



# THIRD QUARTER EARNINGS PRESENTATION

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FRIDAY, OCTOBER 25, 2019

**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 2018 Annual Report on Form 10-K, as well as the following risks and uncertainties: (a) any reduction in our assets under management; (b) withdrawal, renegotiation or termination of investment advisory agreements; (c) damage to our reputation; (d) failure to comply with investment guidelines or other contractual requirements; (e) inability to satisfy financial covenants and payments related to our indebtedness; (f) inability to attract and retain key personnel; (g) challenges from the competition we face in our business; (h) adverse regulatory and legal developments; (i) unfavorable changes in tax laws or limitations; (j) adverse developments related to unaffiliated subadvisers; (k) negative implications of changes in key distribution relationships; (l) interruptions in or failure to provide critical technological service by us or third parties; (m) volatility associated with our common and preferred stock; (n) adverse civil litigation and government investigations or proceedings; (o) risk of loss on our investments; (p) inability to make quarterly common and preferred stock distributions; (q) lack of sufficient capital on satisfactory terms; (r) losses or costs not covered by insurance; (s) impairment of goodwill or intangible assets; (t) inability to achieve expected acquisition-related benefits; and other risks and uncertainties described in our 2018 Annual Report on Form 10-K and our filings with the Securities and Exchange Commission (the “SEC”).

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](http://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

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- Overview of Quarter
- Results
- Q & A Session

# OVERVIEW OF QUARTER

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# THIRD QUARTER 2019

## OVERVIEW

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### Assets and Flows

- Long-term assets under management of \$102.8 billion decreased \$0.4 billion sequentially as market appreciation was offset by net outflows primarily due to a \$0.9 billion single institutional client redemption
- Total sales of \$4.8 billion decreased \$0.4 billion, or 7%, from the prior quarter, which included a \$0.9 billion subadvisory mandate
- Net outflows of \$1.1 billion primarily reflected institutional redemptions and modest mutual fund net outflows, which more than offset positive net flows in retail separate accounts and ETFs

### Non-GAAP Financial Results

- Operating income, as adjusted, of \$47.7 million increased \$4.0 million, or 9%, from the prior quarter, reflecting higher revenue and lower other operating expenses
- Operating margin, as adjusted, of 37.5% increased 140 basis points sequentially
- Earnings per diluted share, as adjusted, of \$4.03 increased by \$0.40, or 11%, sequentially primarily due to higher operating results

### Capital Activities

- Increased quarterly common dividend by 22% to \$0.67 per share
- Repurchased 70,949 shares, or 1.0% of common shares outstanding, for \$7.5 million
- Repaid \$15.0 million of debt during the quarter; net debt to EBITDA ratio of 0.5x at September 30

# RESULTS

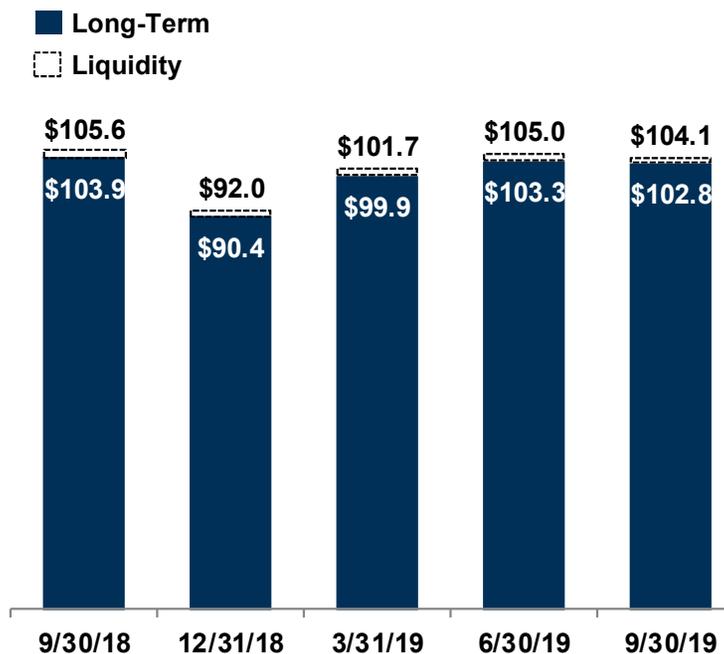
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# ASSETS UNDER MANAGEMENT

## DIVERSIFIED LONG-TERM AUM



- Long-term assets relatively stable sequentially at \$102.8 billion, declining \$0.4 billion, or 0.4%, as market appreciation was offset by net outflows
  - Domestic mid-cap AUM of \$9.8 billion increased \$0.7 billion, or 7%, sequentially
  - Leveraged finance assets declined \$1.2 billion, or 9%, sequentially, due to bank loan outflows
- Retail separate account assets represented 18% of total long-term AUM at quarter-end, up from 16% in the prior year



Long-Term Assets by Asset Class					
Equity					
	60.3%	58.9%	61.8%	62.8%	63.8%
Fixed Income					
	35.4%	37.0%	33.7%	31.9%	30.8%
Alternatives <sup>1</sup>					
	4.3%	4.1%	4.5%	5.3%	5.4%

\$ in billions

<sup>1</sup> Consists of real estate securities, mid-stream energy securities and master limited partnerships, options strategies, and other

# ASSET FLOWS

## IMPROVED FLOWS EXCEPT INSTITUTIONAL

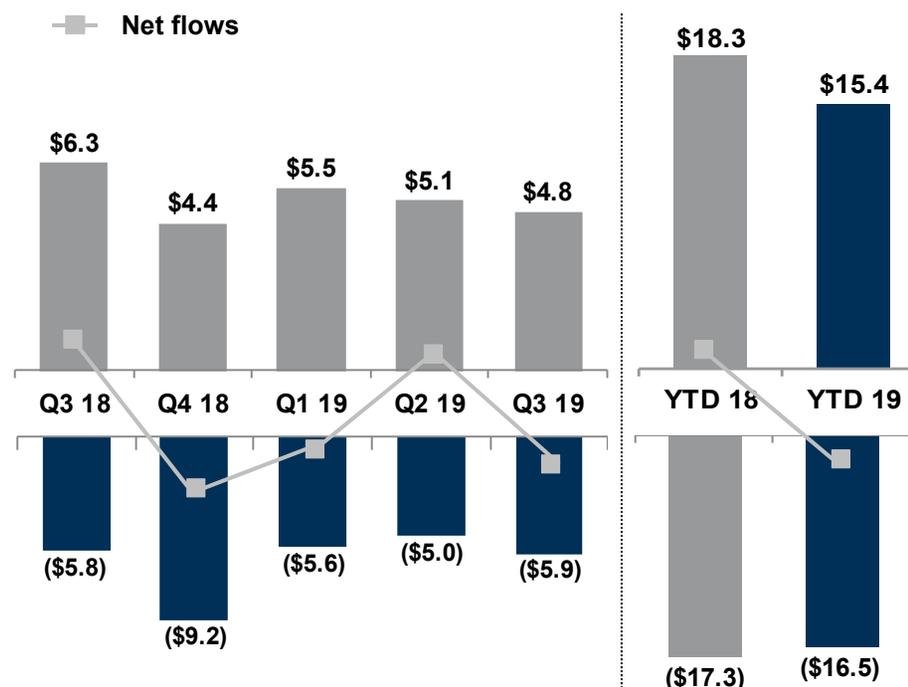


■ Total sales of \$4.8 billion decreased \$0.4 billion, or 7%, from the second quarter

- Higher sales in funds and retail separate accounts offset by lower institutional sales
- Fund sales of \$3.0 billion increased \$0.5 billion, or 19%, sequentially primarily due to emerging markets and domestic mid-cap strategies
- Retail separate accounts sales increased 12% sequentially to \$0.8 billion
- Institutional sales of \$0.9 billion declined \$0.9 billion, or 51%; prior quarter included a \$0.9 billion subadvisory mandate

■ Net flows improved for all products except institutional. Net outflows of \$1.1 billion included:

- Retail separate accounts: \$0.4 billion
- Open-end funds: (\$0.2) billion
- Institutional (\$1.4) billion



Flows Metrics							
Net Flows <sup>1</sup>							
	\$0.5	(\$4.8)	(\$0.1)	\$0.1	(\$1.1)	\$1.1	(\$1.1)
Net Flow Rate <sup>2</sup>							
	2.2%	(18.2%)	(0.2%)	0.2%	(4.3%)	1.6%	(1.2%)

\$ in billions

<sup>1</sup> Net flows exclude liquidity products

<sup>2</sup> Annualized net flows divided by beginning-of-period long-term AUM

# INVESTMENT MANAGEMENT FEES, AS ADJUSTED



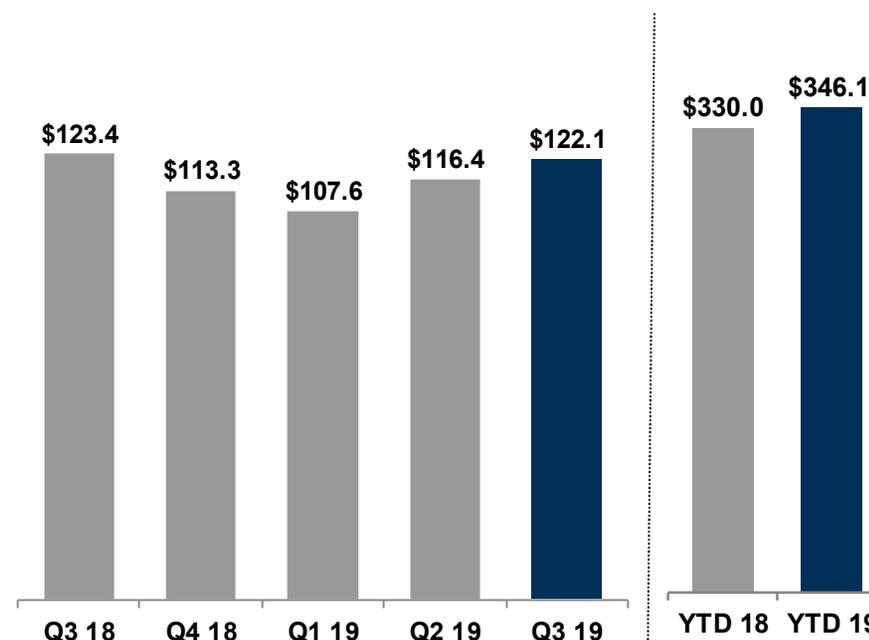
## HIGHER AVERAGE FEE RATE

- Investment management fees, as adjusted increased sequentially by \$5.6 million, or 5%, due to:

- Increase of 2% in long-term average assets
- Higher average fee rate of 46.6 bps, up 0.6 bps sequentially, reflecting:
  - \$1.2 million of performance-related fees on institutional accounts
  - Continued favorable open-end fund fee rate differential between sales and redemptions

- Positive open-end fund fee rate differential on flows during the quarter:

- Inflows: 58 basis points
- Outflows: 52 basis points



Metrics							
Long-Term Net Fee Rate <sup>1</sup> – BPS							
	47.4	45.3	45.6	46.0	46.6	46.7	45.7
Long-Term Average AUM							
	\$102.3	\$98.3	\$94.7	\$100.5	\$102.8	\$93.3	\$100.2

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

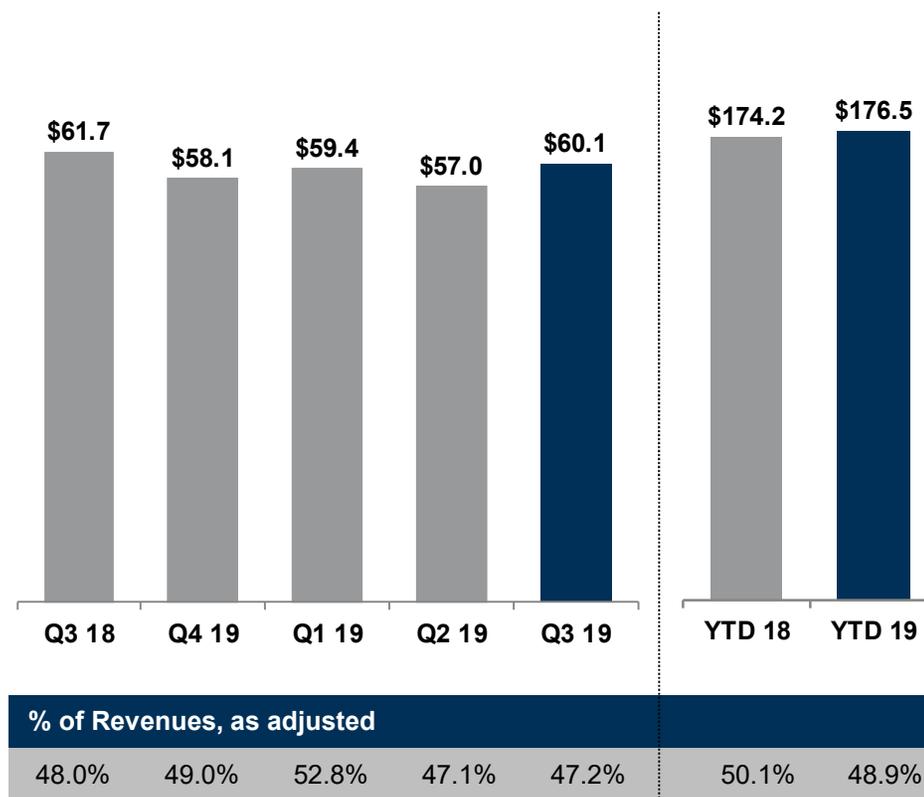
<sup>1</sup> Represents net investment management fees, as adjusted, less fees paid to third-party service providers for investment management related services divided by average assets  
See the financial supplement for U.S. GAAP to Non-GAAP (“as adjusted”) reconciliations and related notes

# EMPLOYMENT EXPENSES, AS ADJUSTED

*RATIO REMAINS AT LOW LEVELS*



- Employment expenses, as adjusted, increased sequentially by \$3.1 million, or 5%, primarily due to higher profit-based incentive compensation
- Employment expenses, as adjusted, as a percentage of revenues, as adjusted, of 47.2%
  - Relatively unchanged from the prior quarter
  - Decrease of 80 bps from the prior year due to market-based increases in revenue and lower sales-based compensation



\$ in millions

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

# OTHER OPERATING EXPENSES, AS ADJUSTED

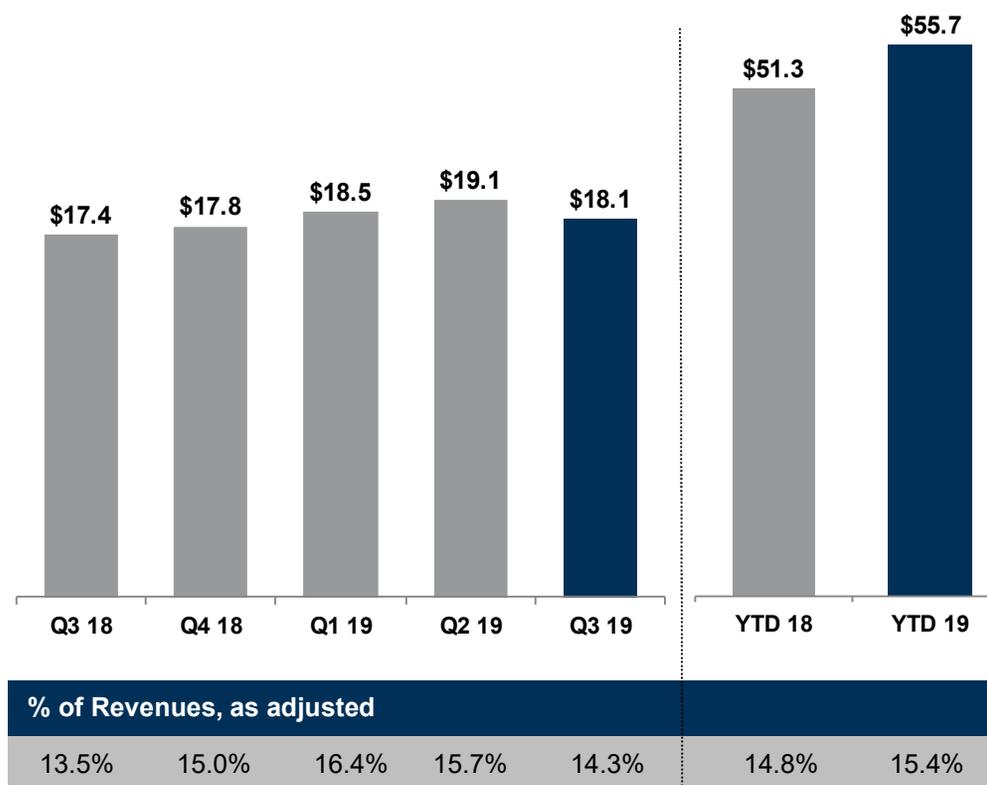


LOWER EXPENSES REFLECT TIMING

- Other operating expenses, as adjusted, of \$18.1 million decreased \$0.9 million, or 5%, from the prior quarter

- Decrease primarily reflects \$0.8 million of annual director grants in the prior quarter

- Other operating expenses, as adjusted, as a percentage of revenues, as adjusted, decreased 140 bps from the prior quarter



\$ in millions

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

# NON-GAAP RESULTS

## CONTINUED STRONG GROWTH AND PROFITABILITY



- Diluted EPS, as adjusted, of \$4.03 increased sequentially by \$0.40, or 11%, primarily due to higher revenues, as adjusted, and lower other operating expenses, as adjusted

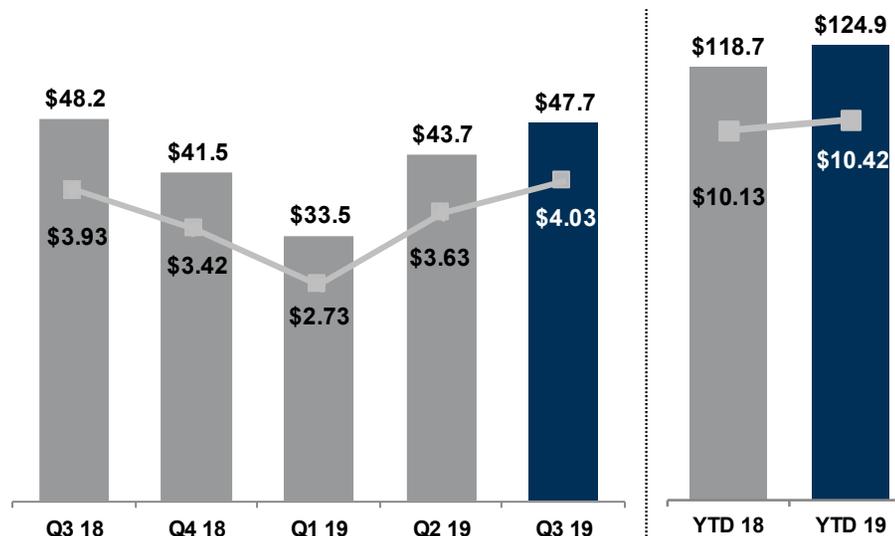
- Performance-related fees of \$1.2 million contributed \$0.11 on a diluted per-share basis

- Operating margin, as adjusted, of 37.5% increased 140 bps from the prior quarter and was unchanged from the prior year

- Interest and dividend income declined \$0.4 million, or 9%, to \$3.5 million due to lower interest income

### Operating Income, As Adjusted

■ Diluted earnings per share, as adjusted



Metrics			
Net Income, As Adjusted			
\$33.2	\$28.8	\$22.7	\$30.0
\$32.9		\$85.8	\$85.6
Operating Margin, As Adjusted			
37.5%	34.9%	29.8%	36.1%
37.5%		34.2%	34.6%

\$ in millions, except per share data

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

# CAPITAL POSITION

## BALANCED CAPITAL MANAGEMENT



■ Working capital increased \$9 million, or 6%, sequentially as cash generation more than offset debt repayments and share repurchases

- Repaid \$15.0 million of debt; \$301 million of gross debt outstanding
- Net debt to EBITDA ratio of 0.5x, down from 0.7x at June 30, 2019 and 0.9x at September 30, 2018
- Repurchased 70,949 shares for \$7.5 million
- Increased quarterly common dividend by 22% to \$0.67 per share
- Preferred shares scheduled to mandatorily convert to common shares on February 1, 2020

	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19
Cash and cash equivalents	\$169	\$202	\$142	\$166	\$196
Seed capital investments <sup>1</sup>	\$109	\$93	\$89	\$96	\$101
Investments - other <sup>2</sup>	\$104	\$94	\$89	\$88	\$85
Deferred taxes, net	\$22	\$22	\$24	\$22	\$18
Gross debt <sup>3</sup>	\$351	\$341	\$328	\$316	\$301
Redeemable noncontrolling interests	\$56	\$55	\$54	\$54	\$53
Total equity attributable to stockholders	\$644	\$630	\$634	\$651	\$666
<i>Working capital<sup>4</sup></i>	\$128	\$140	\$138	\$149	\$158
<i>Common shares outstanding</i>	7.147	6.997	6.979	6.945	6.878
<i>Hypothetical conversion of preferred shares<sup>5</sup></i>	0.950	1.047	1.047	1.048	1.001
<i>Common shares outstanding, as adjusted<sup>5</sup></i>	8.097	8.044	8.026	7.993	7.879
<b>Metrics:</b>					
Net Debt <sup>6</sup>	\$183	\$139	\$186	\$150	\$105
Gross Debt <sup>3</sup> to Bank EBITDA <sup>7</sup>	1.7x	1.6x	1.6x	1.5x	1.5x
Net Debt to Bank EBITDA	0.9x	0.7x	0.9x	0.7x	0.5x

\$ and shares in millions

<sup>1</sup> Represents sponsored investment products including open-end funds, ETFs, and separate accounts

<sup>2</sup> Represents investments not related to seed capital investments; company-managed CLOs represent \$80 million of total

<sup>3</sup> Excludes deferred financing costs

<sup>4</sup> Defined as cash and cash equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, dividends payable, contingent consideration and required principal payments due over the next 12 months

<sup>5</sup> Assumes conversion of preferred shares to common shares at the 20 day volume-weighted average common stock price at period end, subject to a conversion price range of \$109.58 to \$131.49 per share resulting in a conversion ratio range of 0.9126 to 0.7605 as of 09/30/2019

<sup>6</sup> Defined as gross debt less cash and cash equivalents

<sup>7</sup> 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

# FINANCIAL SUPPLEMENT

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# NON-GAAP INFORMATION

## INCOME STATEMENT<sup>1</sup> (UNAUDITED)



	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Revenues, As Adjusted</b>							
Investment management fees, as adjusted	\$123,379	\$113,253	\$107,572	\$116,428	\$122,075	\$329,985	\$346,075
Distribution and service fees, as adjusted	13,734	10,831	10,066	10,620	10,451	39,898	31,137
Administration and shareholder service fees, as adjusted	16,579	15,366	14,440	15,081	15,329	48,313	44,850
Other income and fees, as adjusted	200	230	324	227	210	655	761
Distribution and other asset-based expenses, as adjusted	(25,386)	(21,043)	(19,764)	(21,322)	(20,927)	(71,398)	(62,013)
Total revenues, as adjusted	\$128,506	\$118,637	\$112,638	\$121,034	\$127,138	\$347,453	\$360,810
<b>Operating Expenses, As Adjusted</b>							
Employment expenses, as adjusted	\$61,708	\$58,073	\$59,418	\$57,008	\$60,059	\$174,161	\$176,485
Other operating expenses, as adjusted	17,393	17,812	18,496	19,055	18,147	51,313	55,698
Depreciation and other amortization, as adjusted	1,189	1,293	1,213	1,271	1,245	3,304	3,729
Total operating expenses, as adjusted	\$80,290	\$77,178	\$79,127	\$77,334	\$79,451	\$228,778	\$235,912
<b>Operating Income (Loss), As Adjusted</b>	<b>\$48,216</b>	<b>\$41,459</b>	<b>\$33,511</b>	<b>\$43,700</b>	<b>\$47,687</b>	<b>\$118,675</b>	<b>\$124,898</b>

\$ in thousands

<sup>1</sup> 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 35 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

# NON-GAAP INFORMATION

## INCOME STATEMENT<sup>1</sup> (CONTINUED) (UNAUDITED)



	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Other Income (Expense), As Adjusted</b>							
Realized and unrealized gain (loss) on investments, net, as adjusted	\$10	(\$244)	\$359	\$102	\$289	(\$51)	\$750
Other income, net, as adjusted	549	1,272	450	696	746	2,323	1,892
Total other income (expense), as adjusted	\$559	\$1,028	\$809	\$798	\$1,035	\$2,272	\$2,642
<b>Interest Income (Expense), As Adjusted</b>							
Interest expense, as adjusted	(\$5,155)	(\$5,963)	(\$5,165)	(\$5,151)	(\$4,889)	(\$12,822)	(\$15,205)
Interest and dividend income, as adjusted	3,848	4,826	4,228	3,808	3,455	12,372	11,491
Total interest income (expense), net, as adjusted	(\$1,307)	(\$1,137)	(\$937)	(\$1,343)	(\$1,434)	(\$450)	(\$3,714)
<b>Pre-Tax Income (Loss), As Adjusted</b>	<b>\$47,468</b>	<b>\$41,350</b>	<b>\$33,383</b>	<b>\$43,155</b>	<b>\$47,288</b>	<b>\$120,497</b>	<b>\$123,826</b>
Income tax expense (benefit), as adjusted	12,678	11,526	9,062	11,668	12,725	33,188	33,455
<b>Net Income (Loss), As Adjusted</b>	<b>\$34,790</b>	<b>\$29,824</b>	<b>\$24,321</b>	<b>\$31,487</b>	<b>\$34,563</b>	<b>\$87,309</b>	<b>\$90,371</b>
Noncontrolling interests, as adjusted	(1,542)	(1,002)	(1,591)	(1,497)	(1,649)	(1,542)	(4,737)
<b>Net Income Attributable to Common Stockholders, As Adjusted</b>	<b>\$33,248</b>	<b>\$28,822</b>	<b>\$22,730</b>	<b>\$29,990</b>	<b>\$32,914</b>	<b>\$85,767</b>	<b>\$85,634</b>
Weighted average shares outstanding - diluted, as adjusted	8,456	8,429	8,322	8,252	8,157	8,463	8,215
<b>Earnings (Loss) Per Share - Diluted, As Adjusted</b>	<b>\$3.93</b>	<b>\$3.42</b>	<b>\$2.73</b>	<b>\$3.63</b>	<b>\$4.03</b>	<b>\$10.13</b>	<b>\$10.42</b>

\$ and shares in thousands

<sup>1</sup> 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 35 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

# NON-GAAP INFORMATION

## BALANCE SHEET<sup>1</sup> (UNAUDITED)



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>
<b>Assets:</b>					
Cash and cash equivalents	\$168,982	\$201,705	\$142,344	\$166,026	\$195,870
Investments – seed capital	109,111	92,846	88,594	95,765	100,520
Investments – other	104,496	93,636	88,558	87,885	84,621
Investments – long term	17,758	18,264	19,563	20,046	20,932
Accounts receivable, net	80,807	71,150	75,309	72,882	75,936
Furniture, equipment, and leasehold improvements, net	11,998	20,154	20,171	20,092	19,494
Intangible assets, net	346,353	338,811	331,270	325,383	317,924
Goodwill	290,366	290,366	290,366	290,366	290,366
Deferred taxes, net	22,790	22,116	23,564	21,611	18,475
Other assets	19,837	14,204	32,693	35,612	33,338
<b>Total Assets</b>	<b>\$1,172,498</b>	<b>\$1,163,252</b>	<b>\$1,112,432</b>	<b>\$1,135,668</b>	<b>\$1,157,476</b>

\$ in thousands

<sup>1</sup> 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<sup>1</sup> (CONTINUED) (UNAUDITED)



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>
<b>Liabilities and Equity</b>					
<b>Liabilities:</b>					
Accrued compensation and benefits	\$70,750	\$93,339	\$31,105	\$52,675	\$78,073
Accounts payable and accrued liabilities	32,803	27,926	27,723	24,757	23,310
Dividends payable	7,552	7,762	7,473	7,625	8,744
Other liabilities	22,490	20,010	40,574	39,785	36,487
Debt <sup>2</sup>	338,874	329,184	317,665	306,110	291,995
<b>Total Liabilities</b>	<b>\$472,469</b>	<b>\$478,221</b>	<b>\$424,540</b>	<b>\$430,952</b>	<b>\$438,609</b>
Redeemable noncontrolling interests	\$56,287	\$55,097	\$54,357	\$53,656	\$53,136
<b>Equity:</b>					
Equity attributable to stockholders	\$643,742	\$629,934	\$633,535	\$651,060	\$665,731
<b>Total Liabilities and Equity</b>	<b>\$1,172,498</b>	<b>\$1,163,252</b>	<b>\$1,112,432</b>	<b>\$1,135,668</b>	<b>\$1,157,476</b>
<b>Working Capital<sup>3</sup></b>	<b>\$128,186</b>	<b>\$140,178</b>	<b>\$137,927</b>	<b>\$148,715</b>	<b>\$158,028</b>

\$ in thousands

<sup>1</sup> 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

<sup>2</sup> Defined as gross debt less deferred financing costs

<sup>3</sup> Defined as cash and cash equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, dividends payable and required principal payments due over the next 12 months including scheduled amortization and an estimate of the excess cash flow payment; the actual excess cash flow payment will be measured based on fiscal year 2019 financial results and the net leverage ratio as of December 31, 2019

# U.S. GAAP INFORMATION

## INCOME STATEMENT (UNAUDITED)



	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Revenues</b>							
Investment management fees	\$121,713	\$111,664	\$105,918	\$114,591	\$120,023	\$325,357	\$340,532
Distribution and service fees	13,730	10,829	10,063	10,617	10,442	39,886	31,122
Administration and shareholder service fees	16,567	15,342	14,413	15,054	15,280	48,272	44,747
Other income and fees	200	230	324	227	210	655	761
Total revenues	\$152,210	\$138,065	\$130,718	\$140,489	\$145,955	\$414,170	\$417,162
<b>Operating Expenses</b>							
Employment expenses	\$63,269	\$59,668	\$60,851	\$58,123	\$61,282	\$178,833	\$180,256
Distribution and other asset-based expenses	25,386	21,043	19,764	21,322	20,927	71,398	62,013
Other operating expenses	20,350	18,513	18,723	19,174	18,228	56,340	56,125
Other operating expenses of CIP <sup>1</sup>	529	692	451	2,568	376	2,823	3,395
Restructuring and severance	-	87	1,176	320	523	-	2,019
Depreciation expense	1,189	1,293	1,213	1,271	1,245	3,304	3,729
Amortization expense	7,541	7,541	7,541	7,583	7,587	17,601	22,711
Total operating expenses	\$118,264	\$108,837	\$109,719	\$110,361	\$110,168	\$330,299	\$330,248
<b>Operating Income (Loss)</b>	<b>\$33,946</b>	<b>\$29,228</b>	<b>\$20,999</b>	<b>\$30,128</b>	<b>\$35,787</b>	<b>\$83,871</b>	<b>\$86,914</b>

\$ in thousands

<sup>1</sup> CIP refers to Consolidated Investment Products, revenues and expenses generated by operating activities of mutual funds and collateralized loan obligations ("CLOs") that are consolidated in the financial statements

# U.S. GAAP INFORMATION

## INCOME STATEMENT (CONTINUED) (UNAUDITED)



	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Other Income (Expense)</b>							
Realized and unrealized gain (loss) on investments, net	(\$374)	(\$6,241)	\$3,433	\$2,039	\$2	\$1,024	\$5,474
Realized and unrealized gain (loss) of CIP <sup>1</sup> , net	(4,735)	(16,997)	(1,921)	9,720	(5,344)	(4,255)	2,455
Other income (expense), net	549	966	450	696	746	2,323	1,892
Total other income (expense), net	(\$4,560)	(\$22,272)	\$1,962	\$12,455	(\$4,596)	(\$908)	\$9,821
<b>Interest Income (Expense)</b>							
Interest expense	(\$5,155)	(\$5,963)	(\$5,165)	(\$5,151)	(\$4,889)	(\$13,482)	(\$15,205)
Interest and dividend income	716	1,744	1,190	964	863	3,255	3,017
Interest and dividend income of CIP <sup>1</sup>	26,596	26,678	27,402	29,368	30,290	71,678	87,060
Interest expense of CIP <sup>1</sup>	(16,959)	(18,002)	(19,701)	(31,077)	(21,252)	(46,786)	(72,030)
Total interest income (expense), net	\$5,198	\$4,457	\$3,726	(\$5,896)	\$5,012	\$14,665	\$2,842
<b>Income (Loss) Before Income Taxes</b>	<b>\$34,584</b>	<b>\$11,413</b>	<b>\$26,687</b>	<b>\$36,687</b>	<b>\$36,203</b>	<b>\$97,628</b>	<b>\$99,577</b>
Income tax expense (benefit)	6,653	10,320	4,219	8,788	10,844	22,641	23,851
<b>Net Income (Loss)</b>	<b>\$27,931</b>	<b>\$1,093</b>	<b>\$22,468</b>	<b>\$27,899</b>	<b>\$25,359</b>	<b>\$74,987</b>	<b>\$75,726</b>
Noncontrolling interests	(933)	1,068	(722)	(973)	(1,274)	(1,619)	(2,969)
<b>Net Income (Loss) Attributable to Stockholders</b>	<b>\$26,998</b>	<b>\$2,161</b>	<b>\$21,746</b>	<b>\$26,926</b>	<b>\$24,085</b>	<b>\$73,368</b>	<b>\$72,757</b>
Preferred stockholder dividends	(2,085)	(2,084)	(2,084)	(2,084)	(2,085)	(6,253)	(6,253)
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$24,913</b>	<b>\$77</b>	<b>\$19,662</b>	<b>\$24,842</b>	<b>\$22,000</b>	<b>\$67,115</b>	<b>\$66,504</b>
Weighted average shares outstanding - diluted	8,456	7,382	8,322	8,252	8,157	8,463	8,215
<b>Earnings (Loss) Per Share - Diluted</b>	<b>\$3.19</b>	<b>\$0.01</b>	<b>\$2.61</b>	<b>\$3.26</b>	<b>\$2.95</b>	<b>\$8.67</b>	<b>\$8.86</b>

\$ and shares in thousands

<sup>1</sup> CIP refers to Consolidated Investment Products, revenues and expenses generated by operating activities of mutual funds and collateralized loan obligations ("CLOs") that are consolidated in the financial statements

# ASSETS UNDER MANAGEMENT

## BY PRODUCT AND ASSET CLASS



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>
<b>Assets by Product</b>					
U.S. Retail Funds	\$44,074.3	\$36,778.1	\$39,587.1	\$40,152.0	\$39,886.4
Offshore Funds <sup>1</sup>	112.2	108.3	126.0	139.9	400.7
Variable Insurance Funds	985.3	823.6	919.5	931.6	902.6
<i>Total – Open-End Funds</i>	<i>\$45,171.8</i>	<i>\$37,710.0</i>	<i>\$40,632.6</i>	<i>\$41,223.5</i>	<i>\$41,189.7</i>
Closed-End Funds	\$6,342.2	\$5,956.0	\$6,553.2	\$6,653.1	\$6,815.7
Exchange Traded Funds	\$983.4	\$667.6	\$1,102.2	\$1,077.8	\$1,053.9
Intermediary Sold Managed Accounts	\$12,757.4	\$11,274.9	\$12,974.9	\$13,909.1	\$14,390.0
Private Client	4,060.1	3,723.5	4,148.3	4,350.4	4,472.7
<i>Total – Retail Separate Accounts</i>	<i>\$16,817.5</i>	<i>\$14,998.4</i>	<i>\$17,123.2</i>	<i>\$18,259.5</i>	<i>\$18,862.7</i>
Institutional Accounts	\$30,960.1	\$27,445.0	\$30,514.1	\$32,056.2	\$30,951.3
Structured Products	\$3,647.8	\$3,640.3	\$3,998.0	\$3,983.7	\$3,972.3
<b>Total – Long-Term</b>	<b>\$103,922.8</b>	<b>\$90,417.3</b>	<b>\$99,923.3</b>	<b>\$103,253.8</b>	<b>\$102,845.6</b>
Liquidity <sup>2</sup>	\$1,675.1	\$1,612.5	\$1,788.6	\$1,752.7	\$1,221.3
<b>Total</b>	<b>\$105,597.9</b>	<b>\$92,029.8</b>	<b>\$101,711.9</b>	<b>\$105,006.5</b>	<b>\$104,066.9</b>
<b>Assets by Asset Class</b>					
Equity	\$62,654.4	\$53,297.1	\$61,781.0	\$64,888.0	\$65,544.0
<i>% of total</i>	<i>60.3%</i>	<i>58.9%</i>	<i>61.8%</i>	<i>62.8%</i>	<i>63.7%</i>
Fixed Income <sup>2</sup>	36,819.9	33,425.2	33,674.4	32,982.5	31,703.9
<i>% of total</i>	<i>35.4%</i>	<i>37.0%</i>	<i>33.7%</i>	<i>31.9%</i>	<i>30.8%</i>
Alternatives <sup>3</sup>	4,448.5	3,695.0	4,467.9	5,383.3	5,597.7
<i>% of total</i>	<i>4.3%</i>	<i>4.1%</i>	<i>4.5%</i>	<i>5.3%</i>	<i>5.4%</i>
<b>Total – Long-Term</b>	<b>\$103,922.8</b>	<b>\$90,417.3</b>	<b>\$99,923.3</b>	<b>\$103,253.8</b>	<b>\$102,845.6</b>

\$ in millions

<sup>1</sup> Represents assets under management of Undertakings for Collective Investments in Transferable Securities (“UCITS”) and Irish Collective Asset-management Vehicles (“ICAV”)

<sup>2</sup> Includes assets under management in liquidity strategies, including both open-end funds and institutional accounts

<sup>3</sup> Consists of real estate securities, mid-stream energy securities and master limited partnerships, options strategies, and other

# ASSETS UNDER MANAGEMENT

## BY ASSET CLASS



	<u>9/30/18</u>	<u>12/31/18</u>	<u>3/31/19</u>	<u>6/30/19</u>	<u>9/30/19</u>
<b>Domestic Equity:</b>					
Large Cap	\$19,953.7	\$16,923.4	\$18,974.5	\$19,458.8	\$19,684.5
Mid Cap	7,617.8	6,706.5	8,067.1	9,128.7	9,797.6
Small Cap	19,823.0	16,223.8	19,000.2	19,938.0	19,963.7
<b>Total Domestic Equity</b>	<b>\$47,394.5</b>	<b>\$39,853.7</b>	<b>\$46,041.8</b>	<b>\$48,525.5</b>	<b>\$49,445.8</b>
<b>International Equity:</b>					
Developed Markets	\$7,909.7	\$7,116.4	\$8,763.7	\$9,287.0	\$9,010.0
Emerging Markets	7,350.2	6,327.0	6,975.5	7,075.5	7,088.2
<b>Total International Equity</b>	<b>\$15,259.9</b>	<b>\$13,443.4</b>	<b>\$15,739.2</b>	<b>\$16,362.5</b>	<b>\$16,098.2</b>
<b>Total Equity</b>	<b>\$62,654.4</b>	<b>\$53,297.1</b>	<b>\$61,781.0</b>	<b>\$64,888.0</b>	<b>\$65,544.0</b>
<b>Fixed Income:</b>					
Investment Grade	\$12,503.0	\$11,945.1	\$11,901.9	\$11,815.4	\$11,727.3
Leveraged Finance	16,453.4	14,475.0	14,526.5	13,951.6	12,731.2
Multi-Sector	7,863.5	7,005.1	7,246.0	7,215.5	7,245.4
<b>Total Fixed Income</b>	<b>\$36,819.9</b>	<b>\$33,425.2</b>	<b>\$33,674.4</b>	<b>\$32,982.5</b>	<b>\$31,703.9</b>
<b>Alternative:</b>					
Real Estate Securities	\$2,166.3	\$1,868.0	\$2,076.2	\$2,962.7	\$3,183.1
Mid-Stream Energy Securities	1,900.3	1,512.2	1,713.9	1,671.0	1,591.8
Other <sup>1</sup>	381.9	314.8	677.8	749.6	822.8
<b>Total Alternative</b>	<b>\$4,448.5</b>	<b>\$3,695.0</b>	<b>\$4,467.9</b>	<b>\$5,383.3</b>	<b>\$5,597.7</b>
<b>Total Long-Term Assets</b>	<b>\$103,922.8</b>	<b>\$90,417.3</b>	<b>\$99,923.3</b>	<b>\$103,253.8</b>	<b>\$102,845.6</b>
Liquidity <sup>2</sup>	\$1,675.1	\$1,612.5	\$1,788.6	\$1,752.7	\$1,221.3
<b>Total</b>	<b>\$105,597.9</b>	<b>\$92,029.8</b>	<b>\$101,711.9</b>	<b>\$105,006.5</b>	<b>\$104,066.9</b>

\$ in millions

<sup>1</sup> Includes option strategies, multi-strategy liquid alternatives and long/short equity

<sup>2</sup> Includes assets under management in liquidity strategies, including both open-end funds and institutional accounts

# ASSETS UNDER MANAGEMENT

## BY PRODUCT AND ASSET CLASS



	Open-end funds	Closed-end funds	Exchange traded funds	Retail separate accounts	Institutional	Structured products	Total as of 09/30/2019
<b>Domestic Equity:</b>							
Large Cap	\$3,414.1	\$4,049.3	-	\$2,604.1	\$9,617.0	-	\$19,684.5
Mid Cap	4,406.6	-	-	4,263.4	1,127.6	-	9,797.6
Small Cap	8,006.5	-	46.6	8,205.4	3,705.2	-	19,963.7
<b>Total Domestic Equity</b>	<b>\$15,827.2</b>	<b>\$4,049.3</b>	<b>\$46.6</b>	<b>\$15,072.9</b>	<b>\$14,449.8</b>	<b>-</b>	<b>\$49,445.8</b>
<b>International Equity:</b>							
Developed Markets	\$3,528.0	-	\$5.2	\$252.2	\$5,224.6	-	\$9,010.0
Emerging Markets	7,081.6	-	6.5	0.1	-	-	7,088.2
<b>Total International Equity</b>	<b>\$10,609.6</b>	<b>-</b>	<b>\$11.7</b>	<b>\$252.3</b>	<b>\$5,224.6</b>	<b>-</b>	<b>\$16,098.2</b>
<b>Total Equity</b>	<b>\$26,436.8</b>	<b>\$4,049.3</b>	<b>\$58.3</b>	<b>\$15,325.2</b>	<b>\$19,674.4</b>	<b>-</b>	<b>\$65,544.0</b>
<b>Fixed Income:</b>							
Investment Grade	\$2,082.4	\$1,090.4	-	\$1,761.1	\$6,793.4	-	\$11,727.3
Leveraged Finance	4,879.4	-	17.0	1,612.4	2,250.1	3,972.3	12,731.2
Multi-Sector	6,674.5	473.4	24.6	-	72.9	-	7,245.4
<b>Total Fixed Income</b>	<b>\$13,636.3</b>	<b>\$1,563.8</b>	<b>\$41.6</b>	<b>\$3,373.5</b>	<b>\$9,116.4</b>	<b>\$3,972.3</b>	<b>\$31,703.9</b>
<b>Alternative:</b>							
Real Estate Securities	\$984.6	\$13.0	\$32.7	\$109.1	\$2,043.7	-	\$3,183.1
Mid-Stream Energy Securities	28.1	1,189.6	370.4	-	3.7	-	1,591.8
Other <sup>1</sup>	103.9	-	550.9	54.9	113.1	-	822.8
<b>Total Alternative</b>	<b>\$1,116.6</b>	<b>\$1,202.6</b>	<b>\$954.0</b>	<b>\$164.0</b>	<b>\$2,160.5</b>	<b>-</b>	<b>\$5,597.7</b>
<b>Total Long-Term Assets</b>	<b>\$41,189.7</b>	<b>\$6,815.7</b>	<b>\$1,053.9</b>	<b>\$18,862.7</b>	<b>\$30,951.3</b>	<b>\$3,972.3</b>	<b>\$102,845.6</b>
Liquidity <sup>2</sup>	973.4	-	-	-	247.9	-	1,221.3
<b>Total</b>	<b>\$42,163.1</b>	<b>\$6,815.7</b>	<b>\$1,053.9</b>	<b>\$18,862.7</b>	<b>\$31,199.2</b>	<b>\$3,972.3</b>	<b>\$104,066.9</b>

\$ in millions

<sup>1</sup> Includes option strategies, multi-strategy liquid alternatives, and long/short equity

<sup>2</sup> Includes assets under management in liquidity strategies, including both open-end funds and institutional accounts

# ASSET FLOWS

## TOTAL/LONG-TERM



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Long-term</b>							
Beginning balance	\$89,833.6	\$103,922.8	\$90,417.3	\$99,923.3	\$103,253.8	\$88,834.5	\$90,417.3
Inflows	6,261.2	4,438.4	5,501.1	5,118.9	4,759.5	18,335.3	15,379.5
Outflows	(5,767.8)	(9,210.8)	(5,555.1)	(5,058.0)	(5,884.9)	(17,283.2)	(16,498.0)
Net Flows	493.4	(4,772.4)	(54.0)	60.9	(1,125.4)	1,052.1	(1,118.5)
Market performance	2,471.9	(8,122.7)	9,687.1	3,715.7	1,018.8	3,601.1	14,421.6
Other <sup>1</sup>	11,123.9	(610.4)	(127.1)	(446.1)	(301.6)	10,435.1	(874.8)
<b>Ending Balance - Long-Term</b>	<b>\$103,922.8</b>	<b>\$90,417.3</b>	<b>\$99,923.3</b>	<b>\$103,253.8</b>	<b>\$102,845.6</b>	<b>\$103,922.8</b>	<b>\$102,845.6</b>
<b>Ending Balance - Liquidity</b>	<b>1,675.1</b>	<b>1,612.5</b>	<b>1,788.6</b>	<b>1,752.7</b>	<b>1,221.3</b>	<b>1,675.1</b>	<b>1,221.3</b>
<b>Ending Balance - Total</b>	<b>\$105,597.9</b>	<b>\$92,029.8</b>	<b>\$101,711.9</b>	<b>\$105,006.5</b>	<b>\$104,066.9</b>	<b>\$105,597.9</b>	<b>\$104,066.9</b>

\$ in millions

<sup>1</sup> 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 PRODUCT



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>U.S. Retail Funds</b>							
Beginning balance	\$43,322.6	\$44,074.3	\$36,778.1	\$39,587.1	\$40,152.0	\$41,949.9	\$36,778.1
Inflows	3,791.8	2,873.3	2,969.3	2,483.9	2,945.8	11,881.6	8,399.0
Outflows	(3,416.3)	(6,709.0)	(3,821.2)	(3,175.4)	(3,117.6)	(10,190.9)	(10,114.2)
Net Flows	375.5	(3,835.7)	(851.9)	(691.5)	(171.8)	1,690.7	(1,715.2)
Market performance	430.0	(3,081.7)	3,708.9	1,425.6	(60.4)	632.0	5,074.1
Other <sup>1</sup>	(53.8)	(378.8)	(48.0)	(169.2)	(33.4)	(198.3)	(250.6)
<b>Ending Balance</b>	<b>\$44,074.3</b>	<b>\$36,778.1</b>	<b>\$39,587.1</b>	<b>\$40,152.0</b>	<b>\$39,886.4</b>	<b>\$44,074.3</b>	<b>\$39,886.4</b>
<b>Offshore Funds<sup>2</sup></b>							
Beginning balance	\$115.7	\$112.2	\$108.3	\$126.0	\$139.9	\$122.3	\$108.3
Inflows	9.9	11.1	23.2	21.1	27.4	43.3	71.7
Outflows	(14.7)	(14.3)	(14.5)	(9.1)	(15.0)	(48.9)	(38.6)
Net Flows	(4.8)	(3.2)	8.7	12.0	12.4	(5.6)	33.1
Market performance	1.5	(5.5)	9.4	2.2	(2.8)	3.2	8.8
Other <sup>1</sup>	(0.2)	4.8	(0.4)	(0.3)	251.2	(7.7)	250.5
<b>Ending Balance</b>	<b>\$112.2</b>	<b>\$108.3</b>	<b>\$126.0</b>	<b>\$139.9</b>	<b>\$400.7</b>	<b>\$112.2</b>	<b>\$400.7</b>

\$ in millions

<sup>1</sup> 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

<sup>2</sup> Represents assets under management of Undertakings for Collective Investments in Transferable Securities ("UCITS") and Irish Collective Asset-management Vehicles ("ICAV")

# ASSET FLOWS

## BY PRODUCT (CONTINUED)



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Variable Insurance Funds</b>							
Beginning balance	\$981.0	\$985.3	\$823.6	\$919.5	\$931.6	\$1,005.4	\$823.6
Inflows	5.7	4.2	7.2	5.1	8.6	22.7	20.9
Outflows	(34.1)	(27.2)	(31.7)	(29.7)	(31.6)	(108.1)	(93.0)
Net Flows	(28.4)	(23.0)	(24.5)	(24.6)	(23.0)	(85.4)	(72.1)
Market performance	32.6	(138.7)	120.4	36.7	(6.0)	69.2	151.1
Other <sup>1</sup>	0.1	-	-	-	-	(3.9)	-
<b>Ending Balance</b>	<b>\$985.3</b>	<b>\$823.6</b>	<b>\$919.5</b>	<b>\$931.6</b>	<b>\$902.6</b>	<b>\$985.3</b>	<b>\$902.6</b>
<b>Total Open End Funds</b>							
Beginning balance	\$44,419.3	\$45,171.8	\$37,710.0	\$40,632.6	\$41,223.5	\$43,077.6	\$37,710.0
Inflows	3,807.4	2,888.6	2,999.7	2,510.1	2,981.8	11,947.6	8,491.6
Outflows	(3,465.1)	(6,750.5)	(3,867.4)	(3,214.2)	(3,164.2)	(10,347.9)	(10,245.8)
Net Flows	342.3	(3,861.9)	(867.7)	(704.1)	(182.4)	1,599.7	(1,754.2)
Market performance	464.1	(3,225.9)	3,838.7	1,464.5	(69.2)	704.4	5,234.0
Other <sup>1</sup>	(53.9)	(374.0)	(48.4)	(169.5)	217.8	(209.9)	(0.1)
<b>Ending Balance</b>	<b>\$45,171.8</b>	<b>\$37,710.0</b>	<b>\$40,632.6</b>	<b>\$41,223.5</b>	<b>\$41,189.7</b>	<b>\$45,171.8</b>	<b>\$41,189.7</b>

\$ in millions

<sup>1</sup> 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 PRODUCT (CONTINUED)



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Closed-End Funds</b>							
Beginning balance	\$6,295.0	\$6,342.2	\$5,956.0	\$6,553.2	\$6,653.1	\$6,666.2	\$5,956.0
Inflows	12.9	8.2	11.5	8.7	14.0	13.4	34.2
Outflows	-	-	-	-	-	-	-
Net Flows	12.9	8.2	11.5	8.7	14.0	13.4	34.2
Market performance	124.4	(257.2)	661.9	182.4	246.0	(31.7)	1,090.3
Other <sup>1</sup>	(90.1)	(137.2)	(76.2)	(91.2)	(97.4)	(305.7)	(264.8)
<b>Ending Balance</b>	<b>\$6,342.2</b>	<b>\$5,956.0</b>	<b>\$6,553.2</b>	<b>\$6,653.1</b>	<b>\$6,815.7</b>	<b>\$6,342.2</b>	<b>\$6,815.7</b>
<b>Exchange Traded Funds</b>							
Beginning balance	\$1,029.9	\$983.4	\$667.6	\$1,102.2	\$1,077.8	\$1,039.2	\$667.6
Inflows	35.0	29.5	393.8	131.8	93.9	261.0	619.5
Outflows	(100.4)	(106.6)	(46.3)	(116.9)	(54.2)	(235.3)	(217.4)
Net Flows	(65.4)	(77.1)	347.5	14.9	39.7	25.7	402.1
Market performance	50.1	(200.7)	108.3	(4.8)	(36.3)	37.8	67.2
Other <sup>1</sup>	(31.2)	(38.0)	(21.2)	(34.5)	(27.3)	(119.3)	(83.0)
<b>Ending Balance</b>	<b>\$983.4</b>	<b>\$667.6</b>	<b>\$1,102.2</b>	<b>\$1,077.8</b>	<b>\$1,053.9</b>	<b>\$983.4</b>	<b>\$1,053.9</b>

\$ in millions

<sup>1</sup> 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 PRODUCT (CONTINUED)



	09/30/18	12/31/18	03/31/19	06/30/19	09/30/19	YTD:18	YTD:19
<b>Intermediary Sold Managed Accounts</b>							
Beginning balance	\$11,062.6	\$12,757.4	\$11,274.9	\$12,974.9	\$13,909.1	\$10,260.7	\$11,274.9
Inflows	771.0	580.5	588.3	608.4	635.0	1,979.6	1,831.7
Outflows	(461.0)	(389.8)	(377.4)	(385.6)	(347.9)	(1,517.9)	(1,110.9)
Net Flows	310.0	190.7	210.9	222.8	287.1	461.7	720.8
Market performance	513.8	(1,673.2)	1,525.1	735.9	267.7	1,164.0	2,528.7
Other <sup>1</sup>	871.0	-	(36.0)	(24.5)	(73.9)	871.0	(134.4)
<b>Ending Balance</b>	<b>\$12,757.4</b>	<b>\$11,274.9</b>	<b>\$12,974.9</b>	<b>\$13,909.1</b>	<b>\$14,390.0</b>	<b>\$12,757.4</b>	<b>\$14,390.0</b>
<b>Private Client</b>							
Beginning balance	\$3,615.8	\$4,060.1	\$3,723.5	\$4,148.3	\$4,350.4	\$3,676.1	\$3,723.5
Inflows	150.4	120.8	164.3	122.5	184.3	379.8	471.1
Outflows	(102.1)	(125.1)	(94.1)	(61.5)	(86.7)	(407.0)	(242.3)
Net Flows	48.3	(4.3)	70.2	61.0	97.6	(27.2)	228.8
Market performance	94.9	(332.2)	369.9	141.3	29.3	105.1	540.5
Other <sup>1</sup>	301.1	(0.1)	(15.3)	(0.2)	(4.6)	306.1	(20.1)
<b>Ending Balance</b>	<b>\$4,060.1</b>	<b>\$3,723.5</b>	<b>\$4,148.3</b>	<b>\$4,350.4</b>	<b>\$4,472.7</b>	<b>\$4,060.1</b>	<b>\$4,472.7</b>
<b>Total Retail Separate Accounts</b>							
Beginning balance	\$14,678.4	\$16,817.5	\$14,998.4	\$17,123.2	\$18,259.5	\$13,936.8	\$14,998.4
Inflows	921.4	701.3	752.6	730.9	819.3	2,359.4	2,302.8
Outflows	(563.1)	(514.9)	(471.5)	(447.1)	(434.6)	(1,924.9)	(1,353.2)
Net Flows	358.3	186.4	281.1	283.8	384.7	434.5	949.6
Market performance	608.7	(2,005.4)	1,895.0	877.2	297.0	1,269.1	3,069.2
Other <sup>1</sup>	1,172.1	(0.1)	(51.3)	(24.7)	(78.5)	1,177.1	(154.5)
<b>Ending Balance</b>	<b>\$16,817.5</b>	<b>\$14,998.4</b>	<b>\$17,123.2</b>	<b>\$18,259.5</b>	<b>\$18,862.7</b>	<b>\$16,817.5</b>	<b>\$18,862.7</b>

\$ in millions

<sup>1</sup>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 PRODUCT (CONTINUED)



	09/30/18	12/31/18	03/31/19	06/30/19	09/30/19	YTD:18	YTD:19
<b>Institutional Accounts</b>							
Beginning balance	\$19,726.6	\$30,960.1	\$27,445.0	\$30,514.1	\$32,056.2	\$20,815.9	\$27,445.0
Inflows	1,484.5	810.8	954.7	1,737.4	850.5	3,332.5	3,542.6
Outflows	(1,604.8)	(1,822.6)	(1,153.9)	(1,258.9)	(2,215.9)	(4,720.3)	(4,628.7)
Net Flows	(120.3)	(1,011.8)	(199.2)	478.5	(1,365.4)	(1,387.8)	(1,086.1)
Market performance	1,184.8	(2,490.5)	3,155.8	1,139.8	526.9	1,498.5	4,822.5
Other <sup>1</sup>	10,169.0	(12.8)	112.5	(76.2)	(266.4)	10,033.5	(230.1)
<b>Ending Balance</b>	<b>\$30,960.1</b>	<b>\$27,445.0</b>	<b>\$30,514.1</b>	<b>\$32,056.2</b>	<b>\$30,951.3</b>	<b>\$30,960.1</b>	<b>\$30,951.3</b>
<b>Structured Products</b>							
Beginning balance	\$3,684.4	\$3,647.8	\$3,640.3	\$3,998.0	\$3,983.7	\$3,298.8	\$3,640.3
Inflows	-	-	388.8	-	-	421.4	388.8
Outflows	(34.4)	(16.2)	(16.0)	(20.9)	(16.0)	(54.8)	(52.9)
Net Flows	(34.4)	(16.2)	372.8	(20.9)	(16.0)	366.6	335.9
Market performance	39.8	57.0	27.4	56.6	54.4	123.0	138.4
Other <sup>1</sup>	(42.0)	(48.3)	(42.5)	(50.0)	(49.8)	(140.6)	(142.3)
<b>Ending Balance</b>	<b>\$3,647.8</b>	<b>\$3,640.3</b>	<b>\$3,998.0</b>	<b>\$3,983.7</b>	<b>\$3,972.3</b>	<b>\$3,647.8</b>	<b>\$3,972.3</b>
<b>Liquidity</b>							
Beginning balance	\$1,784.9	\$1,675.1	\$1,612.5	\$1,788.6	\$1,752.7	\$2,128.7	\$1,612.5
Other <sup>1</sup>	(109.8)	(62.6)	176.1	(35.9)	(531.4)	(453.6)	(391.2)
<b>Ending Balance</b>	<b>\$1,675.1</b>	<b>\$1,612.5</b>	<b>\$1,788.6</b>	<b>\$1,752.7</b>	<b>\$1,221.3</b>	<b>\$1,675.1</b>	<b>\$1,221.3</b>

\$ in millions

<sup>1</sup>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

## OPEN-END FUNDS<sup>1</sup> BY ASSET CLASS



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Domestic Equity Funds</b>							
Beginning balance	\$14,677.1	\$15,979.3	\$12,778.0	\$14,855.5	\$15,773.0	\$12,023.3	\$12,778.0
Inflows	2,033.5	922.1	1,071.1	1,011.3	1,123.4	5,740.8	3,205.8
Outflows	(1,216.9)	(1,838.1)	(1,184.1)	(934.0)	(1,107.1)	(3,091.4)	(3,225.2)
Net Flows	816.6	(916.0)	(113.0)	77.3	16.3	2,649.4	(19.4)
Market performance	532.5	(2,153.2)	2,169.9	844.3	6.9	1,332.1	3,021.1
Other <sup>2</sup>	(46.9)	(132.1)	20.6	(4.1)	31.0	(25.5)	47.5
<b>Ending Balance</b>	<b>\$15,979.3</b>	<b>\$12,778.0</b>	<b>\$14,855.5</b>	<b>\$15,773.0</b>	<b>\$15,827.2</b>	<b>\$15,979.3</b>	<b>\$15,827.2</b>
<b>International Equity Funds</b>							
Beginning balance	\$10,532.4	\$10,205.9	\$8,727.2	\$9,925.1	\$10,316.3	\$11,296.0	\$8,727.2
Inflows	747.8	790.8	861.8	693.5	980.5	2,305.9	2,535.8
Outflows	(830.4)	(1,458.8)	(751.5)	(706.1)	(668.1)	(2,516.7)	(2,125.7)
Net Flows	(82.6)	(668.0)	110.3	(12.6)	312.4	(210.8)	410.1
Market performance	(286.9)	(640.8)	982.1	349.8	(259.4)	(892.4)	1,072.5
Other <sup>2</sup>	43.0	(169.9)	105.5	54.0	240.3	13.1	399.8
<b>Ending Balance</b>	<b>\$10,205.9</b>	<b>\$8,727.2</b>	<b>\$9,925.1</b>	<b>\$10,316.3</b>	<b>\$10,609.6</b>	<b>\$10,205.9</b>	<b>\$10,609.6</b>
<b>Total Equity Funds</b>							
Beginning balance	\$25,209.5	\$26,185.2	\$21,505.2	\$24,780.6	\$26,089.3	\$23,319.3	\$21,505.2
Inflows	2,781.3	1,712.9	1,932.9	1,704.8	2,103.9	8,046.7	5,741.6
Outflows	(2,047.3)	(3,296.9)	(1,935.6)	(1,640.1)	(1,775.2)	(5,608.1)	(5,350.9)
Net Flows	734.0	(1,584.0)	(2.7)	64.7	328.7	2,438.6	390.7
Market performance	245.6	(2,794.0)	3,152.0	1,194.1	(252.5)	439.7	4,093.6
Other <sup>2</sup>	(3.9)	(302.0)	126.1	49.9	271.3	(12.4)	447.3
<b>Ending Balance</b>	<b>\$26,185.2</b>	<b>\$21,505.2</b>	<b>\$24,780.6</b>	<b>\$26,089.3</b>	<b>\$26,436.8</b>	<b>\$26,185.2</b>	<b>\$26,436.8</b>

\$ in millions

<sup>1</sup>Represents assets under management of U.S. retail funds, offshore funds and variable insurance funds

<sup>2</sup>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

## OPEN-END FUNDS<sup>1</sup> BY ASSET CLASS (CONTINUED)



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Taxable Bond Funds<sup>2</sup></b>							
Beginning balance	\$17,044.7	\$16,913.7	\$14,507.3	\$14,142.2	\$13,541.3	\$17,363.0	\$14,507.3
Inflows	927.6	1,077.5	952.8	721.0	773.7	3,543.7	2,447.5
Outflows	(1,214.1)	(3,073.7)	(1,764.8)	(1,453.7)	(1,256.3)	(4,066.6)	(4,474.8)
Net Flows	(286.5)	(1,996.2)	(812.0)	(732.7)	(482.6)	(522.9)	(2,027.3)
Market performance	214.5	(357.8)	525.5	233.2	103.2	264.6	861.9
Other <sup>3</sup>	(59.0)	(52.4)	(78.6)	(101.4)	(44.4)	(191.0)	(224.4)
<b>Ending Balance</b>	<b>\$16,913.7</b>	<b>\$14,507.3</b>	<b>\$14,142.2</b>	<b>\$13,541.3</b>	<b>\$13,117.5</b>	<b>\$16,913.7</b>	<b>\$13,117.5</b>
<b>Non-Taxable Bond Funds</b>							
Beginning balance	\$854.0	\$815.5	\$666.9	\$647.8	\$532.0	\$933.5	\$666.9
Inflows	36.0	49.0	38.5	23.2	24.0	149.0	85.7
Outflows	(71.3)	(204.3)	(54.5)	(34.7)	(43.9)	(249.2)	(133.1)
Net Flows	(35.3)	(155.3)	(16.0)	(11.5)	(19.9)	(100.2)	(47.4)
Market performance	(2.7)	9.9	14.8	10.6	7.7	(8.3)	33.1
Other <sup>3</sup>	(0.5)	(3.2)	(17.9)	(114.9)	(1.0)	(9.5)	(133.8)
<b>Ending Balance</b>	<b>\$815.5</b>	<b>\$666.9</b>	<b>\$647.8</b>	<b>\$532.0</b>	<b>\$518.8</b>	<b>\$815.5</b>	<b>\$518.8</b>
<b>Total Fixed Income Funds</b>							
Beginning balance	\$17,898.7	\$17,729.2	\$15,174.2	\$14,790.0	\$14,073.3	\$18,296.5	\$15,174.2
Inflows	963.6	1,126.5	991.3	744.2	797.7	3,692.7	2,533.2
Outflows	(1,285.4)	(3,278.0)	(1,819.3)	(1,488.4)	(1,300.2)	(4,315.8)	(4,607.9)
Net Flows	(321.8)	(2,151.5)	(828.0)	(744.2)	(502.5)	(623.1)	(2,074.7)
Market performance	211.8	(347.9)	540.3	243.8	110.9	256.3	895.0
Other <sup>3</sup>	(59.5)	(55.6)	(96.5)	(216.3)	(45.4)	(200.5)	(358.2)
<b>Ending Balance</b>	<b>\$17,729.2</b>	<b>\$15,174.2</b>	<b>\$14,790.0</b>	<b>\$14,073.3</b>	<b>\$13,636.3</b>	<b>\$17,729.2</b>	<b>\$13,636.3</b>

\$ in millions

<sup>1</sup>Represents assets under management of U.S. retail funds, offshore funds and variable insurance funds

<sup>2</sup>Excludes open-end funds that employ liquidity strategies

<sup>3</sup>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

## OPEN-END FUNDS<sup>1</sup> BY ASSET CLASS (CONTINUED)



	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>09/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Alternative Funds<sup>2</sup></b>							
Beginning balance	\$1,311.1	\$1,257.4	\$1,030.6	\$1,062.0	\$1,060.9	\$1,461.8	\$1,030.6
Inflows	62.5	49.3	75.5	61.1	80.2	208.2	216.8
Outflows	(132.4)	(175.6)	(112.4)	(85.8)	(88.8)	(424.0)	(287.0)
Net Flows	(69.9)	(126.3)	(36.9)	(24.7)	(8.6)	(215.8)	(70.2)
Market performance	6.7	(84.0)	146.4	26.7	72.4	8.4	245.5
Other <sup>3</sup>	9.5	(16.5)	(78.1)	(3.1)	(8.1)	3.0	(89.3)
<b>Ending Balance</b>	<b>\$1,257.4</b>	<b>\$1,030.6</b>	<b>\$1,062.0</b>	<b>\$1,060.9</b>	<b>\$1,116.6</b>	<b>\$1,257.4</b>	<b>\$1,116.6</b>

\$ in millions

<sup>1</sup>Represents assets under management of U.S. retail funds, offshore funds and variable insurance funds

<sup>2</sup>Consists of real estate securities, mid-stream energy securities and master limited partnerships, options strategies, and other

<sup>3</sup>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

# INVESTMENT MANAGEMENT FEES

## AVERAGE NET MANAGEMENT FEES BY PRODUCT (UNAUDITED)



	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Average Net Management Fees<sup>1</sup></b> <i>(in basis points, annualized)</i>							
U.S. Retail Funds	54.1	53.9	54.2	55.5	56.3	52.0	55.1
Offshore Funds <sup>2</sup>	40.7	29.6	23.9	-	40.2	11.4	19.4
Variable Insurance Funds	65.3	62.8	63.4	64.1	62.7	64.8	63.3
<i>Total Open-End Funds</i>	<i>54.3</i>	<i>54.0</i>	<i>54.3</i>	<i>55.4</i>	<i>56.3</i>	<i>52.2</i>	<i>55.1</i>
Closed-End Funds	65.9	65.5	64.9	65.0	64.7	66.1	64.5
Exchange Traded Funds	13.7	12.6	10.5	12.7	13.4	15.5	12.2
Intermediary Sold Managed Accounts	38.3	37.9	37.7	37.6	37.6	37.6	36.8
Private Client	84.6	77.8	79.6	79.8	79.3	81.2	78.3
<i>Total Retail Separate Accounts</i>	<i>49.2</i>	<i>47.5</i>	<i>48.1</i>	<i>47.8</i>	<i>47.5</i>	<i>48.5</i>	<i>46.8</i>
Institutional Accounts <sup>3</sup>	31.9	29.2	30.6	30.8	31.8	31.9	30.9
Structured Products <sup>4</sup>	60.0	36.7	37.1	35.3	37.3	45.2	36.3
<i>Total Long-Term Assets<sup>5</sup></i>	<i>47.4</i>	<i>45.3</i>	<i>45.6</i>	<i>46.0</i>	<i>46.6</i>	<i>46.7</i>	<i>45.7</i>
Liquidity <sup>6</sup>	10.1	9.9	9.9	10.6	10.7	10.5	10.4
<b>Total</b>	<b>46.8</b>	<b>44.7</b>	<b>45.0</b>	<b>45.3</b>	<b>46.0</b>	<b>46.1</b>	<b>45.1</b>

\$ in millions

<sup>1</sup>Represents net investment management fees divided by average assets. Net investment management fees are investment management fees, as adjusted, less fees paid to third-party service providers for investment management related services, which impacted the fee rate in the three months ended September 30, 2019 for each of Open-End Funds and All Products by 0.3 basis points

<sup>2</sup>Represents assets under management of Undertakings for Collective Investments in Transferable Securities ("UCITS") and Irish Collective Asset-management Vehicles ("ICAV")

<sup>3</sup>Includes incentive fees earned during the three months ended September 30, 2018, December 31, 2018, March 31, 2019, June 30, 2019 and September 30, 2019 that impacted the fee rate by 1.8 basis points, 0.2 basis points, 0.5 basis points, 0.2 basis points and 1.5 basis points, respectively

<sup>4</sup>Includes incentive fees earned during the three months ended September 30, 2018 and December 31, 2018 that impacted the fee rate by 24.6 and 0.9 basis points, respectively

<sup>5</sup>Includes incentive fees earned during the three months ended September 30, 2018, December 31, 2018, March 31, 2019 and September 30, 2019 that impacted the fee rate by 1.4, 0.1, 0.2 and 0.5 basis points, respectively

<sup>6</sup>Includes assets under management in liquidity strategies, including both open-end funds and institutional accounts

# INVESTMENT MANAGEMENT FEES



## AVERAGE ASSETS BY PRODUCT (UNAUDITED)

	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Average Assets by Product<sup>1</sup></b>							
U.S. Retail Funds	\$44,029.2	\$40,596.9	\$38,520.9	\$39,898.5	\$40,224.2	\$43,175.4	\$39,716.9
Offshore Funds <sup>2</sup>	113.9	113.5	119.2	133.5	312.3	120.1	219.3
Variable Insurance Funds	994.0	891.4	891.8	929.2	920.7	1,000.9	915.6
<i>Total – Open-End Funds</i>	<i>\$45,137.1</i>	<i>\$41,601.8</i>	<i>\$39,531.9</i>	<i>\$40,961.2</i>	<i>\$41,457.2</i>	<i>\$44,296.4</i>	<i>\$40,851.9</i>
Closed-End Funds	\$6,386.7	\$6,235.0	\$6,258.3	\$6,550.5	\$6,648.6	\$6,300.0	\$6,526.5
Exchange Traded Funds	\$1,035.9	\$831.2	\$870.8	\$1,081.4	\$1,048.1	\$1,036.1	\$1,012.1
Intermediary Sold Managed Accounts	\$11,882.5	\$12,757.4	\$11,274.9	\$12,975.0	\$13,909.2	\$10,883.8	\$13,017.1
Private Client	3,654.2	4,060.1	3,723.5	4,148.3	4,350.3	3,602.5	4,143.1
<i>Total – Retail Separate Accounts</i>	<i>\$15,536.7</i>	<i>\$16,817.5</i>	<i>\$14,998.4</i>	<i>\$17,123.3</i>	<i>\$18,259.5</i>	<i>\$14,486.3</i>	<i>\$17,160.2</i>
Institutional Accounts	\$30,583.4	\$29,171.7	\$29,353.8	\$30,771.1	\$31,462.5	\$23,563.8	\$30,762.5
Structured Products	\$3,635.7	\$3,627.2	\$3,668.3	\$3,968.2	\$3,957.1	\$3,645.4	\$3,887.7
<i>Total – Long-Term Assets</i>	<i>\$102,315.5</i>	<i>\$98,284.4</i>	<i>\$94,681.5</i>	<i>\$100,455.7</i>	<i>\$102,833.1</i>	<i>\$93,328.0</i>	<i>\$100,200.8</i>
Liquidity <sup>3</sup>	\$1,750.3	\$1,606.7	\$1,725.5	\$1,769.5	\$1,710.2	\$1,745.8	\$1,728.9
<b>Total</b>	<b>\$104,065.8</b>	<b>\$99,891.1</b>	<b>\$96,407.0</b>	<b>\$102,225.2</b>	<b>\$104,543.3</b>	<b>\$95,073.8</b>	<b>\$101,929.7</b>

\$ in millions

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

<sup>2</sup>Represents assets under management of Undertakings for Collective Investments in Transferable Securities (“UCITS”) and Irish Collective Asset-management Vehicles (“ICAV”)

<sup>3</sup>Includes assets under management in liquidity strategies, including both open-end funds and institutional accounts

# RECONCILIATION: U.S. GAAP TO NON-GAAP

Q3 2019 (UNAUDITED)



	Reclassifications			Adjustments					Non-GAAP Basis
	U.S. GAAP Basis	Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and Severance	Seed capital and CLO investments	Acquisition and integration related	Other	
<b>Revenues</b>									
Investment management fees	120,023	-	2,052	-	-	-	-	-	122,075
Distribution and service fees	10,442	-	9	-	-	-	-	-	10,451
Administration and transfer agent fees	15,280	-	49	-	-	-	-	-	15,329
Other income and fees	210	-	-	-	-	-	-	-	210
Distribution and other asset-based expenses	-	(20,927)	-	-	-	-	-	-	(20,927)
Total revenues	145,955	(20,927)	2,110	-	-	-	-	-	127,138
<b>Operating Expenses</b>									
Employment expenses	61,282	-	-	-	-	-	(1,223)	-	60,059
Distribution and other asset-based expenses	20,927	(20,927)	-	-	-	-	-	-	-
Other operating expenses	18,228	-	-	-	-	-	(81)	-	18,147
Operating expenses of CIP	376	-	(376)	-	-	-	-	-	-
Restructuring and severance	523	-	-	-	(523)	-	-	-	-
Depreciation expense	1,245	-	-	-	-	-	-	-	1,245
Amortization expense	7,587	-	-	(7,587)	-	-	-	-	-
Total operating expenses	110,168	(20,927)	(376)	(7,587)	(523)	-	(1,304)	-	79,451
<b>Operating Income (Loss)</b>	35,787	-	2,486	7,587	523	-	1,304	-	47,687
<b>Other Income (Expense)</b>									
Realized and unrealized gain (loss) on investments, net	2	-	(1,484)	-	-	1,771	-	-	289
Realized and unrealized gain (loss) of CIP, net	(5,344)	-	5,344	-	-	-	-	-	-
Other income (expense), net	746	-	(267)	-	-	267	-	-	746
Total other income (expense), net	(4,596)	-	3,593	-	-	2,038	-	-	1,035
<b>Interest Income (Expense)</b>									
Interest expense	(4,889)	-	-	-	-	-	-	-	(4,889)
Interest and dividend income	863	-	2,592	-	-	-	-	-	3,455
Interest and dividend income of investments in CIP	30,290	-	(30,290)	-	-	-	-	-	-
Interest expense of CIP	(21,252)	-	21,252	-	-	-	-	-	-
Total interest income (expense), net	5,012	-	(6,446)	-	-	-	-	-	(1,434)
<b>Income (Loss) Before Income Taxes</b>	36,203	-	(367)	7,587	523	2,038	1,304	-	47,288
Income tax expense (benefit)	10,844	-	-	2,042	141	(507)	351	(146)	12,725
<b>Net Income (Loss)</b>	25,359	-	(367)	5,545	382	2,545	953	146	34,563
Noncontrolling interests	(1,274)	-	367	(742)	-	-	-	-	(1,649)
<b>Net Income (Loss) Attributable to Stockholders</b>	24,085	-	-	4,803	382	2,545	953	146	32,914
Preferred stockholder dividends	(2,085)	-	-	-	-	-	-	2,085	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	22,000	-	-	4,803	382	2,545	953	2,231	32,914
Earnings (Loss) Per Share - Diluted	2.95								4.03
Weighted Average Shares Outstanding - Diluted (Thousands)	8,157								8,157

\$ and share counts in thousands, except per share data  
See notes to reconciliation starting on page 43

# RECONCILIATION: U.S. GAAP TO NON-GAAP



Q2 2019 (UNAUDITED)

	Reclassifications			Adjustments					Non-GAAP Basis
	U.S. GAAP Basis	Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and Severance	Seed capital and CLO investments	Acquisition and integration related	Other	
<b>Revenues</b>									
Investment management fees	114,591	-	1,837	-	-	-	-	-	116,428
Distribution and service fees	10,617	-	3	-	-	-	-	-	10,620
Administration and transfer agent fees	15,054	-	27	-	-	-	-	-	15,081
Other income and fees	227	-	-	-	-	-	-	-	227
Distribution and other asset-based expenses	-	(21,322)	-	-	-	-	-	-	(21,322)
Total revenues	140,489	(21,322)	1,867	-	-	-	-	-	121,034
<b>Operating Expenses</b>									
Employment expenses	58,123	-	-	-	-	-	(1,115)	-	57,008
Distribution and other asset-based expenses	21,322	(21,322)	-	-	-	-	-	-	-
Other operating expenses	19,174	-	-	-	-	-	(119)	-	19,055
Operating expenses of CIP	2,568	-	(2,568)	-	-	-	-	-	-
Restructuring and severance	320	-	-	-	(320)	-	-	-	-
Depreciation expense	1,271	-	-	-	-	-	-	-	1,271
Amortization expense	7,583	-	-	(7,583)	-	-	-	-	-
Total operating expenses	110,361	(21,322)	(2,568)	(7,583)	(320)	-	(1,234)	-	77,334
<b>Operating Income (Loss)</b>	30,128	-	4,435	7,583	320	-	1,234	-	43,700
<b>Other Income (Expense)</b>									
Realized and unrealized gain (loss) on investments, net	2,039	-	128	-	-	(2,065)	-	-	102
Realized and unrealized gain (loss) of CIP, net	9,720	-	(9,720)	-	-	-	-	-	-
Other income (expense), net	696	-	381	-	-	(381)	-	-	696
Total other income (expense), net	12,455	-	(9,211)	-	-	(2,446)	-	-	798
<b>Interest Income (Expense)</b>									
Interest expense	(5,151)	-	-	-	-	-	-	-	(5,151)
Interest and dividend income	964	-	2,844	-	-	-	-	-	3,808
Interest and dividend income of investments in CIP	29,368	-	(29,368)	-	-	-	-	-	-
Interest expense of CIP	(31,077)	-	31,077	-	-	-	-	-	-
Total interest income (expense), net	(5,896)	-	4,553	-	-	-	-	-	(1,343)
<b>Income (Loss) Before Income Taxes</b>	36,687	-	(223)	7,583	320	(2,446)	1,234	-	43,155
Income tax expense (benefit)	8,788	-	-	2,050	87	58	334	351	11,668
<b>Net Income (Loss)</b>	27,899	-	(223)	5,533	233	(2,504)	900	(351)	31,487
Noncontrolling interests	(973)	-	223	(747)	-	-	-	-	(1,497)
<b>Net Income (Loss) Attributable to Stockholders</b>	26,926	-	-	4,786	233	(2,504)	900	(351)	29,990
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	24,842	-	-	4,786	233	(2,504)	900	1,733	29,990
Earnings (Loss) Per Share - Diluted	3.26								3.63
Weighted Average Shares Outstanding - Diluted (Thousands)	8,252								8,252

\$ and share counts in thousands, except per share data  
See notes to reconciliation starting on page 43

# RECONCILIATION: U.S. GAAP TO NON-GAAP



Q1 2019 (UNAUDITED)

	U.S. GAAP Basis	Reclassifications		Adjustments				Non-GAAP Basis	
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and Severance	Seed capital and CLO investments	Acquisition and integration related		Other
<b>Revenues</b>									
Investment management fees	105,918	-	1,654	-	-	-	-	-	107,572
Distribution and service fees	10,063	-	3	-	-	-	-	-	10,066
Administration and transfer agent fees	14,413	-	27	-	-	-	-	-	14,440
Other income and fees	324	-	-	-	-	-	-	-	324
Distribution and other asset-based expenses	-	(19,764)	-	-	-	-	-	-	(19,764)
Total revenues	130,718	(19,764)	1,684	-	-	-	-	-	112,638
<b>Operating Expenses</b>									
Employment expenses	60,851	-	-	-	-	-	(1,433)	-	59,418
Distribution and other asset-based expenses	19,764	(19,764)	-	-	-	-	-	-	-
Other operating expenses	18,723	-	-	-	-	-	(47)	(180)	18,496
Operating expenses of CIP	451	-	(451)	-	-	-	-	-	-
Restructuring and severance	1,176	-	-	-	(1,176)	-	-	-	-
Depreciation expense	1,213	-	-	-	-	-	-	-	1,213
Amortization expense	7,541	-	-	(7,541)	-	-	-	-	-
Total operating expenses	109,719	(19,764)	(451)	(7,541)	(1,176)	-	(1,480)	(180)	79,127
<b>Operating Income (Loss)</b>	20,999	-	2,135	7,541	1,176	-	1,480	180	33,511
<b>Other Income (Expense)</b>									
Realized and unrealized gain (loss) on investments, net	3,433	-	1,431	-	-	(4,505)	-	-	359
Realized and unrealized gain (loss) of CIP, net	(1,921)	-	1,921	-	-	-	-	-	-
Other income (expense), net	450	-	(710)	-	-	710	-	-	450
Total other income (expense), net	1,962	-	2,642	-	-	(3,795)	-	-	809
<b>Interest Income (Expense)</b>									
Interest expense	(5,165)	-	-	-	-	-	-	-	(5,165)
Interest and dividend income	1,190	-	3,038	-	-	-	-	-	4,228
Interest and dividend income of investments in CIP	27,402	-	(27,402)	-	-	-	-	-	-
Interest expense of CIP	(19,701)	-	19,701	-	-	-	-	-	-
Total interest income (expense), net	3,726	-	(4,663)	-	-	-	-	-	(937)
<b>Income (Loss) Before Income Taxes</b>	26,687	-	114	7,541	1,176	(3,795)	1,480	180	33,383
Income tax expense (benefit)	4,219	-	-	2,047	319	769	402	1,306	9,062
<b>Net Income (Loss)</b>	22,468	-	114	5,494	857	(4,564)	1,078	(1,126)	24,321
Noncontrolling interests	(722)	-	(114)	(755)	-	-	-	-	(1,591)
<b>Net Income (Loss) Attributable to Stockholders</b>	21,746	-	-	4,739	857	(4,564)	1,078	(1,126)	22,730
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	19,662	-	-	4,739	857	(4,564)	1,078	958	22,730
Earnings (Loss) Per Share - Diluted	2.61	-	-	-	-	-	-	-	2.73
Weighted Average Shares Outstanding - Diluted (Thousands)	8,322	-	-	-	-	-	-	-	8,322

\$ and share counts in thousands, except per share data  
See notes to reconciliation starting on page 43

# RECONCILIATION: U.S. GAAP TO NON-GAAP

Q4 2018 (UNAUDITED)



	U.S. GAAP Basis	Reclassifications		Adjustments				Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and Severance	Seed capital and CLO investments	Acquisition and integration related	
<b>Revenues</b>								
Investment management fees	111,664	-	1,589	-	-	-	-	113,253
Distribution and service fees	10,829	-	2	-	-	-	-	10,831
Administration and transfer agent fees	15,342	-	24	-	-	-	-	15,366
Other income and fees	230	-	-	-	-	-	-	230
Distribution and other asset-based expenses	-	(21,043)	-	-	-	-	-	(21,043)
Total revenues	138,065	(21,043)	1,615	-	-	-	-	118,637
<b>Operating Expenses</b>								
Employment expenses	59,668	-	-	-	-	-	(1,595)	58,073
Distribution and other asset-based expenses	21,043	(21,043)	-	-	-	-	-	-
Other operating expenses	18,513	-	-	-	-	-	(363)	17,812
Operating expenses of CIP	692	-	(692)	-	-	-	-	-
Restructuring and severance	87	-	-	-	(366)	-	279	-
Depreciation expense	1,293	-	-	-	-	-	-	1,293
Amortization expense	7,541	-	-	(7,541)	-	-	-	-
Total operating expenses	108,837	(21,043)	(692)	(7,541)	(366)	-	(1,679)	77,178
<b>Operating Income (Loss)</b>	29,228	-	2,307	7,541	366	-	1,679	41,459
<b>Other Income (Expense)</b>								
Realized and unrealized gain (loss) on investments, net	(6,241)	-	(8,007)	-	-	14,004	-	(244)
Realized and unrealized gain (loss) of CIP, net	(16,997)	-	16,997	-	-	-	-	-
Other income (expense), net	966	-	(4,435)	-	-	4,741	-	1,272
Total other income (expense), net	(22,272)	-	4,555	-	-	18,745	-	1,028
<b>Interest Income (Expense)</b>								
Interest expense	(5,963)	-	-	-	-	-	-	(5,963)
Interest and dividend income	1,744	-	3,082	-	-	-	-	4,826
Interest and dividend income of investments in CIP	26,678	-	(26,678)	-	-	-	-	-
Interest expense of CIP	(18,002)	-	18,002	-	-	-	-	-
Total interest income (expense), net	4,457	-	(5,594)	-	-	-	-	(1,137)
<b>Income (Loss) Before Income Taxes</b>	11,413	-	1,268	7,541	366	18,745	1,679	41,350
Income tax expense (benefit)	10,320	-	-	2,102	102	(900)	468	11,526
<b>Net Income (Loss)</b>	1,093	-	1,268	5,439	264	19,645	1,211	29,824
Noncontrolling interests	1,068	-	(1,268)	(755)	-	(10)	(37)	(1,002)
<b>Net Income (Loss) Attributable to Stockholders</b>	2,161	-	-	4,684	264	19,635	1,174	28,822
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084
<b>Net Income (Loss) Attributable to Common Stockholders</b>	77	-	-	4,684	264	19,635	1,174	28,822
Earnings (Loss) Per Share - Diluted	0.01	-	-	-	-	-	-	3.42
Weighted Average Shares Outstanding - Diluted (Thousands)	7,382	-	-	-	-	-	-	8,429

\$ and share counts in thousands, except per share data  
See notes to reconciliation starting on page 43

# RECONCILIATION: U.S. GAAP TO NON-GAAP



Q3 2018 (UNAUDITED)

	Reclassifications			Adjustments				Non-GAAP Basis
	U.S. GAAP Basis	Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration related	Other	
<b>Revenues</b>								
Investment management fees	121,713	-	1,666	-	-	-	-	123,379
Distribution and service fees	13,730	-	4	-	-	-	-	13,734
Administration and transfer agent fees	16,567	-	12	-	-	-	-	16,579
Other income and fees	200	-	-	-	-	-	-	200
Distribution and other asset-based expenses	-	(25,386)	-	-	-	-	-	(25,386)
Total revenues	152,210	(25,386)	1,682	-	-	-	-	128,506
<b>Operating Expenses</b>								
Employment expenses	63,269	-	-	-	-	(1,561)	-	61,708
Distribution and other asset-based expenses	25,386	(25,386)	-	-	-	-	-	-
Other operating expenses	20,350	-	-	-	-	(2,729)	(228)	17,393
Operating expenses of CIP	529	-	(529)	-	-	-	-	-
Depreciation expense	1,189	-	-	-	-	-	-	1,189
Amortization expense	7,541	-	-	(7,541)	-	-	-	-
Total operating expenses	118,264	(25,386)	(529)	(7,541)	-	(4,290)	(228)	80,290
<b>Operating Income (Loss)</b>	33,946	-	2,211	7,541	-	4,290	228	48,216
<b>Other Income (Expense)</b>								
Realized and unrealized gain (loss) on investments, net	(374)	-	(718)	-	1,102	-	-	10
Realized and unrealized gain (loss) of CIP, net	(4,735)	-	4,735	-	-	-	-	-
Other income (expense), net	549	-	131	-	(131)	-	-	549
Total other income (expense), net	(4,560)	-	4,148	-	971	-	-	559
<b>Interest Income (Expense)</b>								
Interest expense	(5,155)	-	-	-	-	-	-	(5,155)
Interest and dividend income	716	-	3,132	-	-	-	-	3,848
Interest and dividend income of investments in CIP	26,596	-	(26,596)	-	-	-	-	-
Interest expense of CIP	(16,959)	-	16,959	-	-	-	-	-
Total interest income (expense), net	5,198	-	(6,505)	-	-	-	-	(1,307)
<b>Income (Loss) Before Income Taxes</b>	34,584	-	(146)	7,541	971	4,290	228	47,468
Income tax expense (benefit)	6,653	-	-	2,014	2,388	1,146	477	12,678
<b>Net Income (Loss)</b>	27,931	-	(146)	5,527	(1,417)	3,144	(249)	34,790
Noncontrolling interests	(933)	-	146	(755)	-	-	-	(1,542)
<b>Net Income (Loss) Attributable to Stockholders</b>	26,998	-	-	4,772	(1,417)	3,144	(249)	33,248
Preferred stockholder dividends	(2,085)	-	-	-	-	-	2,085	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	24,913	-	-	4,772	(1,417)	3,144	1,836	33,248
Earnings (Loss) Per Share - Diluted	3.19	-	-	-	-	-	-	3.93
Weighted Average Shares Outstanding - Diluted (Thousands)	8,456	-	-	-	-	-	-	8,456

\$ and share counts in thousands, except per share data  
See notes to reconciliation starting on page 43

# RECONCILIATION: U.S. GAAP TO NON-GAAP



2019 YTD (UNAUDITED)

	U.S. GAAP Basis	Reclassifications		Adjustments					Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and Severance	Seed capital and CLO investments	Acquisition and integration related	Other	
<b>Revenues</b>									
Investment management fees	340,532	-	5,543	-	-	-	-	-	346,075
Distribution and service fees	31,122	-	15	-	-	-	-	-	31,137
Administration and transfer agent fees	44,747	-	103	-	-	-	-	-	44,850
Other income and fees	761	-	-	-	-	-	-	-	761
Distribution and other asset-based expenses	-	(62,013)	-	-	-	-	-	-	(62,013)
Total revenues	417,162	(62,013)	5,661	-	-	-	-	-	360,810
<b>Operating Expenses</b>									
Employment expenses	180,256	-	-	-	-	-	(3,771)	-	176,485
Distribution and other asset-based expenses	62,013	(62,013)	-	-	-	-	-	-	-
Other operating expenses	56,125	-	-	-	-	-	(247)	(180)	55,698
Operating expenses of CIP	3,395	-	(3,395)	-	-	-	-	-	-
Restructuring and severance	2,019	-	-	-	(2,019)	-	-	-	-
Depreciation expense	3,729	-	-	-	-	-	-	-	3,729
Amortization expense	22,711	-	-	(22,711)	-	-	-	-	-
Total operating expenses	330,248	(62,013)	(3,395)	(22,711)	(2,019)	-	(4,018)	(180)	235,912
<b>Operating Income (Loss)</b>	86,914	-	9,056	22,711	2,019	-	4,018	180	124,898
<b>Other Income (Expense)</b>									
Realized and unrealized gain (loss) on investments, net	5,474	-	74	-	-	(4,798)	-	-	750
Realized and unrealized gain (loss) of CIP, net	2,455	-	(2,455)	-	-	-	-	-	-
Other income (expense), net	1,892	-	(596)	-	-	596	-	-	1,892
Total other income (expense), net	9,821	-	(2,977)	-	-	(4,202)	-	-	2,642
<b>Interest Income (Expense)</b>									
Interest expense	(15,205)	-	-	-	-	-	-	-	(15,205)
Interest and dividend income	3,017	-	8,474	-	-	-	-	-	11,491
Interest and dividend income of investments in CIP	87,060	-	(87,060)	-	-	-	-	-	-
Interest expense of CIP	(72,030)	-	72,030	-	-	-	-	-	-
Total interest income (expense), net	2,842	-	(6,556)	-	-	-	-	-	(3,714)
<b>Income (Loss) Before Income Taxes</b>	99,577	-	(477)	22,711	2,019	(4,202)	4,018	180	123,826
Income tax expense (benefit)	23,851	-	-	6,139	547	320	1,087	1,511	33,455
<b>Net Income (Loss)</b>	75,726	-	(477)	16,572	1,472	(4,522)	2,931	(1,331)	90,371
Noncontrolling interests	(2,969)	-	477	(2,245)	-	-	-	-	(4,737)
<b>Net Income (Loss) Attributable to Stockholders</b>	72,757	-	-	14,327	1,472	(4,522)	2,931	(1,331)	85,634
Preferred stockholder dividends	(6,253)	-	-	-	-	-	-	6,253	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	66,504	-	-	14,327	1,472	(4,522)	2,931	4,922	85,634
Earnings (Loss) Per Share - Diluted	8.86	-	-	-	-	-	-	-	10.42
Weighted Average Shares Outstanding - Diluted (Thousands)	8,215	-	-	-	-	-	-	-	8,215

\$ and share counts in thousands, except per share data  
See notes to reconciliation starting on page 43

# RECONCILIATION: U.S. GAAP TO NON-GAAP



2018 YTD (UNAUDITED)

	Reclassifications			Adjustments				Non-GAAP Basis	
	U.S. GAAP Basis	Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Restructuring and Severance	Seed capital and CLO investments	Acquisition and integration related		Other
<b>Revenues</b>									
Investment management fees	325,357	-	4,628	-	-	-	-	-	329,985
Distribution and service fees	39,886	-	12	-	-	-	-	-	39,898
Administration and transfer agent fees	48,272	-	41	-	-	-	-	-	48,313
Other income and fees	655	-	-	-	-	-	-	-	655
Distribution and other asset-based expenses	-	(71,398)	-	-	-	-	-	-	(71,398)
Total revenues	414,170	(71,398)	4,681	-	-	-	-	-	347,453
<b>Operating Expenses</b>									
Employment expenses	178,833	-	-	-	-	-	(4,672)	-	174,161
Distribution and other asset-based expenses	71,398	(71,398)	-	-	-	-	-	-	-
Other operating expenses	56,340	-	-	-	-	-	(4,686)	(341)	51,313
Operating expenses of CIP	2,823	-	(2,823)	-	-	-	-	-	-
Restructuring and severance	-	-	-	-	-	-	-	-	-
Depreciation expense	3,304	-	-	-	-	-	-	-	3,304
Amortization expense	17,601	-	-	(17,601)	-	-	-	-	-
Total operating expenses	330,299	(71,398)	(2,823)	(17,601)	-	-	(9,358)	(341)	228,778
<b>Operating Income (Loss)</b>	83,871	-	7,504	17,601	-	-	9,358	341	118,675
<b>Other Income (Expense)</b>									
Realized and unrealized gain (loss) on investments, net	1,024	-	(869)	-	-	(206)	-	-	(51)
Realized and unrealized gain (loss) of CIP, net	(4,255)	-	4,255	-	-	-	-	-	-
Other income (expense), net	2,323	-	4,053	-	-	(4,053)	-	-	2,323
Total other income (expense), net	(908)	-	7,439	-	-	(4,259)	-	-	2,272
<b>Interest Income (Expense)</b>									
Interest expense	(13,482)	-	-	-	-	-	660	-	(12,822)
Interest and dividend income	3,255	-	9,117	-	-	-	-	-	12,372
Interest and dividend income of investments in CIP	71,678	-	(71,678)	-	-	-	-	-	-
Interest expense of CIP	(46,786)	-	46,786	-	-	-	-	-	-
Total interest income (expense), net	14,665	-	(15,775)	-	-	-	660	-	(450)
<b>Income (Loss) Before Income Taxes</b>	97,628	-	(832)	17,601	-	(4,259)	10,018	341	120,497
Income tax expense (benefit)	22,641	-	-	4,831	-	2,133	2,749	834	33,188
<b>Net Income (Loss)</b>	74,987	-	(832)	12,770	-	(6,392)	7,269	(493)	87,309
Noncontrolling interests	(1,619)	-	832	(755)	-	-	-	-	(1,542)
<b>Net Income (Loss) Attributable to Stockholders</b>	73,368	-	-	12,015	-	(6,392)	7,269	(493)	85,767
Preferred stockholder dividends	(6,253)	-	-	-	-	-	-	6,253	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	67,115	-	-	12,015	-	(6,392)	7,269	5,760	85,767
Earnings (Loss) Per Share - Diluted	8.67								10.13
Weighted Average Shares Outstanding - Diluted (Thousands)	8,463								8,463

\$ and share counts in thousands, except per share data  
See notes to reconciliation starting on page 43

# RECONCILIATION: U.S. GAAP TO NON-GAAP (UNAUDITED)



	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Weighted average shares outstanding - diluted</b>							
Weighted average shares outstanding - diluted, GAAP	8,456	7,382	8,322	8,252	8,157	8,463	8,215
Preferred stock <sup>1</sup>	-	1,047	-	-	-	-	-
<b>Weighted average shares outstanding - diluted, as adjusted</b>	<b>8,456</b>	<b>8,429</b>	<b>8,322</b>	<b>8,252</b>	<b>8,157</b>	<b>8,463</b>	<b>8,215</b>

<sup>1</sup>Assumes conversion of preferred shares to common shares at the 20 day volume-weighted average common stock price at period end, subject to a conversion price range of \$109.58 to \$131.49 per share, resulting in a conversion ratio range of 0.9126 to 0.7605 as of 9/30/2019

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.

Notes to Reconciliations:

1. Distribution and other asset-based expenses - Primarily payments to distribution partners for providing services to investors in our sponsored funds and payments to third-party service providers for investment management-related services. Management believes that making this adjustment aids in comparing the company's operating results with other asset management firms that do not utilize intermediary distribution partners or third-party service providers.
2. Consolidated investment products - Revenues and expenses generated by operating activities of mutual funds and collateralized loan obligations ("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.
3. 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.
4. 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.
5. 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.
6. Other - Certain expenses that are not reflective of the ongoing earnings generation of the business. In addition, it includes income tax expense (benefit) items, such as adjustments 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 the shares are mandatorily convertible into common shares at the end of three years and weighted average shares, as adjusted reflects the conversion. Management believes that making these adjustments aids in comparing the company's operating results with prior periods.
7. 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.

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

	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Acquisition and Integration Expenses</b>							
Employment expenses	\$1,561	\$1,595	\$1,433	\$1,115	\$1,223	\$4,672	\$3,771
Restructuring and severance	-	(279)	-	-	-	-	-
Other operating expenses	2,729	363	47	119	81	4,686	247
<b>Total Acquisition and Integration Operating Expenses</b>	<b>\$4,290</b>	<b>\$1,679</b>	<b>\$1,480</b>	<b>\$1,234</b>	<b>\$1,304</b>	<b>\$9,358</b>	<b>\$4,018</b>
Interest expense	-	-	-	-	-	660	-
<b>Total Acquisition and Integration Expenses</b>	<b>\$4,290</b>	<b>\$1,679</b>	<b>\$1,480</b>	<b>\$1,234</b>	<b>\$1,304</b>	<b>\$10,018</b>	<b>\$4,018</b>
	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
<b>Other</b>							
Occupancy related expenses	\$228	\$338	\$180	\$-	\$-	\$339	\$180
Tax impact of occupancy related expenses	(61)	(94)	(49)	-	-	(94)	(49)
System transition expenses	-	-	-	-	-	2	-
Tax impact of system transition expenses	-	-	-	-	-	-	-
Discrete tax adjustments	(416)	660	(1,257)	(351)	146	(740)	(1,462)
Preferred stockholder dividends	2,085	2,084	2,084	2,084	2,085	6,253	6,253
<b>Total Other</b>	<b>\$1,836</b>	<b>\$2,988</b>	<b>\$958</b>	<b>\$1,733</b>	<b>\$2,231</b>	<b>\$5,760</b>	<b>\$4,922</b>

\$ in thousands

