5 million and net settled an additional 14,439 shares for \$4.1 million	Total equity attributable to stockholders	\$658	\$679	\$711	\$729	\$781
	Working capital ⁶	\$156	\$159	\$172	\$211	\$229
	<i>Common shares outstanding</i>	7.664	7.613	7.583	7.650	7.652
■ Future cash obligations include transaction and revenue participation payments	Metrics					
	Net Debt/(Cash) ⁷	\$72	\$21	(\$41)	(\$29)	(\$82)
	EBITDA ⁸	\$48	\$61	\$69	\$87	\$112
	Gross Debt to EBITDA ⁸	1.1x	1.0x	0.9x	0.8x	0.6x
	Net Debt (Cash) to EBITDA ⁸	0.3x	0.1x	(0.2x)	(0.1x)	(0.3x)

\$ and shares in millions

¹ Represents sponsored investment products including open-end funds, ETFs, and separate accounts

² Represents investments not related to seed capital investments

³ Excludes deferred financing costs

⁴ Represents the estimate of future AllianzGI revenue participation payments accounted for as consideration

⁵ Excludes redeemable noncontrolling interests of consolidated investment products

⁶ Defined as cash and cash equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, dividends payable, required debt principal payments due over next 12 months and actual AllianzGI revenue participation amounts earned as of the balance sheet date and due within 12 months

⁷ Defined as gross debt less cash and cash equivalents

⁸ Defined and calculated in accordance with the company's credit agreement

See the financial supplement for U.S. GAAP to Non-GAAP ("as adjusted") reconciliations and related notes

AGREEMENT WITH STONE HARBOR INVESTMENT PARTNERS

STONE HARBOR INVESTMENT PARTNERS

OVERVIEW OF TRANSACTION



About Stone Harbor

- Manager of \$15.3 billion¹ of emerging markets debt, multi-asset credit, and other credit strategies
 - Clients include global institutions, including some of the largest sovereign wealth funds, pension plans, foundations, and endowments
-

Strategic Rationale

- Adds highly regarded emerging markets debt strategy
 - Enhances presence in the institutional channel
 - Expands global distribution presence and resources
-

Financial Considerations

- Acquiring 100% of equity of Stone Harbor at close
 - Strong alignment of interests through potential future payments based on revenue retention and growth
 - Estimated to be modestly accretive to EPS, as adjusted, upon closing²
 - Existing balance sheet resources sufficient to fund closing payment
-

Approvals and Timing

- Subject to customary client consents, including approval of fund boards and fund shareholders, as well as approval of foreign regulators
 - Expected to close near the end of 2021
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¹As of June 30, 2021

²Based on second quarter 2021 earnings per share, as adjusted

FINANCIAL SUPPLEMENT

NON-GAAP INFORMATION

INCOME STATEMENT ¹ (UNAUDITED)



	<u>Q2:20</u>	<u>Q3:20</u>	<u>Q4:20</u>	<u>Q1:21</u>	<u>Q2:21</u>	<u>YTD:20</u>	<u>YTD:21</u>
Revenues, As Adjusted							
Investment management fees, as adjusted	\$104,569	\$122,359	\$136,824	\$163,935	\$183,230	\$216,821	\$347,165
Administration and shareholder service fees, as adjusted	13,340	15,180	16,472	22,621	25,926	28,032	48,547
Other income and fees, as adjusted	166	94	245	720	1,174	331	1,894
Total revenues, as adjusted	\$118,075	\$137,633	\$153,541	\$187,276	\$210,330	\$245,184	\$397,606
Operating Expenses, As Adjusted							
Employment expenses, as adjusted	\$58,970	\$66,112	\$73,462	\$90,412	\$86,521	\$125,881	\$176,933
Other operating expenses, as adjusted	17,436	16,343	17,061	17,800	19,894	36,321	37,694
Depreciation and other amortization, as adjusted	1,196	1,106	1,100	1,098	981	2,454	2,079
Total operating expenses, as adjusted	\$77,602	\$83,561	\$91,623	\$109,310	\$107,396	\$164,656	\$216,706
Operating Income (Loss), As Adjusted	\$40,473	\$54,072	\$61,918	\$77,966	\$102,934	\$80,528	\$180,900

\$ in thousands

¹ The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial information has material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures. See the information beginning on page 45 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

NON-GAAP INFORMATION

INCOME STATEMENT ¹ (CONTINUED) (UNAUDITED)



	<u>Q2:20</u>	<u>Q3:20</u>	<u>Q4:20</u>	<u>Q1:21</u>	<u>Q2:21</u>	<u>YTD:20</u>	<u>YTD:21</u>
Other Income (Expense), As Adjusted							
Realized and unrealized gain (loss) on investments, net, as adjusted	\$348	(\$205)	\$147	(\$73)	\$476	(\$535)	\$403
Other income, net, as adjusted	(805)	999	1,070	1,771	826	(193)	2,597
Total other income (expense), as adjusted	(\$457)	\$794	\$1,217	\$1,698	\$1,302	(\$728)	\$3,000
Interest Income (Expense), As Adjusted							
Interest expense, as adjusted	(\$3,126)	(\$2,877)	(\$2,692)	(\$2,314)	(\$2,256)	(\$7,029)	(\$4,570)
Interest and dividend income, as adjusted	1,140	778	1,134	1,046	1,085	4,521	2,131
Total interest income (expense), net, as adjusted	(\$1,986)	(\$2,099)	(\$1,558)	(\$1,268)	(\$1,171)	(\$2,508)	(\$2,439)
Pre-Tax Income (Loss), As Adjusted	\$38,030	\$52,767	\$61,577	\$78,396	\$103,065	\$77,292	\$181,461
Income tax expense (benefit), as adjusted	10,416	14,414	16,804	20,942	27,394	21,823	48,336
Net Income (Loss), As Adjusted	\$27,614	\$38,353	\$44,773	\$57,454	\$75,671	\$55,469	\$133,125
Noncontrolling interests, as adjusted	(2,047)	(2,432)	(3,411)	(2,834)	(3,010)	(3,438)	(5,844)
Net Income Attributable to Common Stockholders, As Adjusted	\$25,567	\$35,921	\$41,362	\$54,620	\$72,661	\$52,031	\$127,281
Weighted average shares outstanding - diluted, as adjusted	7,895	7,997	8,026	8,052	8,007	7,936	8,038
Earnings (Loss) Per Share - Diluted, As Adjusted	\$3.24	\$4.49	\$5.15	\$6.78	\$9.07	\$6.56	\$15.84

\$ and shares in thousands

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NON-GAAP INFORMATION

BALANCE SHEET ¹ (UNAUDITED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>
Assets:					
Cash and cash equivalents	\$168,268	\$202,212	\$246,511	\$228,260	\$275,439
Investments – seed capital	102,802	115,586	135,418	121,690	140,679
Investments – other	61,268	64,267	69,032	66,909	73,723
Investments – long term	21,277	22,805	24,955	26,747	27,327
Accounts receivable, net	74,217	78,175	85,975	117,658	121,591
Furniture, equipment, and leasehold improvements, net	16,068	15,287	14,488	13,489	12,896
Intangible assets, net	295,325	287,793	280,264	391,187	380,824
Goodwill	290,366	290,366	290,366	315,366	315,366
Deferred taxes, net	10,874	8,862	9,538	9,161	11,054
Other assets	38,058	39,807	36,288	33,909	48,039
Total Assets	\$1,078,523	\$1,125,160	\$1,192,835	\$1,324,376	\$1,406,938

\$ in thousands

¹ The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of presenting balance sheet accounts before the consolidation of investment products

NON-GAAP INFORMATION

BALANCE SHEET ¹ (CONTINUED) (UNAUDITED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>
Liabilities and Equity					
Liabilities:					
Accrued compensation and benefits	\$56,228	\$87,256	\$122,514	\$62,335	\$96,509
Accounts payable and accrued liabilities	19,528	21,633	25,357	55,153	45,755
Dividends payable	7,196	8,742	9,013	8,593	8,565
Other liabilities	36,272	35,833	36,119	37,442	38,386
Debt ²	234,765	218,014	201,212	195,726	190,224
Revenue participation liability ³	—	—	—	137,664	137,664
Total Liabilities	\$353,989	\$371,478	\$394,215	\$496,913	\$517,103
Redeemable noncontrolling interests	\$66,342	\$74,626	\$87,451	\$98,059	\$108,939
Equity:					
Equity attributable to stockholders	\$658,192	\$679,056	\$711,169	\$729,404	\$780,896
Total Liabilities and Equity	\$1,078,523	\$1,125,160	\$1,192,835	\$1,324,376	\$1,406,938
Working Capital ⁴	\$155,882	\$159,103	\$171,950	\$211,101	\$229,201

\$ in thousands

¹ The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of presenting balance sheet accounts before the consolidation of investment products

² Defined as gross debt less deferred financing costs

³ Represents the estimate of future AllianzGI related revenue participation payments accounted for as consideration

⁴ Defined as cash and cash equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, dividends payable, required debt principal payments due over next 12 months and actual AllianzGI revenue participation amounts earned as of the balance sheet date and due within 12 months

U.S. GAAP INFORMATION

INCOME STATEMENT (UNAUDITED)



	<u>Q2:20</u>	<u>Q3:20</u>	<u>Q4:20</u>	<u>Q1:21</u>	<u>Q2:21</u>	<u>YTD:20</u>	<u>YTD:21</u>
Revenues							
Investment management fees	\$110,550	\$129,785	\$144,715	\$173,269	\$193,510	\$230,838	\$366,779
Distribution and service fees	8,889	9,797	10,279	20,348	23,450	18,349	43,798
Administration and shareholder service fees	13,289	15,114	16,407	22,560	25,877	27,942	48,437
Other income and fees	166	94	245	720	1,174	331	1,894
Total revenues	\$132,894	\$154,790	\$171,646	\$216,897	\$244,011	\$277,460	\$460,908
Operating Expenses							
Employment expenses	\$60,163	\$67,479	\$73,527	\$91,759	\$87,630	\$126,293	\$179,389
Distribution and other asset-based expenses	17,345	19,570	20,686	32,294	36,021	36,754	68,315
Other operating expenses	17,436	16,343	17,232	19,580	21,946	36,321	41,526
Other operating expenses of CIP ¹	2,179	1,016	641	559	659	8,928	1,218
Restructuring and severance	420	735	—	—	—	420	—
Depreciation expense	1,196	1,106	1,100	1,098	981	2,454	2,079
Amortization expense	7,533	7,532	7,529	9,465	10,363	15,066	19,828
Total operating expenses	\$106,272	\$113,781	\$120,715	\$154,755	\$157,600	\$226,236	\$312,355
Operating Income (Loss)	\$26,622	\$41,009	\$50,931	\$62,142	\$86,411	\$51,224	\$148,553

\$ in thousands

¹ CIP represents to Consolidated Investment Products, revenues and expenses generated by operating activities of open-end funds, exchange traded funds, and collateralized loan obligations ("CLOs") that are consolidated in the financial statements

U.S. GAAP INFORMATION

INCOME STATEMENT (CONTINUED) (UNAUDITED)



	<u>Q2:20</u>	<u>Q3:20</u>	<u>Q4:20</u>	<u>Q1:21</u>	<u>Q2:21</u>	<u>YTD:20</u>	<u>YTD:21</u>
Other Income (Expense)							
Realized and unrealized gain (loss) on investments, net	\$7,114	\$2,498	\$5,071	\$891	\$2,494	(\$430)	\$3,385
Realized and unrealized gain (loss) of CIP ¹ , net	(6,744)	2,680	10,768	(4,687)	2,747	(15,413)	(1,940)
Other income (expense), net	(805)	999	1,070	1,771	826	(193)	2,597
Total other income (expense), net	(\$435)	\$6,177	\$16,909	(\$2,025)	\$6,067	(\$16,036)	\$4,042
Interest Income (Expense)							
Interest expense	(\$3,126)	(\$2,877)	(\$2,692)	(\$2,314)	(\$2,256)	(\$6,325)	(\$4,570)
Interest and dividend income	242	137	236	136	166	994	302
Interest and dividend income of CIP ¹	28,634	26,088	25,697	23,876	22,562	57,863	46,438
Interest expense of CIP ¹	(28,150)	(17,622)	(15,179)	(14,448)	(14,452)	(52,636)	(28,900)
Total interest income (expense), net	(\$2,400)	\$5,726	\$8,062	\$7,250	\$6,020	(\$104)	\$13,270
Income (Loss) Before Income Taxes	\$23,787	\$52,912	\$75,902	\$67,367	\$98,498	\$35,084	\$165,865
Income tax expense (benefit)	7,578	11,978	14,088	15,153	22,401	17,869	37,554
Net Income (Loss)	\$16,209	\$40,934	\$61,814	\$52,214	\$76,097	\$17,215	\$128,311
Noncontrolling interests	(4,930)	(11,286)	(18,499)	(15,626)	(13,130)	(10,221)	(28,756)
Net Income (Loss) Attributable to Common Stockholders	\$11,279	\$29,648	\$43,315	\$36,588	\$62,967	\$6,994	\$99,555
Weighted average shares outstanding - diluted	7,895	7,997	8,026	8,052	8,007	7,936	8,038
Earnings (Loss) Per Share - Diluted	\$1.43	\$3.71	\$5.40	\$4.54	\$7.86	\$0.88	\$12.39

\$ and shares in thousands

¹ CIP represents to Consolidated Investment Products, revenues and expenses generated by operating activities of open-end funds, exchange traded funds, and collateralized loan obligations ("CLOs") that are consolidated in the financial statements

ASSETS UNDER MANAGEMENT

BY PRODUCT AND ASSET CLASS



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>
Assets by Product					
U.S. Retail Funds	\$39,520	\$42,650	\$48,492	\$69,730	\$72,746
Offshore Funds	686	926	1,173	1,343	1,456
Variable Insurance Funds	938	998	1,106	1,091	1,131
Total – Open-End Funds	\$41,144	\$44,574	\$50,771	\$72,164	\$75,333
Closed-End Funds	\$5,639	\$5,629	\$5,914	\$11,664	\$11,993
Exchange Traded Funds	\$541	\$543	\$837	\$1,021	\$1,260
Intermediary Sold Managed Accounts	\$17,116	\$19,456	\$23,852	\$31,133	\$34,125
Private Client	4,938	5,271	5,899	6,111	6,453
Total – Retail Separate Accounts	\$22,054	\$24,727	\$29,751	\$37,244	\$40,578
Institutional Accounts	\$34,819	\$36,851	\$40,861	\$42,802	\$45,604
Structured Products	\$4,264	\$4,163	\$4,060	\$3,985	\$3,870
Total	\$108,461	\$116,487	\$132,194	\$168,880	\$178,638
Assets by Asset Class					
Equity	\$66,205	\$72,811	\$86,268	\$106,183	\$113,751
<i>% of total</i>	<i>61.0%</i>	<i>62.5%</i>	<i>65.3%</i>	<i>62.9%</i>	<i>63.7%</i>
Fixed Income	27,427	28,273	28,965	35,069	35,426
<i>% of total</i>	<i>25.3%</i>	<i>24.3%</i>	<i>21.9%</i>	<i>20.8%</i>	<i>19.8%</i>
Multi-Asset ¹	10,714	11,105	12,201	22,498	23,668
<i>% of total</i>	<i>9.9%</i>	<i>9.5%</i>	<i>9.2%</i>	<i>13.3%</i>	<i>13.2%</i>
Alternatives ²	4,115	4,298	4,760	5,130	5,793
<i>% of total</i>	<i>3.8%</i>	<i>3.7%</i>	<i>3.6%</i>	<i>3.0%</i>	<i>3.3%</i>
Total	\$108,461	\$116,487	\$132,194	\$168,880	\$178,638

\$ in millions

¹ Includes strategies with substantial holdings in at least two of the following asset classes: equity, fixed income and alternatives

² Includes real estate securities, infrastructure, mid-stream energy, long/short, and options strategies

ASSETS UNDER MANAGEMENT

BY PRODUCT AND ASSET CLASS



	<u>Open-End Funds</u>	<u>Closed-End Funds</u>	<u>Exchange Traded Funds</u>	<u>Retail Separate Accounts</u>	<u>Institutional Accounts</u>	<u>Structured Products</u>	<u>Total as of 6/30/2021</u>
Equity:							
Domestic Equity	\$29,305	\$—	\$78	\$31,036	\$22,400	\$—	\$82,819
International Equity	11,919	—	7	191	1,499	—	13,616
Global Equity	1,715	—	—	401	8,507	—	10,623
Specialty Equity ¹	5,482	1,043	69	99	—	—	6,693
Total Equity	\$48,421	\$1,043	\$154	\$31,727	\$32,406	\$—	\$113,751
Fixed Income:							
Leveraged Finance	\$4,037	\$—	\$43	\$1,929	\$2,391	\$3,870	\$12,270
Multi-Sector	8,322	191	20	—	1,034	—	9,567
Investment Grade	1,917	178	—	329	5,821	—	8,245
Hybrid	3,009	1,908	427	—	—	—	5,344
Total Fixed Income	\$17,285	\$2,277	\$490	\$2,258	\$9,246	\$3,870	\$35,426
Multi-Asset ²	\$8,121	\$7,945	\$34	\$6,592	\$976	\$—	\$23,668
Alternative ³	\$1,506	\$728	\$582	\$1	\$2,976	\$—	\$5,793
Total	\$75,333	\$11,993	\$1,260	\$40,578	\$45,604	\$3,870	\$178,638

\$ in millions

¹ Includes strategies designed to give targeted investment exposure to specific longer term trends and themes or specific industries

² Includes strategies with substantial holdings in at least two of the following asset classes: equity, fixed income and alternatives

³ Includes real estate securities, infrastructure, mid-stream energy, long/short, and options strategies

ASSET FLOWS

TOTAL



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Total							
Beginning balance	\$90,694	\$108,461	\$116,487	\$132,194	\$168,880	\$108,904	\$132,194
Inflows	9,412	7,874	8,941	10,611	9,550	16,613	20,161
Outflows	(6,649)	(6,603)	(6,249)	(8,178)	(8,214)	(15,223)	(16,392)
Net Flows	2,763	1,271	2,692	2,433	1,336	1,390	3,769
Market performance	15,245	7,122	13,431	4,690	8,782	(1,329)	13,472
Other ¹	(241)	(367)	(416)	29,563	(360)	(504)	29,203
Ending Balance - Total	\$108,461	\$116,487	\$132,194	\$168,880	\$178,638	\$108,461	\$178,638
<i>Inflow Rate</i> ²	41.7 %	28.9 %	30.5 %	32.6 %	22.7 %	30.7 %	30.8 %
<i>Outflow Rate</i> ²	(29.5)%	(24.2)%	(21.3)%	(25.1)%	(19.5)%	(28.1)%	(25.0)%
<i>Net Flow Rate</i> ²	12.3 %	4.7 %	9.2 %	7.5 %	3.2 %	2.6 %	5.7 %

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

² Annualized flows divided by beginning of period AUM

ASSET FLOWS

BY PRODUCT



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
U.S. Retail Funds							
Beginning balance	\$33,144	\$39,520	\$42,650	\$48,492	\$69,730	\$42,412	\$48,492
Inflows	4,552	3,553	4,049	5,652	4,591	8,509	10,243
Outflows	(4,066)	(3,189)	(3,408)	(5,157)	(4,864)	(9,738)	(10,021)
Net Flows	486	364	641	495	(273)	(1,229)	222
Market performance	5,965	2,856	5,456	1,074	3,345	(1,546)	4,419
Other ¹	(75)	(90)	(255)	19,669	(56)	(117)	19,613
Ending Balance	\$39,520	\$42,650	\$48,492	\$69,730	\$72,746	\$39,520	\$72,746
Offshore Funds ²							
Beginning balance	\$445	\$686	\$926	\$1,173	\$1,343	\$463	\$1,173
Inflows	154	435	226	191	139	243	330
Outflows	(22)	(277)	(90)	(61)	(83)	(60)	(144)
Net Flows	132	158	136	130	56	183	186
Market performance	106	63	111	41	57	37	98
Other ¹	3	19	—	(1)	—	3	(1)
Ending Balance	\$686	\$926	\$1,173	\$1,343	\$1,456	\$686	\$1,456

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

² Represents assets under management of Undertakings for Collective Investments in Transferable Securities ("UCITS")

ASSET FLOWS

BY PRODUCT (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Variable Insurance Funds							
Beginning balance	\$772	\$938	\$998	\$1,106	\$1,091	\$949	\$1,106
Inflows	8	9	10	10	13	21	23
Outflows	(27)	(35)	(29)	(40)	(40)	(64)	(80)
Net Flows	(19)	(26)	(19)	(30)	(27)	(43)	(57)
Market performance	184	87	127	15	67	31	82
Other ¹	1	(1)	—	—	—	1	—
Ending Balance	\$938	\$998	\$1,106	\$1,091	\$1,131	\$938	\$1,131
Total Open End Funds							
Beginning balance	\$34,361	\$41,144	\$44,574	\$50,771	\$72,164	\$43,824	\$50,771
Inflows	4,714	3,997	4,285	5,853	4,743	8,773	10,596
Outflows	(4,115)	(3,501)	(3,527)	(5,258)	(4,987)	(9,862)	(10,245)
Net Flows	599	496	758	595	(244)	(1,089)	351
Market performance	6,255	3,006	5,694	1,130	3,469	(1,478)	4,599
Other ¹	(71)	(72)	(255)	19,668	(56)	(113)	19,612
Ending Balance	\$41,144	\$44,574	\$50,771	\$72,164	\$75,333	\$41,144	\$75,333

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

ASSET FLOWS

BY PRODUCT (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Closed-End Funds							
Beginning balance	\$5,343	\$5,639	\$5,629	\$5,914	\$11,664	\$6,748	\$5,914
Inflows	—	15	5	—	—	5	—
Outflows	—	—	—	—	—	—	—
Net Flows	—	15	5	—	—	5	—
Market performance	380	54	364	105	514	(805)	619
Other ¹	(84)	(79)	(84)	5,645	(185)	(309)	5,460
Ending Balance	\$5,639	\$5,629	\$5,914	\$11,664	\$11,993	\$5,639	\$11,993
Exchange Traded Funds							
Beginning balance	\$480	\$541	\$543	\$837	\$1,021	\$1,156	\$837
Inflows	74	60	218	175	232	160	407
Outflows	(140)	(35)	(40)	(77)	(92)	(373)	(169)
Net Flows	(66)	25	178	98	140	(213)	238
Market performance	137	(12)	126	98	104	(368)	202
Other ¹	(10)	(11)	(10)	(12)	(5)	(34)	(17)
Ending Balance	\$541	\$543	\$837	\$1,021	\$1,260	\$541	\$1,260

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

ASSET FLOWS

BY PRODUCT (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Intermediary Sold Managed Accounts							
Beginning balance	\$13,410	\$17,116	\$19,456	\$23,852	\$31,133	\$15,592	\$23,852
Inflows	1,324	1,538	1,990	2,494	2,066	2,231	4,560
Outflows	(574)	(519)	(810)	(791)	(700)	(1,262)	(1,491)
Net Flows	750	1,019	1,180	1,703	1,366	969	3,069
Market performance	2,955	1,350	3,215	2,028	1,626	554	3,654
Other ¹	1	(29)	1	3,550	—	1	3,550
Ending Balance	\$17,116	\$19,456	\$23,852	\$31,133	\$34,125	\$17,116	\$34,125
Private Client							
Beginning balance	\$4,250	\$4,938	\$5,271	\$5,899	\$6,111	\$4,822	\$5,899
Inflows	159	189	191	205	207	313	412
Outflows	(80)	(98)	(104)	(105)	(133)	(167)	(238)
Net Flows	79	91	87	100	74	146	174
Market performance	605	241	542	113	284	(34)	397
Other ¹	4	1	(1)	(1)	(16)	4	(17)
Ending Balance	\$4,938	\$5,271	\$5,899	\$6,111	\$6,453	\$4,938	\$6,453
Total Retail Separate Accounts							
Beginning balance	\$17,660	\$22,054	\$24,727	\$29,751	\$37,244	\$20,414	\$29,751
Inflows	1,483	1,727	2,181	2,699	2,273	2,544	4,972
Outflows	(654)	(617)	(914)	(896)	(833)	(1,429)	(1,729)
Net Flows	829	1,110	1,267	1,803	1,440	1,115	3,243
Market performance	3,560	1,591	3,757	2,141	1,910	520	4,051
Other ¹	5	(28)	—	3,549	(16)	5	3,533
Ending Balance	\$22,054	\$24,727	\$29,751	\$37,244	\$40,578	\$22,054	\$40,578

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

ASSET FLOWS

BY PRODUCT (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Institutional Accounts							
Beginning balance	\$28,507	\$34,819	\$36,851	\$40,861	\$42,802	\$32,859	\$40,861
Inflows	3,141	2,075	2,252	1,884	2,302	4,640	4,186
Outflows	(1,667)	(2,381)	(1,687)	(1,868)	(2,184)	(3,444)	(4,052)
Net Flows	1,474	(306)	565	16	118	1,196	134
Market performance	4,880	2,473	3,481	1,181	2,752	730	3,933
Other ¹	(42)	(135)	(36)	744	(68)	34	676
Ending Balance	\$34,819	\$36,851	\$40,861	\$42,802	\$45,604	\$34,819	\$45,604
Structured Products							
Beginning balance	\$4,343	\$4,264	\$4,163	\$4,060	\$3,985	\$3,903	\$4,060
Inflows	—	—	—	—	—	491	—
Outflows	(73)	(69)	(81)	(79)	(118)	(115)	(197)
Net Flows	(73)	(69)	(81)	(79)	(118)	376	(197)
Market performance	33	10	9	35	33	72	68
Other ¹	(39)	(42)	(31)	(31)	(30)	(87)	(61)
Ending Balance	\$4,264	\$4,163	\$4,060	\$3,985	\$3,870	\$4,264	\$3,870

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

ASSET FLOWS

BY ASSET CLASS



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Domestic Equity							
Beginning balance	\$36,378	\$49,234	\$53,621	\$63,680	\$77,155	\$44,976	\$63,680
Inflows	5,614	3,586	4,767	4,896	4,467	8,475	9,363
Outflows	(2,078)	(3,303)	(3,079)	(3,818)	(3,634)	(4,891)	(7,452)
Net Flows	3,536	283	1,688	1,078	833	3,584	1,911
Market performance	9,342	4,381	8,643	4,025	4,812	709	8,837
Other ¹	(22)	(277)	(272)	8,372	19	(35)	8,391
Ending Balance	\$49,234	\$53,621	\$63,680	\$77,155	\$82,819	\$49,234	\$82,819
International Equity							
Beginning balance	\$8,177	\$9,239	\$9,847	\$11,629	\$12,993	\$11,005	\$11,629
Inflows	879	366	865	1,120	693	1,825	1,813
Outflows	(1,368)	(667)	(785)	(959)	(656)	(2,559)	(1,615)
Net Flows	(489)	(301)	80	161	37	(734)	198
Market performance	1,562	912	1,739	155	580	(1,018)	735
Other ¹	(11)	(3)	(37)	1,048	6	(14)	1,054
Ending Balance	\$9,239	\$9,847	\$11,629	\$12,993	\$13,616	\$9,239	\$13,616

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from liquidity strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions and the use of leverage

ASSET FLOWS

BY ASSET CLASS (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Global Equity							
Beginning balance	\$5,807	\$7,022	\$8,299	\$9,512	\$9,681	\$6,422	\$9,512
Inflows	268	1,134	731	501	669	775	1,170
Outflows	(377)	(627)	(232)	(617)	(404)	(641)	(1,021)
Net Flows	(109)	507	499	(116)	265	134	149
Market performance	1,320	769	712	198	675	464	873
Other ²	4	1	2	87	2	2	89
Ending Balance	\$7,022	\$8,299	\$9,512	\$9,681	\$10,623	\$7,022	\$10,623
Specialty Equity ¹							
Beginning balance	\$225	\$710	\$1,044	\$1,447	\$6,354	\$208	\$1,447
Inflows	378	317	369	639	394	502	1,033
Outflows	(70)	(113)	(180)	(512)	(525)	(151)	(1,037)
Net Flows	308	204	189	127	(131)	351	(4)
Market performance	169	140	241	(161)	488	149	327
Other ²	8	(10)	(27)	4,941	(18)	2	4,923
Ending Balance	\$710	\$1,044	\$1,447	\$6,354	\$6,693	\$710	\$6,693
Total Equity							
Beginning balance	\$50,587	\$66,205	\$72,811	\$86,268	\$106,183	\$62,611	\$86,268
Inflows	7,139	5,403	6,732	7,156	6,223	11,577	13,379
Outflows	(3,893)	(4,710)	(4,276)	(5,906)	(5,219)	(8,242)	(11,125)
Net Flows	3,246	693	2,456	1,250	1,004	3,335	2,254
Market performance	12,393	6,202	11,335	4,217	6,555	304	10,772
Other ²	(21)	(289)	(334)	14,448	9	(45)	14,457
Ending Balance	\$66,205	\$72,811	\$86,268	\$106,183	\$113,751	\$66,205	\$113,751

\$ in millions

¹ Includes strategies designed to give targeted investment exposure to specific longer term trends and themes or specific industries

² Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions and the use of leverage

ASSET FLOWS

BY ASSET CLASS (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Leveraged Finance							
Beginning balance	\$10,514	\$10,563	\$10,529	\$10,730	\$11,981	\$12,289	\$10,730
Inflows	528	379	466	847	684	1,547	1,531
Outflows	(996)	(617)	(534)	(529)	(552)	(2,787)	(1,081)
Net Flows	(468)	(238)	(68)	318	132	(1,240)	450
Market performance	574	228	314	121	189	(355)	310
Other ¹	(57)	(24)	(45)	812	(32)	(131)	780
Ending Balance	\$10,563	\$10,529	\$10,730	\$11,981	\$12,270	\$10,563	\$12,270
Multi-Sector							
Beginning balance	\$8,179	\$8,522	\$8,825	\$9,128	\$9,428	\$9,288	\$9,128
Inflows	658	611	588	923	672	1,333	1,595
Outflows	(725)	(469)	(463)	(603)	(616)	(2,056)	(1,219)
Net Flows	(67)	142	125	320	56	(723)	376
Market performance	498	174	197	(61)	108	53	47
Other ¹	(88)	(13)	(19)	41	(25)	(96)	16
Ending Balance	\$8,522	\$8,825	\$9,128	\$9,428	\$9,567	\$8,522	\$9,567

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

ASSET FLOWS

BY ASSET CLASS (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Investment Grade							
Beginning balance	\$7,989	\$8,244	\$8,778	\$8,883	\$8,509	\$7,891	\$8,883
Inflows	605	838	515	427	337	956	764
Outflows	(586)	(338)	(445)	(366)	(601)	(1,080)	(967)
Net Flows	19	500	70	61	(264)	(124)	(203)
Market performance	219	45	76	(187)	95	375	(92)
Other ¹	17	(11)	(41)	(248)	(95)	102	(343)
Ending Balance	\$8,244	\$8,778	\$8,883	\$8,509	\$8,245	\$8,244	\$8,245
Hybrid							
Beginning balance	\$53	\$98	\$141	\$224	\$5,151	\$97	\$224
Inflows	32	41	59	383	360	60	743
Outflows	(10)	(4)	0	(179)	(325)	(21)	(504)
Net Flows	22	37	59	204	35	39	239
Market performance	25	10	28	(37)	190	(35)	153
Other ¹	(2)	(4)	(4)	4,760	(32)	(3)	4,728
Ending Balance	\$98	\$141	\$224	\$5,151	\$5,344	\$98	\$5,344
Total Fixed Income							
Beginning balance	\$26,735	\$27,427	\$28,273	\$28,965	\$35,069	\$29,565	\$28,965
Inflows	1,823	1,869	1,628	2,580	2,053	3,896	4,633
Outflows	(2,317)	(1,428)	(1,442)	(1,677)	(2,094)	(5,944)	(3,771)
Net Flows	(494)	441	186	903	(41)	(2,048)	862
Market performance	1,316	457	615	(164)	582	38	418
Other ¹	(130)	(52)	(109)	5,365	(184)	(128)	5,181
Ending Balance	\$27,427	\$28,273	\$28,965	\$35,069	\$35,426	\$27,427	\$35,426

\$ in millions

¹ Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from cash management strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

ASSET FLOWS

BY ASSET CLASS (CONTINUED)



	<u>6/30/2020</u>	<u>9/30/2020</u>	<u>12/31/2020</u>	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Multi-Asset ¹							
Beginning balance	\$9,708	\$10,714	\$11,105	\$12,201	\$22,498	\$11,487	\$12,201
Inflows	167	218	211	561	674	383	1,235
Outflows	(188)	(130)	(132)	(329)	(488)	(355)	(817)
Net Flows	(21)	88	79	232	186	28	418
Market performance	1,073	385	965	337	1,145	(647)	1,482
Other ²	(46)	(82)	52	9,728	(161)	(154)	9,567
Ending Balance	\$10,714	\$11,105	\$12,201	\$22,498	\$23,668	\$10,714	\$23,668
Alternative ³							
Beginning balance	\$3,664	\$4,115	\$4,298	\$4,760	\$5,130	\$5,242	\$4,760
Inflows	283	384	370	314	600	757	914
Outflows	(251)	(335)	(399)	(266)	(413)	(682)	(679)
Net Flows	32	49	(29)	48	187	75	235
Market performance	463	78	516	300	500	(1,024)	800
Other ²	(44)	56	(25)	22	(24)	(178)	(2)
Ending Balance	\$4,115	\$4,298	\$4,760	\$5,130	\$5,793	\$4,115	\$5,793

\$ in millions

¹ Includes strategies with substantial holdings in at least two of the following asset classes: equity, fixed income and alternatives

² Represents open-end and closed-end fund distributions net of reinvestments, the net change in assets from liquidity strategies, and the impact on net flows from non-sales related activities such as asset acquisitions/(dispositions), seed capital investments/(withdrawals), structured products reset transactions, and the use of leverage

³ Consists of real estate securities, mid-stream energy securities, master limited partnerships, options strategies long/short equity, and other

INVESTMENT MANAGEMENT FEES

AVERAGE ASSETS ¹ BY PRODUCT



	<u>Q2:20</u>	<u>Q3:20</u>	<u>Q4:20</u>	<u>Q1:21</u>	<u>Q2:21</u>	<u>YTD:20</u>	<u>YTD:21</u>
U.S. Retail Funds	\$36,765	\$41,773	\$45,675	\$63,872	\$71,599	\$38,682	\$67,736
Offshore Funds	553	842	1,049	1,265	1,411	\$517	\$1,338
Variable Insurance Funds	864	988	1,058	1,110	1,116	\$888	\$1,113
Total – Open-End Funds	\$38,182	\$43,603	\$47,782	\$66,247	\$74,126	\$40,087	\$70,187
Closed-End Funds	\$5,566	\$5,742	\$5,847	\$9,340	\$11,936	\$6,045	\$10,638
Exchange Traded Funds	\$554	\$549	\$683	\$890	\$1,159	\$758	\$1,024
Intermediary Sold Managed Accounts	\$13,410	\$17,116	\$19,457	\$26,219	\$31,134	\$14,501	\$28,676
Private Client	4,250	4,938	5,270	5,899	6,110	\$4,536	\$6,005
Total – Retail Separate Accounts	\$17,660	\$22,054	\$24,727	\$32,118	\$37,244	\$19,037	\$34,681
Institutional Accounts	\$31,931	\$36,771	\$37,989	\$41,764	\$44,538	\$31,876	\$43,151
Structured Products	\$4,265	\$4,171	\$4,068	\$3,985	\$3,875	\$4,228	\$3,930
Total	\$98,158	\$112,890	\$121,096	\$154,344	\$172,878	\$102,031	\$163,611

\$ in millions

¹ Averages are calculated as follows: Funds – average daily or weekly balances; Retail Separate Accounts – prior quarter ending balance; Institutional Accounts – average of month-end balances in quarter

INVESTMENT MANAGEMENT FEES

AVERAGE MANAGEMENT FEES EARNED ¹ BY PRODUCT (IN BASIS POINTS)



	<u>Q2:20</u>	<u>Q3:20</u>	<u>Q4:20</u>	<u>Q1:21</u>	<u>Q2:21</u>	<u>YTD:20</u>	<u>YTD:21</u>
Total Open-End Funds	56.9	57.9	59.1	54.2	52.2	56.8	53.2
Revenue related adjustments	(7.4)	(7.5)	(7.3)	(6.2)	(5.8)	(7.8)	(6.0)
Total Open-End Funds, Net	49.5	50.4	51.8	48.0	46.4	49.0	47.2
Closed-End Funds, Net	61.8	62.1	62.2	56.2	55.1	62.3	55.6
Exchange Traded Funds	14.1	13.7	9.1	11.9	17.8	18.7	15.3
Revenue related adjustments	(9.0)	(7.2)	(5.8)	(5.2)	(3.8)	(11.4)	(4.5)
Exchange Traded Funds, Net	5.1	6.5	3.3	6.7	14.0	7.3	10.8
Total Retail Separate Accounts	51.0	47.6	48.9	47.4	45.7	50.8	46.5
Revenue related adjustments	(2.0)	(1.9)	(1.8)	(1.7)	(1.5)	(1.9)	(1.6)
Total Retail Separate Accounts, Net	49.0	45.7	47.1	45.7	44.2	48.9	44.9
Institutional Accounts ² , Net	31.1	31.5	34.6	31.5	32.2	30.1	31.9
Structured Products, Net	26.8	34.2	31.1	38.8	40.0	30.3	39.4
Total Assets ³	46.3	46.6	48.4	46.2	45.4	46.4	45.8
Revenue related adjustments	(3.4)	(3.5)	(3.5)	(3.1)	(2.9)	(3.6)	(3.0)
Total Assets, Net	42.9	43.1	44.9	43.1	42.5	42.8	42.8

¹ Represents investment management fees, as adjusted divided by average assets. Investment management fees, as adjusted exclude the impact of consolidated investment products and are reduced by revenue related adjustments that are based on specific agreements and reflect the portion of investment management fees passed-through to third-party client intermediaries for services to investors in sponsored investment products

² Includes incentive fees earned during the three months ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, and June 30, 2021 that increased the fee rate by 0.7 basis points, 2.1 basis points, 3.9 basis points, 0.6 basis points and 0.7 basis points, respectively

³ Includes incentive fees earned during the three months ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, and June 30, 2021 that increased the fee rate by 0.2, 0.7, 1.2, 0.2 basis points and 0.2 basis points, respectively

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q2 2021 (UNAUDITED)



	Reclassification		Other adjustments				Non-GAAP Basis	
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration		Other
Revenues								
Investment management fees	193,510	2,290	(12,570)	—	—	—	—	183,230
Distribution and service fees	23,450	1	(23,451)	—	—	—	—	—
Administration and shareholder service fees	25,877	49	—	—	—	—	—	25,926
Other income and fees	1,174	—	—	—	—	—	—	1,174
Total revenues	244,011	2,340	(36,021)	—	—	—	—	210,330
Operating Expenses								
Employment expenses	87,630	—	—	—	—	(615)	(494)	86,521
Distribution and other asset-based expenses	36,021	—	(36,021)	—	—	—	—	—
Other operating expenses	21,946	—	—	—	—	(2,052)	—	19,894
Operating expenses of CIP	659	(659)	—	—	—	—	—	—
Depreciation expense	981	—	—	—	—	—	—	981
Amortization expense	10,363	—	—	(10,363)	—	—	—	—
Total operating expenses	157,600	(659)	(36,021)	(10,363)	—	(2,667)	(494)	107,396
Operating Income (Loss)	86,411	2,999	—	10,363	—	2,667	494	102,934
Other Income (Expense)								
Realized and unrealized gain (loss) on investments, net	2,494	5,707	—	—	(7,725)	—	—	476
Realized and unrealized gain (loss) of CIP, net	2,747	(2,747)	—	—	—	—	—	—
Other income (expense), net	826	—	—	—	—	—	—	826
Total other income (expense), net	6,067	2,960	—	—	(7,725)	—	—	1,302
Interest Income (Expense)								
Interest expense	(2,256)	—	—	—	—	—	—	(2,256)
Interest and dividend income	166	919	—	—	—	—	—	1,085
Interest and dividend income of CIP	22,562	(22,562)	—	—	—	—	—	—
Interest expense of CIP	(14,452)	14,452	—	—	—	—	—	—
Total interest income (expense), net	6,020	(7,191)	—	—	—	—	—	(1,171)
Income (Loss) Before Income Taxes	98,498	(1,232)	—	10,363	(7,725)	2,667	494	103,065
Income tax expense (benefit)	22,401	—	—	2,754	(521)	709	2,051	27,394
Net Income (Loss)	76,097	(1,232)	—	7,609	(7,204)	1,958	(1,557)	75,671
Noncontrolling interests	(13,130)	1,232	—	(736)	—	—	9,624	(3,010)
Net Income (Loss) Attributable to Common Stockholders	62,967	—	—	6,873	(7,204)	1,958	8,067	72,661
Earnings (Loss) Per Share - Diluted	7.86	—	—	—	—	—	—	9.07
Weighted Average Shares Outstanding - Diluted	8,007	—	—	—	—	—	—	8,007

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q1 2021 (UNAUDITED)



	Reclassification		Other adjustments				Non-GAAP Basis	
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration		Other
Revenues								
Investment management fees	173,269	2,609	(11,943)	—	—	—	—	163,935
Distribution and service fees	20,348	3	(20,351)	—	—	—	—	—
Administration and shareholder service fees	22,560	61	—	—	—	—	—	22,621
Other income and fees	720	—	—	—	—	—	—	720
Total revenues	216,897	2,673	(32,294)	—	—	—	—	187,276
Operating Expenses								
Employment expenses	91,759	—	—	—	—	(867)	(480)	90,412
Distribution and other asset-based expenses	32,294	—	(32,294)	—	—	—	—	—
Other operating expenses	19,580	—	—	—	—	(1,780)	—	17,800
Operating expenses of CIP	559	(559)	—	—	—	—	—	—
Depreciation expense	1,098	—	—	—	—	—	—	1,098
Amortization expense	9,465	—	—	(9,465)	—	—	—	—
Total operating expenses	154,755	(559)	(32,294)	(9,465)	—	(2,647)	(480)	109,310
Operating Income (Loss)	62,142	3,232	—	9,465	—	2,647	480	77,966
Other Income (Expense)								
Realized and unrealized gain (loss) on investments, net	891	569	—	—	(1,533)	—	—	(73)
Realized and unrealized gain (loss) of CIP, net	(4,687)	4,687	—	—	—	—	—	—
Other income (expense), net	1,771	—	—	—	—	—	—	1,771
Total other income (expense), net	(2,025)	5,256	—	—	(1,533)	—	—	1,698
Interest Income (Expense)								
Interest expense	(2,314)	—	—	—	—	—	—	(2,314)
Interest and dividend income	136	910	—	—	—	—	—	1,046
Interest and dividend income of CIP	23,876	(23,876)	—	—	—	—	—	—
Interest expense of CIP	(14,448)	14,448	—	—	—	—	—	—
Total interest income (expense), net	7,250	(8,518)	—	—	—	—	—	(1,268)
Income (Loss) Before Income Taxes	67,367	(30)	—	9,465	(1,533)	2,647	480	78,396
Income tax expense (benefit)	15,153	—	—	2,528	(377)	707	2,931	20,942
Net Income (Loss)	52,214	(30)	—	6,937	(1,156)	1,940	(2,451)	57,454
Noncontrolling interests	(15,626)	30	—	(736)	—	—	13,498	(2,834)
Net Income (Loss) Attributable to Common Stockholders	36,588	—	—	6,201	(1,156)	1,940	11,047	54,620
Earnings (Loss) Per Share - Diluted	4.54	—	—	—	—	—	—	6.78
Weighted Average Shares Outstanding - Diluted	8,052	—	—	—	—	—	—	8,052

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q4 2020 (UNAUDITED)



	Reclassification		Other adjustments				Non-GAAP Basis	
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration		Other
Revenues								
Investment management fees	144,715	2,512	(10,403)	—	—	—	—	136,824
Distribution and service fees	10,279	4	(10,283)	—	—	—	—	—
Administration and shareholder service fees	16,407	65	—	—	—	—	—	16,472
Other income and fees	245	—	—	—	—	—	—	245
Total revenues	171,646	2,581	(20,686)	—	—	—	—	153,541
Operating Expenses								
Employment expenses	73,527	—	—	—	—	515	(580)	73,462
Distribution and other asset-based expenses	20,686	—	(20,686)	—	—	—	—	—
Other operating expenses	17,232	—	—	—	—	(171)	—	17,061
Operating expenses of CIP	641	(641)	—	—	—	—	—	—
Depreciation expense	1,100	—	—	—	—	—	—	1,100
Amortization expense	7,529	—	—	(7,529)	—	—	—	—
Total operating expenses	120,715	(641)	(20,686)	(7,529)	—	344	(580)	91,623
Operating Income (Loss)	50,931	3,222	—	7,529	—	(344)	580	61,918
Other Income (Expense)								
Realized and unrealized gain (loss) on investments, net	5,071	13,874	—	—	(18,798)	—	—	147
Realized and unrealized gain (loss) of CIP, net	10,768	(10,768)	—	—	—	—	—	—
Other income (expense), net	1,070	—	—	—	—	—	—	1,070
Total other income (expense), net	16,909	3,106	—	—	(18,798)	—	—	1,217
Interest Income (Expense)								
Interest expense	(2,692)	—	—	—	—	—	—	(2,692)
Interest and dividend income	236	898	—	—	—	—	—	1,134
Interest and dividend income of CIP	25,697	(25,697)	—	—	—	—	—	—
Interest expense of CIP	(15,179)	15,179	—	—	—	—	—	—
Total interest income (expense), net	8,062	(9,620)	—	—	—	—	—	(1,558)
Income (Loss) Before Income Taxes	75,902	(3,292)	—	7,529	(18,798)	(344)	580	61,577
Income tax expense (benefit)	14,088	—	—	2,055	49	(94)	706	16,804
Net Income (Loss)	61,814	(3,292)	—	5,474	(18,847)	(250)	(126)	44,773
Noncontrolling interests	(18,499)	3,292	—	(735)	—	—	12,531	(3,411)
Net Income (Loss) Attributable to Common Stockholders	43,315	—	—	4,739	(18,847)	(250)	12,405	41,362
Earnings (Loss) Per Share - Diluted	5.40	—	—	—	—	—	—	5.15
Weighted Average Shares Outstanding - Diluted	8,026	—	—	—	—	—	—	8,026

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q3 2020 (UNAUDITED)



	Reclassification		Other adjustments						Non-GAAP Basis
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration	Other	
Revenues									
Investment management fees	129,785	2,344	(9,770)	—	—	—	—	—	122,359
Distribution and service fees	9,797	3	(9,800)	—	—	—	—	—	—
Administration and shareholder service fees	15,114	66	—	—	—	—	—	—	15,180
Other income and fees	94	—	—	—	—	—	—	—	94
Total revenues	154,790	2,413	(19,570)	—	—	—	—	—	137,633
Operating Expenses									
Employment expenses	67,479	—	—	—	—	—	(999)	(368)	66,112
Distribution and other asset-based expenses	19,570	—	(19,570)	—	—	—	—	—	—
Other operating expenses	16,343	—	—	—	—	—	—	—	16,343
Operating expenses of CIP	1,016	(1,016)	—	—	—	—	—	—	—
Restructuring and severance	735	—	—	(735)	—	—	—	—	—
Depreciation expense	1,106	—	—	—	—	—	—	—	1,106
Amortization expense	7,532	—	—	—	(7,532)	—	—	—	—
Total operating expenses	113,781	(1,016)	(19,570)	(735)	(7,532)	—	(999)	(368)	83,561
Operating Income (Loss)	41,009	3,429	—	735	7,532	—	999	368	54,072
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	2,498	6,170	—	—	—	(8,873)	—	—	(205)
Realized and unrealized gain (loss) of CIP, net	2,680	(2,680)	—	—	—	—	—	—	—
Other income (expense), net	999	—	—	—	—	—	—	—	999
Total other income (expense), net	6,177	3,490	—	—	—	(8,873)	—	—	794
Interest Income (Expense)									
Interest expense	(2,877)	—	—	—	—	—	—	—	(2,877)
Interest and dividend income	137	641	—	—	—	—	—	—	778
Interest and dividend income of CIP	26,088	(26,088)	—	—	—	—	—	—	—
Interest expense of CIP	(17,622)	17,622	—	—	—	—	—	—	—
Total interest income (expense), net	5,726	(7,825)	—	—	—	—	—	—	(2,099)
Income (Loss) Before Income Taxes	52,912	(906)	—	735	7,532	(8,873)	999	368	52,767
Income tax expense (benefit)	11,978	—	—	201	2,057	(963)	273	868	14,414
Net Income (Loss)	40,934	(906)	—	534	5,475	(7,910)	726	(500)	38,353
Noncontrolling interests	(11,286)	906	—	—	(736)	—	—	8,684	(2,432)
Net Income (Loss) Attributable to Common Stockholders	29,648	—	—	534	4,739	(7,910)	726	8,184	35,921
Earnings (Loss) Per Share - Diluted	3.71	—	—	—	—	—	—	—	4.49
Weighted Average Shares Outstanding - Diluted	7,997	—	—	—	—	—	—	—	7,997

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q2 2020 (UNAUDITED)



	Reclassification		Other adjustments						Non-GAAP Basis
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration	Other	
Revenues									
Investment management fees	110,550	2,472	(8,453)	—	—	—	—	—	104,569
Distribution and service fees	8,889	3	(8,892)	—	—	—	—	—	—
Administration and shareholder service fees	13,289	51	—	—	—	—	—	—	13,340
Other income and fees	166	—	—	—	—	—	—	—	166
Total revenues	132,894	2,526	(17,345)	—	—	—	—	—	118,075
Operating Expenses									
Employment expenses	60,163	—	—	—	—	—	(952)	(241)	58,970
Distribution and other asset-based expenses	17,345	—	(17,345)	—	—	—	—	—	—
Other operating expenses	17,436	—	—	—	—	—	—	—	17,436
Operating expenses of CIP	2,179	(2,179)	—	—	—	—	—	—	—
Restructuring and severance	420	—	—	(420)	—	—	—	—	—
Depreciation expense	1,196	—	—	—	—	—	—	—	1,196
Amortization expense	7,533	—	—	—	(7,533)	—	—	—	—
Total operating expenses	106,272	(2,179)	(17,345)	(420)	(7,533)	—	(952)	(241)	77,602
Operating Income (Loss)	26,622	4,705	—	420	7,533	—	952	241	40,473
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	7,114	(11,693)	—	—	—	4,927	—	—	348
Realized and unrealized gain (loss) of CIP, net	(6,744)	6,744	—	—	—	—	—	—	—
Other income (expense), net	(805)	—	—	—	—	—	—	—	(805)
Total other income (expense), net	(435)	(4,949)	—	—	—	4,927	—	—	(457)
Interest Income (Expense)									
Interest expense	(3,126)	—	—	—	—	—	—	—	(3,126)
Interest and dividend income	242	898	—	—	—	—	—	—	1,140
Interest and dividend income of CIP	28,634	(28,634)	—	—	—	—	—	—	—
Interest expense of CIP	(28,150)	28,150	—	—	—	—	—	—	—
Total interest income (expense), net	(2,400)	414	—	—	—	—	—	—	(1,986)
Income (Loss) Before Income Taxes	23,787	170	—	420	7,533	4,927	952	241	38,030
Income tax expense (benefit)	7,578	—	—	115	2,062	611	261	(211)	10,416
Net Income (Loss)	16,209	170	—	305	5,471	4,316	691	452	27,614
Noncontrolling interests	(4,930)	(170)	—	—	(740)	—	—	3,793	(2,047)
Net Income (Loss) Attributable to Common Stockholders	11,279	—	—	305	4,731	4,316	691	4,245	25,567
Earnings (Loss) Per Share - Diluted	1.43	—	—	—	—	—	—	—	3.24
Weighted Average Shares Outstanding - Diluted	7,895	—	—	—	—	—	—	—	7,895

RECONCILIATION: U.S. GAAP TO NON-GAAP

YTD 2021 (UNAUDITED)



	Reclassification		Other adjustments				Non-GAAP Basis	
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration		Other
Revenues								
Investment management fees	366,779	4,899	(24,513)	—	—	—	347,165	
Distribution and service fees	43,798	4	(43,802)	—	—	—	—	
Administration and shareholder service fees	48,437	110	—	—	—	—	48,547	
Other income and fees	1,894	—	—	—	—	—	1,894	
Total revenues	460,908	5,013	(68,315)	—	—	—	397,606	
Operating Expenses								
Employment expenses	179,389	—	—	—	—	(1,482)	(974)	176,933
Distribution and other asset-based expenses	68,315	—	(68,315)	—	—	—	—	—
Other operating expenses	41,526	—	—	—	—	(3,832)	—	37,694
Operating expenses of CIP	1,218	(1,218)	—	—	—	—	—	—
Depreciation expense	2,079	—	—	—	—	—	—	2,079
Amortization expense	19,828	—	—	(19,828)	—	—	—	—
Total operating expenses	312,355	(1,218)	(68,315)	(19,828)	—	(5,314)	(974)	216,706
Operating Income (Loss)	148,553	6,231	—	19,828	—	5,314	974	180,900
Other Income (Expense)								
Realized and unrealized gain (loss) on investments, net	3,385	6,276	—	—	(9,258)	—	—	403
Realized and unrealized gain (loss) of CIP, net	(1,940)	1,940	—	—	—	—	—	—
Other income (expense), net	2,597	—	—	—	—	—	—	2,597
Total other income (expense), net	4,042	8,216	—	—	(9,258)	—	—	3,000
Interest Income (Expense)								
Interest expense	(4,570)	—	—	—	—	—	—	(4,570)
Interest and dividend income	302	1,829	—	—	—	—	—	2,131
Interest and dividend income of CIP	46,438	(46,438)	—	—	—	—	—	—
Interest expense of CIP	(28,900)	28,900	—	—	—	—	—	—
Total interest income (expense), net	13,270	(15,709)	—	—	—	—	—	(2,439)
Income (Loss) Before Income Taxes	165,865	(1,262)	—	19,828	(9,258)	5,314	974	181,461
Income tax expense (benefit)	37,554	—	—	5,282	(898)	1,416	4,982	48,336
Net Income (Loss)	128,311	(1,262)	—	14,546	(8,360)	3,898	(4,008)	133,125
Noncontrolling interests	(28,756)	1,262	—	(1,472)	—	—	23,122	(5,844)
Net Income (Loss) Attributable to Common Stockholders	99,555	—	—	13,074	(8,360)	3,898	19,114	127,281
Earnings (Loss) Per Share - Diluted	12.39	—	—	—	—	—	—	15.84
Weighted Average Shares Outstanding - Diluted	8,038	—	—	—	—	—	—	8,038

RECONCILIATION: U.S. GAAP TO NON-GAAP

YTD 2020 (UNAUDITED)



	Reclassification		Other adjustments						Non-GAAP Basis
	U.S. GAAP Basis	Consolidated investment products	Revenue related	Restructuring and Severance	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration	Other	
Revenues									
Investment management fees	230,838	4,383	(18,400)	—	—	—	—	—	216,821
Distribution and service fees	18,349	5	(18,354)	—	—	—	—	—	—
Administration and shareholder service fees	27,942	90	—	—	—	—	—	—	28,032
Other income and fees	331	—	—	—	—	—	—	—	331
Total revenues	277,460	4,478	(36,754)	—	—	—	—	—	245,184
Operating Expenses									
Employment expenses	126,293	—	—	—	—	—	(171)	(241)	125,881
Distribution and other asset-based expenses	36,754	—	(36,754)	—	—	—	—	—	—
Other operating expenses	36,321	—	—	—	—	—	—	—	36,321
Operating expenses of CIP	8,928	(8,928)	—	—	—	—	—	—	—
Restructuring and severance	420	—	—	(420)	—	—	—	—	—
Depreciation expense	2,454	—	—	—	—	—	—	—	2,454
Amortization expense	15,066	—	—	—	(15,066)	—	—	—	—
Total operating expenses	226,236	(8,928)	(36,754)	(420)	(15,066)	—	(171)	(241)	164,656
Operating Income (Loss)	51,224	13,406	—	420	15,066	—	171	241	80,528
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	(430)	(25,217)	—	—	—	25,112	—	—	(535)
Realized and unrealized gain (loss) of CIP, net	(15,413)	15,413	—	—	—	—	—	—	—
Other income (expense), net	(193)	—	—	—	—	—	—	—	(193)
Total other income (expense), net	(16,036)	(9,804)	—	—	—	25,112	—	—	(728)
Interest Income (Expense)									
Interest expense	(6,325)	—	—	—	—	—	—	(704)	(7,029)
Interest and dividend income	994	3,527	—	—	—	—	—	—	4,521
Interest and dividend income of CIP	57,863	(57,863)	—	—	—	—	—	—	—
Interest expense of CIP	(52,636)	52,636	—	—	—	—	—	—	—
Total interest income (expense), net	(104)	(1,700)	—	—	—	—	—	(704)	(2,508)
Income (Loss) Before Income Taxes	35,084	1,902	—	420	15,066	25,112	171	(463)	77,292
Income tax expense (benefit)	17,869	—	—	115	4,251	1,312	34	(1,758)	21,823
Net Income (Loss)	17,215	1,902	—	305	10,815	23,800	137	1,295	55,469
Noncontrolling interests	(10,221)	(1,902)	—	—	(1,483)	—	—	10,168	(3,438)
Net Income (Loss) Attributable to Common Stockholders	6,994	—	—	305	9,332	23,800	137	11,463	52,031
Earnings (Loss) Per Share - Diluted	0.88	—	—	—	—	—	—	—	6.56
Weighted Average Shares Outstanding - Diluted	7,936	—	—	—	—	—	—	—	7,936

FOOTNOTES



Non-GAAP financial information differs from financial information determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items, as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial information has material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures.

Reclassifications:

1. Consolidated investment products - Revenues and expenses generated by operating activities of mutual funds and CLOs that are consolidated in the financial statements. Management believes that excluding these operating activities to reflect net revenues and expenses of the company prior to the consolidation of these products is consistent with the approach of reflecting its operating results from managing third-party client assets.

Revenue related adjustments:

2. Investment management fees/Distribution and service fees - Each of these revenue line items is reduced to exclude fees passed-through to third-party client intermediaries who own the retail client relationship and are responsible for distributing the product and servicing the client. The amount of fees fluctuate each period, based on a predetermined percentage of the value of assets under management, and vary based on the type of investment product. The specific adjustments are as follows:

Investment management fees - Based on specific agreements, the portion of investment management fees passed-through to third-party intermediaries for services to investors in sponsored investment products.

Distribution and service fees - Based on distinct arrangements, fees collected by the Company then passed-through to third-party client intermediaries for services to investors in sponsored investment products. Adjustment represents all of the Company's distribution and service fees which are recorded as a separate line item on the condensed consolidated statements of operations.

Management believes that making these adjustments aids in comparing the company's operating results with other asset management firms that do not utilize third-party client intermediaries.

Other adjustments:

3. Distribution and other asset-based expenses - Primarily payments to third-party client intermediaries for providing services to investors in sponsored investment products. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that do not utilize third-party client intermediaries.
4. Amortization of intangible assets - Non-cash amortization expense or impairment expense, if any, attributable to acquisition-related intangible assets, including any portion that is allocated to noncontrolling interests. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that have not engaged in acquisitions.
5. Restructuring and severance - Certain expenses associated with restructuring the business, including lease abandonment-related expenses and severance costs associated with staff reductions, that are not reflective of the ongoing earnings generation of the business. Management believes that making this adjustment aids in comparing the company's operating results with prior periods.
6. Acquisition and integration expenses - Expenses that are directly related to acquisition and integration activities. Acquisition expenses include transaction closing costs, certain professional fees, and financing fees. Integration expenses include costs incurred that are directly attributable to combining businesses, including compensation, restructuring and severance charges, professional fees, consulting fees, and other expenses. Management believes that making these adjustments aids in comparing the company's operating results with other asset management firms that have not engaged in acquisitions.
7. Other - Certain expenses that are not reflective of the ongoing earnings generation of the business. Employment expenses and noncontrolling interests are adjusted for fair value measurements of affiliate minority interests. Interest expense is adjusted to remove gains on early extinguishment of debt. Income tax expense (benefit) items are adjusted, for uncertain tax positions, changes in tax law, valuation allowances, and other unusual or infrequent items not related to current operating results to reflect a normalized effective rate. Preferred dividends are adjusted as preferred shares were mandatorily converted into common shares on February 1, 2020 and the non-GAAP weighted average shares are adjusted to reflect the conversion. Management believes that making these adjustments aids in comparing the company's operating results with prior periods.
8. Seed capital and CLO investments (gains) losses - Gains and losses (realized and unrealized) of seed capital and CLO investments. Gains and losses (realized and unrealized) generated by investments in seed capital and CLO investments can vary significantly from period to period and do not reflect the Company's operating results from providing investment management and related services. Management believes that making this adjustment aids in comparing the Company's operating results with prior periods and with other asset management firms that do not have meaningful seed capital and CLO investments

FOOTNOTES

(UNAUDITED)



Components of Acquisition and Integration Expenses and Other for the respective periods are shown in the table below:

	<u>Q2 2020</u>	<u>Q3 2020</u>	<u>Q4 2020</u>	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>YTD:20</u>	<u>YTD:21</u>
Acquisition and Integration Expenses							
Employment expenses	\$952	\$999	\$(515)	\$867	\$615	\$171	\$1,482
Other operating expenses	—	—	171	1,780	2,052	—	3,832
Total Acquisition and Integration Operating Expenses	\$952	\$999	\$(344)	\$2,647	\$2,667	\$171	\$5,314
Other							
Employment expense fair value adjustments	241	368	580	480	494	241	974
Tax impact of employment expense	(70)	(105)	(158)	(128)	(131)	(70)	(259)
Gain on extinguishment of debt	—	—	—	—	—	(704)	—
Tax impact of gain on extinguishment of debt	—	—	—	—	—	205	—
Other discrete tax adjustments	281	(763)	(548)	(2,803)	(1,920)	1,623	(4,723)
Affiliate minority interest fair value adjustments	3,793	8,684	12,531	13,498	9,624	10,168	23,122
Total Other	\$4,245	\$8,184	\$12,405	\$11,047	\$8,067	\$11,463	\$19,114

\$ in thousands

