



Fourth Quarter 2017  
Earnings Presentation  
February 2, 2018

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# 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. These statements may be identified by such forward-looking terminology as “expect,” “estimate,” “plan,” “intend,” “believe,” “anticipate,” “may,” “will,” “should,” “could,” “continue,” “project,” or similar statements or variations of such terms.

Our forward-looking statements are based on a series of expectations, assumptions and projections about our company, are not guarantees of future results or performance, and involve substantial risks and uncertainty, including assumptions and projections concerning our assets under management, cash inflows and outflows, operating cash flows, our ability to expand distribution and product offerings, and our ability to complete and integrate potential acquisitions and obtain future credit facilities, for all forward periods. All of our forward-looking statements are as of the date of this release 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 2016 Annual Report on Form 10-K, as well as the following risks and uncertainties: (a) any reduction in our assets under management; (b) the 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) the inability to attract and retain key personnel; (f) challenges from the competition we face in our business; (g) adverse regulatory and legal developments; (h) unfavorable changes in tax laws or limitations; (i) adverse developments related to unaffiliated subadvisers; (j) negative implications of changes in key distribution relationships; (k) interruptions in or failure to provide service by third-parties; (l) volatility associated with our common stock; (m) adverse civil litigation and government investigations or proceedings; (n) the risk of loss on our investments; (o) the inability to make quarterly distributions; (p) the lack of sufficient capital on satisfactory terms; (q) liabilities and losses not covered by insurance; (r) the inability to satisfy financial covenants; (s) the inability to achieve expected acquisition-related financial benefits and synergies; and other risks and uncertainties described in our 2016 Annual Report on Form 10-K or in any of our filings with the Securities and Exchange Commission (“SEC”).

Certain other factors which may impact our continuing operations, prospects, financial results and liquidity, or which 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 which 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 Fourth Quarter
- Fourth Quarter Results
- Agreement with Sustainable Growth Advisers (SGA)
- Q & A Session



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## OVERVIEW OF FOURTH QUARTER

# OVERVIEW OF FOURTH QUARTER



## Assets and Flows

- Long-term assets under management increased \$1.7 billion, or 1.9%, sequentially to \$88.8 billion reflecting market appreciation partially offset by net outflows
- Total sales of \$4.1 billion decreased \$0.5 billion, or 10%, from the third quarter; prior quarter included sales of \$0.5 billion from the issuance of a CLO
- Net outflows of \$0.8 billion reflect positive flows in retail separate accounts and ETFs more than offset by net outflows in open-end mutual funds and institutional accounts

## Non-GAAP Financial Results

- Earnings per diluted share, as adjusted, of \$2.60 increased \$0.30, or 13%, compared to the prior quarter
- Operating margin, as adjusted, of 35.7% increased 190 basis points sequentially
- Achieved total transaction synergies of \$25.0 million

## Capital Activities

- Made \$51.7 million contingent consideration payment related to RidgeWorth transaction
- Net debt to Bank EBITDA of 0.7x declined from 0.9x in the prior quarter

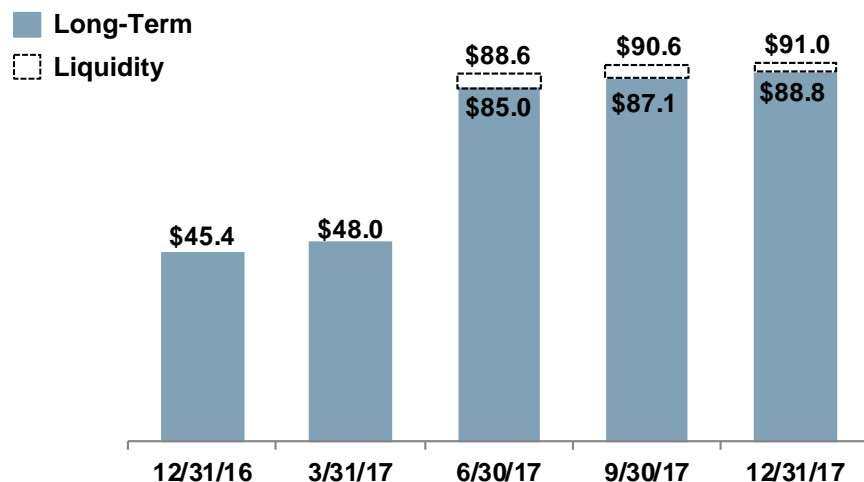


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## FOURTH QUARTER RESULTS

# ASSETS UNDER MANAGEMENT

## Quarterly Trends



Long-Term Assets by Asset Class					
Equity	56.9%	58.3%	49.0%	49.5%	51.5%
Fixed Income	34.2%	33.1%	46.0%	45.6%	43.6%
Alternatives <sup>1</sup>	8.9%	8.6%	5.0%	4.9%	4.9%

## Commentary

- Sequential increase in long-term assets of \$1.7 billion, or 1.9%, primarily due to market performance partially offset by net outflows
- Change in long-term assets from prior year reflects assets from acquisition and \$9.0 billion of market appreciation
- Retail separate account assets increased 7% sequentially to \$13.9 billion
- Assets diversified by investment style, strategy and asset class

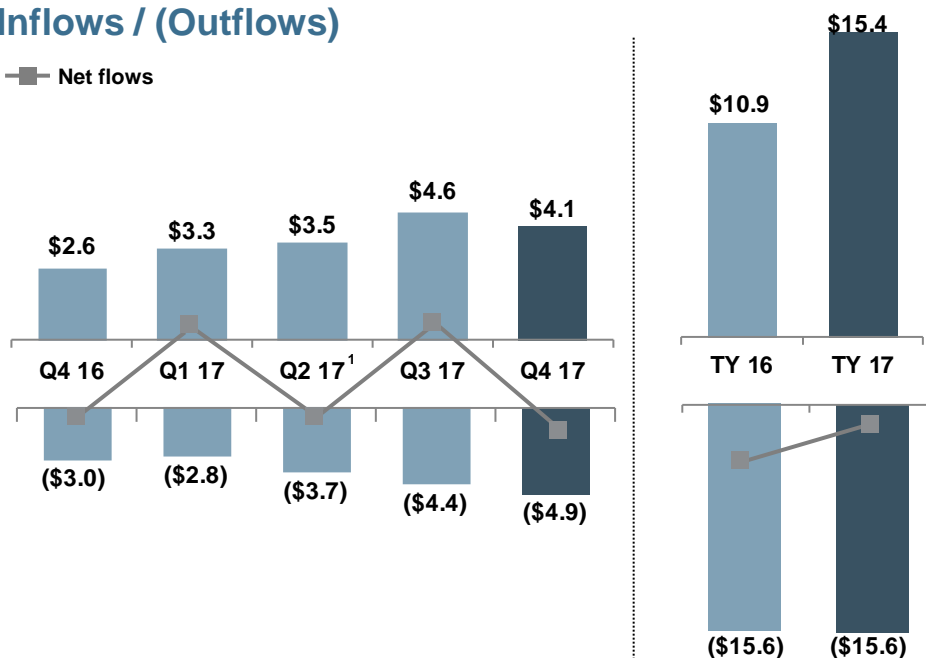
\$ in billions

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

# ASSET FLOWS

## Inflows / (Outflows)

■ Net flows



## Commentary

- Sales decreased \$0.5 billion, or 10%, sequentially; prior quarter included \$0.5 billion CLO issuance
- Net flows of (\$0.8) billion included:
  - Open-end mutual funds (\$0.6) billion
  - Institutional accounts (\$0.4) billion
  - Retail separate accounts \$0.2 billion
  - ETFs \$0.1 billion

Sales Metrics						
Net Flows <sup>1</sup>						
(\$0.4)	\$0.5	(\$0.2)	\$0.2	(\$0.8)	(\$4.7)	(\$0.2)
Net Flow Rate <sup>2</sup>						
(3.2%)	4.6%	(1.7%)	1.0%	(3.5%)	(9.9%)	(0.5%)

\$ in billions

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

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



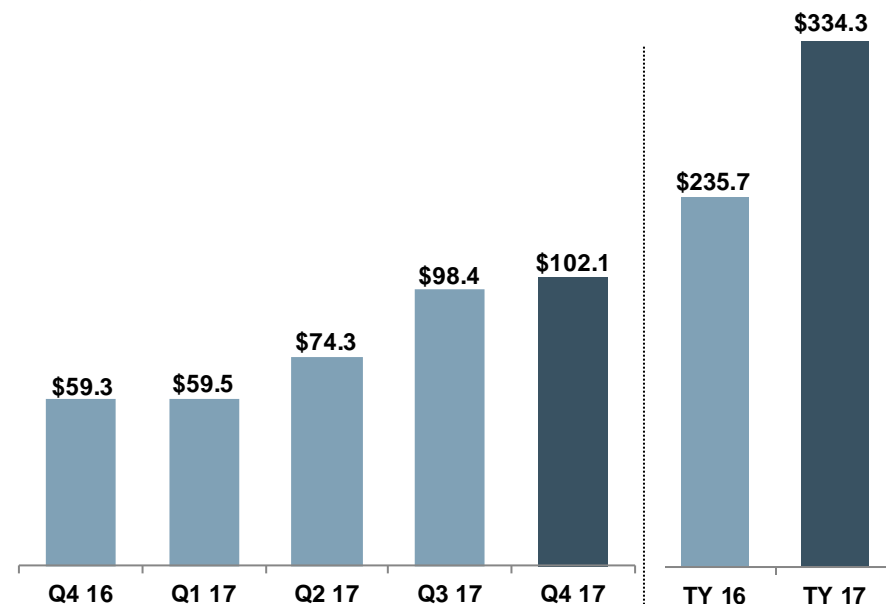
# INVESTMENT MANAGEMENT FEES, AS ADJUSTED



## Quarterly Results

## Total Year

## Commentary



- Sequential increase of \$3.7 million, or 4%, reflects higher average AUM and average fee rate
- Open-end fund fee rate of 50.1 bps reflects both lower fund expense reimbursements and the impact of market appreciation and flows in higher fee products
- Prior quarter included \$0.8 million of incentive fees on structured products

Metrics							
Long-Term Net Fee Rate <sup>1</sup> – BPS	51.2	51.3	48.3	44.8	45.4	50.9	46.9
Long-Term Average AUM - (\$Bn)	\$45.3	\$46.4	\$60.7	\$86.0	\$87.8	\$45.3	\$70.2

\$ in millions, except AUM figures, which are in billions

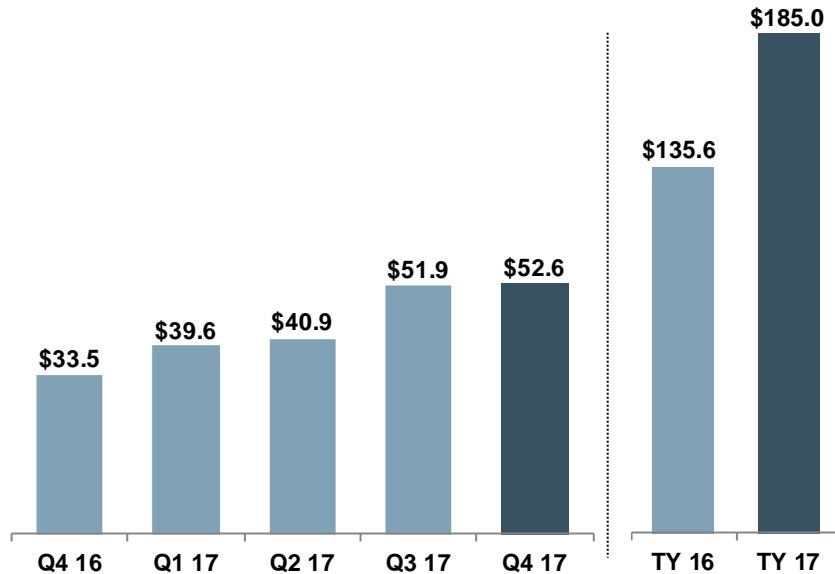
<sup>1</sup> Represents net investment management fees divided by average assets. Net investment management fees are net investment management fees, as adjusted, less fees paid to third party service providers for investment management related services.

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

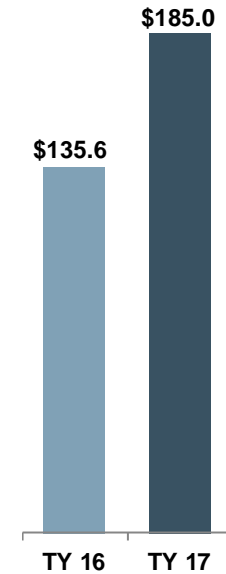
# EMPLOYMENT EXPENSES, AS ADJUSTED



## Quarterly Results



## Total Year



## Commentary

- Increased \$0.7 million, or 1%, primarily due to higher profit-based incentive compensation
- Employment expense ratio decreased sequentially by 170 bps to 48%

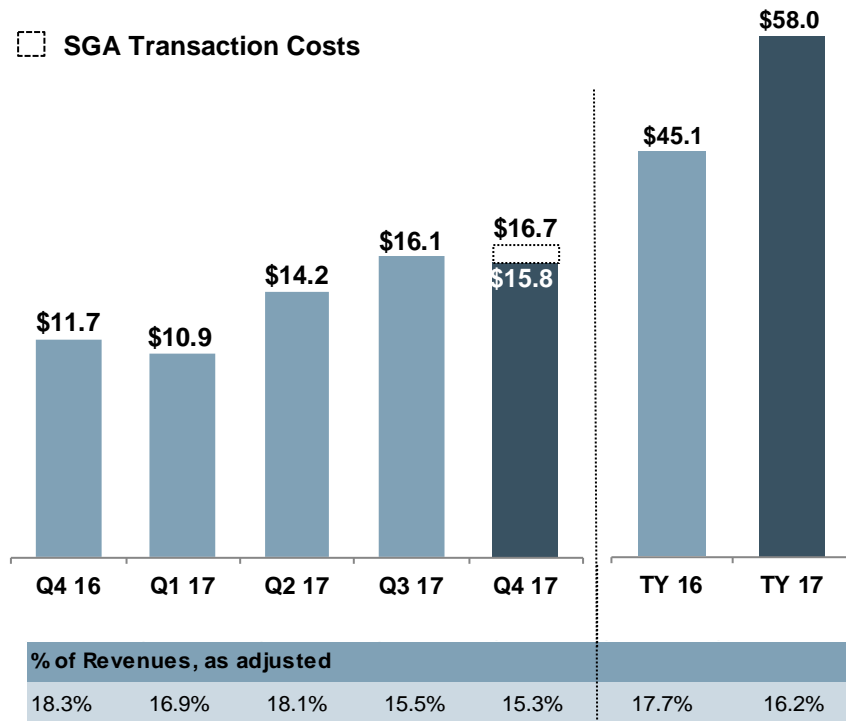
% of Revenues, as adjusted						
52.2%	61.2%	52.1%	49.8%	48.1%	53.4%	51.8%

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

# OTHER OPERATING EXPENSES, AS ADJUSTED

## Quarterly Results

☐ SGA Transaction Costs



## Commentary

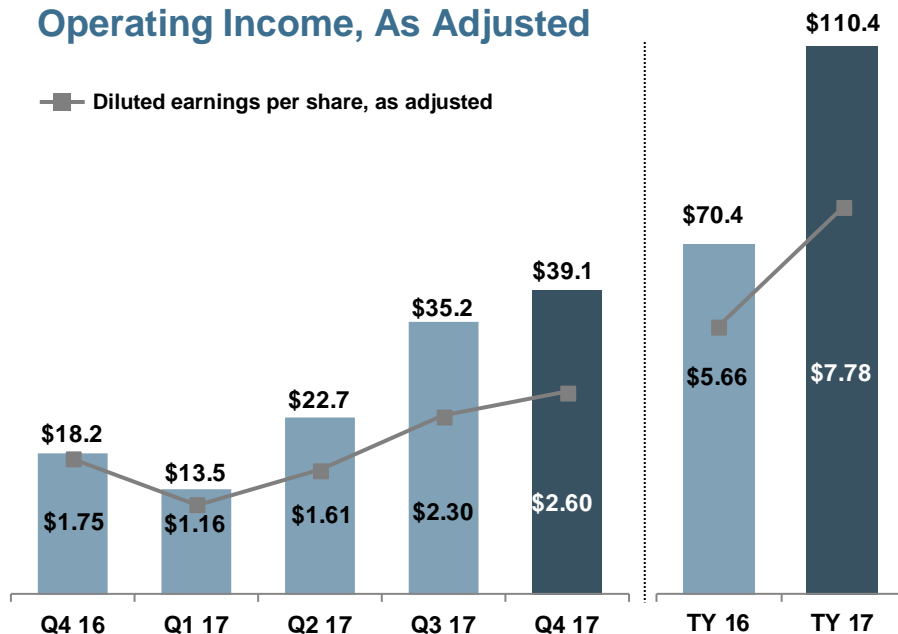
- Current quarter included \$0.9 million of transaction costs attributable to the SGA agreement
- Other operating expenses, as adjusted, as a percentage of revenues, as adjusted, declined 20 bps sequentially

# NON-GAAP RESULTS

## Quarterly Results

### Operating Income, As Adjusted

■ Diluted earnings per share, as adjusted



## Total Year

## Commentary

- Diluted EPS, as adjusted, of \$2.60 increased 13% sequentially
- Operating income, as adjusted, increased 11% and 115% from prior quarter and prior year, respectively
- Operating margin, as adjusted, of 35.7% increased 190 bps from prior quarter
- Diluted weighted average shares, as adjusted, declined 1% sequentially to 8.413 million

Metrics							
Net Income, As Adjusted							
	\$11.6	\$8.6	\$13.4	\$19.5	\$21.9	\$44.3	\$63.4
Operating Margin, As Adjusted							
	28.4%	20.9%	28.8%	33.8%	35.7%	27.7%	30.9%

\$ 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

## Select Non-GAAP Balance Sheet Items

	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17
Cash and cash equivalents	\$65	\$236	\$128	\$165	\$132
Seed capital investments <sup>1</sup>	\$180	\$175	\$104	\$109	\$118
Investments - other <sup>2</sup>	\$29	\$31	\$92	\$93	\$112
Goodwill and intangible assets, net	\$45	\$45	\$483	\$477	\$472
Deferred taxes, net	\$48	\$46	\$55	\$49	\$32
Debt <sup>3</sup>	\$30	\$0	\$248	\$249	\$248
Contingent consideration	\$0	\$0	\$52	\$52	\$0
Total equity attributable to stockholders	\$322	\$552	\$574	\$584	\$589
<i>Working capital (WC)<sup>4</sup></i>	\$28	\$225	\$49	\$68	\$76
<i>Common shares outstanding</i>	5.889	6.989	7.218	7.158	7.160
<i>Hypothetical conversion of preferred shares<sup>5</sup></i>	0.00	1.045	1.045	1.035	0.980
<i>Common shares outstanding, as adjusted<sup>5</sup></i>	5.889	8.035	8.263	8.193	8.140
<b>Metrics:</b>					
Net Debt <sup>6</sup>	N/A	N/A	\$184	\$147	\$127
Gross Debt <sup>7</sup> to Bank EBITDA <sup>8</sup>	N/A	N/A	1.5x	1.5x	1.5x
Net Debt to Bank EBITDA	N/A	N/A	1.1x	0.9x	0.7x

## Commentary

- Made \$51.7 million contingent consideration payment
- Invested \$21.2 million in an existing CLO to facilitate the extension of the reinvestment period and maturity date
- Recorded \$13.1 million non-cash reduction in deferred tax assets as a result of tax reform
- Earned dividend and interest income on investments of \$2.9 million
- Preferred shares outstanding, as adjusted, reflects \$117 per share conversion price compared to \$111 in the prior quarter

In millions, except per share data

<sup>1</sup> Represents the company's investments in sponsored investment products including open-end funds and separate accounts

<sup>2</sup> Represents investments not related to seed capital investments, primarily company-managed CLOs

<sup>3</sup> Defined gross debt less deferred financing costs

<sup>4</sup> Defined as cash and equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, contingent consideration, and dividends payable

<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 \$110 to \$132 per share resulting in a conversion ratio range of 0.9091 to 0.7576

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

<sup>7</sup> Defined as total debt outstanding on seven-year term loan

<sup>8</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

# AGREEMENT WITH SGA



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## About SGA

- Distinctive growth equity manager founded in 2003 with \$11.6B<sup>1</sup> of AUM
- Manages U.S., global, and international portfolios primarily for institutional clients
- High conviction, benchmark agnostic approach well positioned vs passive

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## Strategic Rationale

- Expands investment offerings with a differentiated growth equity capability
- Diversifies client base with increased institutional presence
- Adds client relationships in Europe, Asia, and Australia

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## Structure and Alignment

- Acquiring 70% of equity in SGA for \$129.5M<sup>2</sup>
- Management will retain equity ownership in SGA
- Strong alignment of interests with investment professionals through employment agreements, retained equity, and investments in their portfolios

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## Financial Impact

- To be financed with existing balance sheet resources, available revolving credit facility capacity, or new debt financing
- Estimated Non-GAAP EPS accretion of 6% and attractive IRR of ~20%
- Purchased intangibles expected to create annual tax savings of approximately \$2.0 million per year at newly enacted tax rates

<sup>1</sup> As of December 31, 2017

<sup>2</sup> Subject to adjustment based on client consents



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## Financial Supplement

# NON-GAAP INFORMATION



## Income Statement<sup>1</sup>

(Unaudited)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Revenues, As Adjusted</b>							
Investment management fees, as adjusted	\$59,279	\$59,513	\$74,272	\$98,402	\$102,114	\$235,669	\$334,301
Distribution and service fees, as adjusted	11,500	10,793	10,446	11,486	11,623	48,303	44,348
Administration and transfer agent fees, as adjusted	9,211	9,015	9,495	14,709	15,849	38,471	49,068
Other income and fees, as adjusted	189	741	155	199	119	813	1,214
Distribution and other asset-based expenses, as adjusted	(16,136)	(15,323)	(15,764)	(20,552)	(20,348)	(69,049)	(71,987)
Total revenues, as adjusted	\$64,043	\$64,739	\$78,604	\$104,244	\$109,357	\$254,207	\$356,944
<b>Operating Expenses, As Adjusted</b>							
Employment expenses, as adjusted	\$33,457	\$39,641	\$40,933	\$51,884	\$52,593	\$135,641	\$185,051
Other operating expenses, as adjusted	11,702	10,928	14,233	16,131	16,690	45,099	57,982
Depreciation and other amortization, as adjusted	700	664	776	1,038	1,019	3,092	3,497
Total operating expenses, as adjusted	\$45,859	\$51,233	\$55,942	\$69,053	\$70,302	\$183,832	\$246,530
<b>Operating Income (Loss), As Adjusted</b>	<b>\$18,184</b>	<b>\$13,506</b>	<b>\$22,662</b>	<b>\$35,191</b>	<b>\$39,055</b>	<b>\$70,375</b>	<b>\$110,414</b>

\$ in thousands

- (1) The non-GAAP financial information included in this presentation differ 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 have material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures.



# NON-GAAP INFORMATION



## Income Statement<sup>1</sup> (continued)

(Unaudited)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Other Income (Expense), As Adjusted</b>							
Realized and unrealized gain (loss) on investments, net, as adjusted	\$1	\$ -	\$ -	\$ -	\$ -	\$141	\$ -
Other income, net, as adjusted	626	646	46	436	506	1,089	1,634
Total other income (expense), as adjusted	\$627	\$646	\$46	\$436	\$506	\$1,230	\$1,634
<b>Interest Income (Expense), As Adjusted</b>							
Interest expense, as adjusted	(\$290)	(\$243)	(\$1,453)	(\$4,116)	(\$3,909)	(\$679)	(\$9,721)
Interest and dividend income, as adjusted	82	115	279	198	258	446	850
Total interest income (expense), net, as adjusted	(\$208)	(\$128)	(\$1,174)	(\$3,918)	(\$3,651)	(\$233)	(\$8,871)
<b>Pre-Tax Income (Loss), As Adjusted</b>	<b>\$18,603</b>	<b>\$14,024</b>	<b>\$21,534</b>	<b>\$31,709</b>	<b>\$35,910</b>	<b>\$71,372</b>	<b>\$103,177</b>
Income tax expense (benefit), as adjusted	7,003	5,407	8,181	12,173	14,035	27,064	39,796
<b>Net Income (Loss), As Adjusted</b>	<b>\$11,600</b>	<b>\$8,617</b>	<b>\$13,353</b>	<b>\$19,536</b>	<b>\$21,875</b>	<b>\$44,308</b>	<b>\$63,381</b>

\$ in thousands

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# NON-GAAP INFORMATION



## Balance Sheet<sup>1</sup>

(Unaudited)

	<u>12/31/16</u>	<u>03/31/17</u>	<u>06/30/17</u>	<u>09/30/17</u>	<u>12/31/17</u>
<b>Assets:</b>					
Cash and cash equivalents	\$64,588	\$235,930	\$127,571	\$164,867	\$132,150
Investments – seed capital	180,085	174,810	104,076	108,511	118,443
Investments – other	29,083	30,714	91,739	92,676	112,105
Investments – long term	14,465	15,472	18,325	18,309	18,729
Accounts receivable, net	36,229	38,169	60,557	62,668	66,982
Furniture, equipment, and leasehold improvements, net	7,729	7,263	12,295	11,557	10,833
Intangible assets, net	38,427	38,194	312,081	307,017	301,954
Goodwill	6,788	6,788	171,170	170,153	170,153
Deferred taxes, net	47,535	45,716	54,655	49,002	32,428
Other assets	16,789	25,909	26,532	25,863	13,772
<b>Total assets</b>	<b>\$441,718</b>	<b>\$618,965</b>	<b>\$979,001</b>	<b>\$1,010,623</b>	<b>\$977,549</b>

\$ in thousands

(1) The non-GAAP financial information included in this presentation differ 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>12/31/16</u>	<u>03/31/17</u>	<u>06/30/17</u>	<u>09/30/17</u>	<u>12/31/17</u>
<b>Liabilities and Equity</b>					
<b>Liabilities:</b>					
Accrued compensation and benefits	\$47,885	\$16,519	\$51,978	\$69,833	\$86,658
Accounts payable and accrued liabilities	25,176	30,365	29,167	31,677	29,607
Dividends payable	3,479	5,991	6,173	6,318	6,528
Other liabilities	13,505	13,702	18,280	18,356	17,895
Contingent consideration	-	-	51,690	51,690	-
Debt	30,000	-	248,111	248,540	248,320
<b>Total liabilities</b>	<b>\$120,045</b>	<b>\$66,577</b>	<b>\$405,399</b>	<b>\$426,414</b>	<b>\$389,008</b>
<b>Equity:</b>					
Equity attributable to stockholders	\$321,673	\$552,388	\$573,602	\$584,209	\$588,541
<b>Total liabilities and equity</b>	<b>\$441,718</b>	<b>\$618,965</b>	<b>\$979,001</b>	<b>\$1,010,623</b>	<b>\$977,549</b>
<b>Working capital<sup>2</sup></b>	<b>\$27,693</b>	<b>\$224,848</b>	<b>\$49,119</b>	<b>\$68,017</b>	<b>\$76,339</b>

\$ in thousands

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

(2) Defined as cash and cash equivalents plus accounts receivable, net, less accrued compensation and benefits, accounts payable and accrued liabilities, dividends payable, and contingent consideration.

# U.S. GAAP INFORMATION



## Income Statement

(Unaudited)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Revenues</b>							
Investment management fees	\$58,996	\$59,271	\$74,062	\$97,295	\$100,447	\$235,230	\$331,075
Distribution and service fees	11,489	10,783	10,439	11,482	11,618	48,250	44,322
Administration and transfer agent fees	9,176	8,981	9,476	14,699	15,840	38,261	48,996
Other income and fees	189	741	155	199	119	813	1,214
Total revenues	\$79,850	\$79,776	\$94,132	\$123,675	\$128,024	\$322,554	\$425,607
<b>Operating Expenses</b>							
Employment expenses	\$33,457	\$39,641	\$42,992	\$54,159	\$54,602	\$135,641	\$191,394
Distribution and other asset-based expenses	16,136	15,323	15,764	20,552	20,348	69,049	71,987
Other operating expenses	15,660	13,226	20,236	17,733	18,215	50,274	69,410
Other operating expenses of consolidated investment products	511	642	473	6,757	659	6,953	8,531
Restructuring and severance	-	-	8,894	1,584	102	4,270	10,580
Depreciation expense	700	664	776	1,038	1,019	3,092	3,497
Amortization expense	603	233	1,813	5,063	5,064	2,461	12,173
Total operating expenses	\$67,067	\$69,729	\$90,948	\$106,886	\$100,009	\$271,740	\$367,572
<b>Operating Income (Loss)</b>	<b>\$12,783</b>	<b>\$10,047</b>	<b>\$3,184</b>	<b>\$16,789</b>	<b>\$28,015</b>	<b>\$50,814</b>	<b>\$58,035</b>

\$ in thousands

# U.S. GAAP INFORMATION



## Income Statement (continued)

(Unaudited)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Other Income (Expense)</b>							
Realized and unrealized gain (loss) on investments, net	\$1,398	\$297	\$1,287	\$1,367	\$22	\$4,982	\$2,973
Realized and unrealized gain (loss) of consolidated investment products, net	(7,140)	4,444	(1,424)	13,465	(2,932)	2,748	13,553
Other income (expense), net	626	646	47	436	506	1,089	1,635
Total other income (expense), net	(\$5,116)	\$5,387	(\$90)	\$15,268	(\$2,404)	\$8,819	\$18,161
<b>Interest Income (Expense)</b>							
Interest expense	(\$290)	(\$243)	(\$3,739)	(\$4,116)	(\$3,909)	(\$679)	(\$12,007)
Interest and dividend income	630	188	446	679	847	1,743	2,160
Interest and dividend income of consolidated investment products	5,546	5,656	5,102	17,778	20,787	20,402	49,323
Interest expense of consolidated investment products	(1,104)	(2,857)	(2,995)	(16,249)	(13,142)	(11,292)	(35,243)
Total interest income (expense), net	\$4,782	\$2,744	(\$1,186)	(\$1,908)	\$4,583	\$10,174	\$4,233
<b>Income (Loss) Before Income Taxes</b>	<b>\$12,449</b>	<b>\$18,178</b>	<b>\$1,908</b>	<b>\$30,149</b>	<b>\$30,194</b>	<b>\$69,807</b>	<b>\$80,429</b>
Income tax expense (benefit)	532	4,433	1,880	9,626	24,551	21,044	40,490
<b>Net Income (Loss)</b>	<b>\$11,917</b>	<b>\$13,745</b>	<b>\$28</b>	<b>\$20,523</b>	<b>\$5,643</b>	<b>\$48,763</b>	<b>\$39,939</b>
Noncontrolling interests	509	(718)	(333)	(1,731)	(145)	(261)	(2,927)
<b>Net Income (Loss) Attributable to Stockholders</b>	<b>\$12,426</b>	<b>\$13,027</b>	<b>(\$305)</b>	<b>\$18,792</b>	<b>\$5,498</b>	<b>\$48,502</b>	<b>\$37,012</b>
Preferred stockholder dividends	-	(2,084)	(2,084)	(2,084)	(2,084)	-	(8,336)
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$12,426</b>	<b>\$10,943</b>	<b>(\$2,389)</b>	<b>\$16,708</b>	<b>\$3,414</b>	<b>\$48,502</b>	<b>\$28,676</b>

\$ in thousands

# ASSETS UNDER MANAGEMENT



## Assets: Product and Asset Class

	<u>12/31/16</u>	<u>03/31/17</u>	<u>06/30/17</u>	<u>09/30/17</u>	<u>12/31/17</u>
<b>Assets by Product</b>					
Retail Funds	\$22,452.1	\$23,710.4	\$40,421.0	\$41,325.4	\$41,949.9
UCITS <sup>1</sup>	48.9	57.6	66.6	79.4	122.3
Variable Insurance Funds	931.8	948.8	965.2	992.9	1,005.4
<i>Total – Open-End Funds</i>	<i>\$23,432.8</i>	<i>\$24,716.8</i>	<i>\$41,452.8</i>	<i>\$42,397.7</i>	<i>\$43,077.6</i>
Closed-End Funds	\$6,757.4	\$6,814.3	\$6,707.2	\$6,735.4	\$6,666.2
Exchange Traded Funds	596.8	863.3	968.8	955.7	1,039.2
Intermediary Sold Managed Accounts	5,403.5	6,035.2	9,045.2	9,577.7	10,260.7
High Net Worth	3,070.0	3,276.9	3,305.9	3,479.5	3,676.1
<i>Total – Retail Separate Accounts</i>	<i>\$8,473.5</i>	<i>\$9,312.1</i>	<i>\$12,351.1</i>	<i>\$13,057.2</i>	<i>\$13,936.8</i>
Institutional Accounts	5,492.7	5,711.3	20,639.1	20,630.5	20,815.9
Structured Products	613.1	602.0	2,899.8	3,360.0	3,298.8
<b>Total – Long-Term</b>	<b>\$45,366.3</b>	<b>\$48,019.8</b>	<b>\$85,018.8</b>	<b>\$87,136.5</b>	<b>\$88,834.5</b>
Liquidity <sup>2</sup>	-	-	3,570.6	3,431.4	2,128.7
<b>Total</b>	<b>\$45,366.3</b>	<b>\$48,019.8</b>	<b>\$88,589.4</b>	<b>\$90,567.9</b>	<b>\$90,963.2</b>
<b>Assets by Asset Class</b>					
Equity	\$25,822.3	\$27,990.5	\$41,672.6	\$43,147.9	\$45,779.8
<i>% of total</i>	<i>56.9%</i>	<i>58.3%</i>	<i>49.0%</i>	<i>49.5%</i>	<i>51.5%</i>
Fixed Income <sup>2</sup>	15,523.6	15,908.7	39,102.1	39,741.7	38,740.0
<i>% of total</i>	<i>34.2%</i>	<i>33.1%</i>	<i>46.0%</i>	<i>45.6%</i>	<i>43.6%</i>
Alternatives <sup>3</sup>	4,020.4	4,120.6	4,244.1	4,246.9	4,314.7
<i>% of total</i>	<i>8.9%</i>	<i>8.6%</i>	<i>5.0%</i>	<i>4.9%</i>	<i>4.9%</i>
<b>Total – Long-Term</b>	<b>\$45,366.3</b>	<b>\$48,019.8</b>	<b>\$85,018.8</b>	<b>\$87,136.5</b>	<b>\$88,834.5</b>

\$ in millions

(1) Includes assets under management of Undertakings for Collective Investments in Transferable Securities (“UCITS”)

(2) Includes assets under management in liquidity strategies, including both open-end funds and institutional accounts

(3) Consists of real estate securities, master-limited partnerships, options strategies and other

# ASSETS UNDER MANAGEMENT



## Asset Flows: Total/Long-term

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b><u>All Product Flows - Total</u></b>							
Beginning balance	\$46,539.5	\$45,366.3	\$48,019.8	\$88,589.4	\$90,567.9	\$47,385.3	\$45,366.3
Inflows	2,630.8	3,265.3	3,452.3	4,565.2	4,115.7	10,940.0	15,398.5
Outflows	(3,005.9)	(2,745.8)	(3,652.9)	(4,331.0)	(4,886.8)	(15,612.3)	(15,616.5)
Net Flows	(375.1)	519.5	(200.6)	234.2	(771.1)	(4,672.3)	(218.0)
Market performance	(622.2)	2,362.3	1,743.4	2,135.8	2,732.6	3,170.1	8,974.1
Other <sup>1</sup>	(175.9)	(228.3)	39,026.8	(391.5)	(1,566.2)	(516.8)	36,840.8
<b>Ending Balance</b>	<b>\$45,366.3</b>	<b>\$48,019.8</b>	<b>\$88,589.4</b>	<b>\$90,567.9</b>	<b>\$90,963.2</b>	<b>\$45,366.3</b>	<b>\$90,963.2</b>

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b><u>All Product Flows - Long-term</u></b>							
Beginning balance	\$46,539.5	\$45,366.3	\$48,019.8	\$85,018.8	\$87,136.5	\$47,385.3	\$45,366.3
Inflows	2,630.8	3,265.3	3,452.3	4,565.2	4,115.7	10,940.0	15,398.5
Outflows	(3,005.9)	(2,745.8)	(3,652.9)	(4,331.0)	(4,886.8)	(15,612.3)	(15,616.5)
Net Flows	(375.1)	519.5	(200.6)	234.2	(771.1)	(4,672.3)	(218.0)
Market performance	(622.2)	2,362.3	1,743.4	2,135.8	2,732.6	3,170.1	8,974.1
Other <sup>1</sup>	(175.9)	(228.3)	35,456.2	(252.3)	(263.5)	(516.8)	34,712.1
<b>Ending Balance</b>	<b>\$45,366.3</b>	<b>\$48,019.8</b>	<b>\$85,018.8</b>	<b>\$87,136.5</b>	<b>\$88,834.5</b>	<b>\$45,366.3</b>	<b>\$88,834.5</b>

\$ in millions

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

# ASSETS UNDER MANAGEMENT



## Asset Flows: Product

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Retail Funds</b>							
Beginning balance	\$24,255.6	\$22,452.1	\$23,710.4	\$40,421.0	\$41,325.4	\$27,829.5	\$22,452.1
Inflows	1,630.4	2,016.3	2,217.3	2,821.5	2,619.0	7,016.3	9,674.1
Outflows	(2,341.1)	(2,095.0)	(2,236.0)	(2,836.9)	(3,236.6)	(12,934.5)	(10,404.5)
Net Flows	(710.7)	(78.7)	(18.7)	(15.4)	(617.6)	(5,918.2)	(730.4)
Market performance	(1,022.4)	1,395.4	1,167.9	985.4	1,369.4	841.0	4,918.1
Other <sup>2</sup>	(70.4)	(58.4)	15,561.4	(65.6)	(127.3)	(300.2)	15,310.1
<b>Ending Balance</b>	<b>\$22,452.1</b>	<b>\$23,710.4</b>	<b>\$40,421.0</b>	<b>\$41,325.4</b>	<b>\$41,949.9</b>	<b>\$22,452.1</b>	<b>\$41,949.9</b>
<b>UCITS<sup>1</sup></b>							
Beginning balance	\$47.1	\$48.9	\$57.6	\$66.6	\$79.4	\$36.3	\$48.9
Inflows	4.9	9.6	23.2	13.5	21.9	19.2	68.2
Outflows	(3.1)	(1.6)	(1.9)	(2.2)	(5.0)	(8.3)	(10.7)
Net Flows	1.8	8.0	21.3	11.3	16.9	10.9	57.5
Market performance	0.1	0.8	0.8	1.6	1.1	2.0	4.3
Other <sup>2</sup>	(0.1)	(0.1)	(13.1)	(0.1)	24.9	(0.3)	11.6
<b>Ending Balance</b>	<b>\$48.9</b>	<b>\$57.6</b>	<b>\$66.6</b>	<b>\$79.4</b>	<b>\$122.3</b>	<b>\$48.9</b>	<b>\$122.3</b>

\$ in millions

(1) Includes assets under management of Undertakings for Collective Investments in Transferable Securities ("UCITS")

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



# ASSETS UNDER MANAGEMENT



## Asset Flows: Product

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Variable Insurance Funds</b>							
Beginning balance	\$963.7	\$931.8	\$948.8	\$965.2	\$992.9	\$1,016.3	\$931.8
Inflows	7.0	6.8	13.4	7.5	6.9	34.6	34.6
Outflows	(40.0)	(38.1)	(40.7)	(33.6)	(33.4)	(174.9)	(145.8)
Net Flows	(33.0)	(31.3)	(27.3)	(26.1)	(26.5)	(140.3)	(111.2)
Market performance	1.1	48.3	43.6	53.7	39.0	55.7	184.6
Other <sup>2</sup>	-	-	0.1	0.1	-	0.1	0.2
<b>Ending Balance</b>	<b>\$931.8</b>	<b>\$948.8</b>	<b>\$965.2</b>	<b>\$992.9</b>	<b>\$1,005.4</b>	<b>\$931.8</b>	<b>\$1,005.4</b>
<b>Subtotal – Open-End Funds</b>							
Beginning balance	\$25,266.4	\$23,432.8	\$24,716.8	\$41,452.8	\$42,397.7	\$28,882.1	\$23,432.8
Inflows	1,642.3	2,032.7	2,253.9	2,842.5	2,647.8	7,070.1	9,776.9
Outflows	(2,384.2)	(2,134.7)	(2,278.6)	(2,872.7)	(3,275.0)	(13,117.7)	(10,561.0)
Net Flows	(741.9)	(102.0)	(24.7)	(30.2)	(627.2)	(6,047.6)	(784.1)
Market performance	(1,021.2)	1,444.5	1,212.3	1,040.7	1,409.5	898.7	5,107.0
Other <sup>2</sup>	(70.5)	(58.5)	15,548.4	(65.6)	(102.4)	(300.4)	15,321.9
<b>Ending Balance</b>	<b>\$23,432.8</b>	<b>\$24,716.8</b>	<b>\$41,452.8</b>	<b>\$42,397.7</b>	<b>\$43,077.6</b>	<b>\$23,432.8</b>	<b>\$43,077.6</b>

# ASSETS UNDER MANAGEMENT



## Asset Flows: Product (continued)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Closed-End Funds</b>							
Beginning balance	\$6,887.3	\$6,757.4	\$6,814.3	\$6,707.2	\$6,735.4	\$6,222.3	\$6,757.4
Inflows	-	-	-	-	-	-	-
Outflows	-	(81.6)	(31.2)	-	-	(103.3)	(112.8)
Net Flows	-	(81.6)	(31.2)	-	-	(103.3)	(112.8)
Market performance	(44.8)	280.8	16.4	124.4	22.8	794.9	444.4
Other <sup>1</sup>	(85.1)	(142.3)	(92.3)	(96.2)	(92.0)	(156.5)	(422.8)
<b>Ending Balance</b>	<b>\$6,757.4</b>	<b>\$6,814.3</b>	<b>\$6,707.2</b>	<b>\$6,735.4</b>	<b>\$6,666.2</b>	<b>\$6,757.4</b>	<b>\$6,666.2</b>
<b>Exchange Traded Funds</b>							
Beginning balance	\$460.6	\$596.8	\$863.3	\$968.8	\$955.7	\$340.8	\$596.8
Inflows	200.8	265.7	185.1	104.1	177.7	382.8	732.6
Outflows	(50.6)	(23.0)	(51.3)	(28.9)	(49.4)	(124.8)	(152.6)
Net Flows	150.2	242.7	133.8	75.2	128.3	258.0	580.0
Market performance	(2.9)	34.6	(8.5)	4.2	(8.8)	20.3	21.5
Other <sup>1</sup>	(11.1)	(10.8)	(19.8)	(92.5)	(36.0)	(22.3)	(159.1)
<b>Ending Balance</b>	<b>\$596.8</b>	<b>\$863.3</b>	<b>\$968.8</b>	<b>\$955.7</b>	<b>\$1,039.2</b>	<b>\$596.8</b>	<b>\$1,039.2</b>

\$ in millions

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

# ASSETS UNDER MANAGEMENT



## Asset Flows: Product (continued)

	Q4:16	Q1:17	Q2:17	Q3:17	Q4:17	TY:16	TY:17
<b>Intermediary Sold Managed Accounts</b>							
Beginning balance	\$4,888.9	\$5,403.5	\$6,035.2	\$9,045.2	\$9,577.7	\$3,985.7	\$5,403.5
Inflows	348.7	480.9	500.3	541.5	551.5	1,400.1	2,074.2
Outflows	(183.7)	(164.0)	(214.0)	(409.7)	(455.8)	(669.6)	(1,243.5)
Net Flows	165.0	316.9	286.3	131.8	95.7	730.5	830.7
Market performance	349.6	314.8	233.1	400.7	587.3	687.3	1,535.9
Other <sup>1</sup>	-	-	2,490.6	-	-	-	2,490.6
<b>Ending Balance</b>	<b>\$5,403.5</b>	<b>\$6,035.2</b>	<b>\$9,045.2</b>	<b>\$9,577.7</b>	<b>\$10,260.7</b>	<b>\$5,403.5</b>	<b>\$10,260.7</b>
<b>High Net Worth</b>							
Beginning balance	\$3,035.9	\$3,070.0	\$3,276.9	\$3,305.9	\$3,479.5	\$2,798.7	\$3,070.0
Inflows	117.3	208.3	155.9	162.9	129.0	425.4	656.1
Outflows	(112.3)	(133.9)	(241.7)	(70.4)	(56.7)	(487.3)	(502.7)
Net Flows	5.0	74.4	(85.8)	92.5	72.3	(61.9)	153.4
Market performance	26.7	139.0	108.5	77.6	135.1	336.2	460.2
Other <sup>1</sup>	2.4	(6.5)	6.3	3.5	(10.8)	(3.0)	(7.5)
<b>Ending Balance</b>	<b>\$3,070.0</b>	<b>\$3,276.9</b>	<b>\$3,305.9</b>	<b>\$3,479.5</b>	<b>\$3,676.1</b>	<b>\$3,070.0</b>	<b>\$3,676.1</b>
<b>Total Retail Separate Accounts</b>							
Beginning balance	\$7,924.8	\$8,473.5	\$9,312.1	\$12,351.1	\$13,057.2	\$6,784.4	\$8,473.5
Inflows	466.0	689.2	656.2	704.4	680.5	1,825.5	2,730.3
Outflows	(296.0)	(297.9)	(455.7)	(480.1)	(512.5)	(1,156.9)	(1,746.2)
Net Flows	170.0	391.3	200.5	224.3	168.0	668.6	984.1
Market performance	376.3	453.8	341.6	478.3	722.4	1,023.5	1,996.1
Other <sup>1</sup>	2.4	(6.5)	2,496.9	3.5	(10.8)	(3.0)	2,483.1
<b>Ending Balance</b>	<b>\$8,473.5</b>	<b>\$9,312.1</b>	<b>\$12,351.1</b>	<b>\$13,057.2</b>	<b>\$13,936.8</b>	<b>\$8,473.5</b>	<b>\$13,936.8</b>

\$ in millions

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

# ASSETS UNDER MANAGEMENT



## Asset Flows: Product (continued)

	Q4:16	Q1:17	Q2:17	Q3:17	Q4:17	TY:16	TY:17
<b>Institutional Accounts</b>							
Beginning balance	\$5,376.6	\$5,492.7	\$5,711.3	\$20,639.1	\$20,630.5	\$4,799.7	\$5,492.7
Inflows	321.7	277.7	357.1	439.9	609.7	1,345.3	1,684.4
Outflows	(263.5)	(191.9)	(612.1)	(893.7)	(1,000.4)	(1,039.3)	(2,698.1)
Net Flows	58.2	85.8	(255.0)	(453.8)	(390.7)	306.0	(1,013.7)
Market performance	63.7	138.3	168.1	451.1	581.9	412.6	1,339.4
Other <sup>1</sup>	(5.8)	(5.5)	15,014.7	(5.9)	(5.8)	(25.6)	14,997.5
<b>Ending Balance</b>	<b>\$5,492.7</b>	<b>\$5,711.3</b>	<b>\$20,639.1</b>	<b>\$20,630.5</b>	<b>\$20,815.9</b>	<b>\$5,492.7</b>	<b>\$20,815.9</b>
<b>Structured Products</b>							
Beginning balance	\$623.8	\$613.1	\$602.0	\$2,899.8	\$3,360.0	\$356.0	\$613.1
Inflows	-	-	-	474.3	-	316.3	474.3
Outflows	(11.6)	(16.7)	(224.0)	(55.6)	(49.5)	(70.3)	(345.8)
Net Flows	(11.6)	(16.7)	(224.0)	418.7	(49.5)	246.0	128.5
Market performance	6.7	10.3	13.5	37.1	4.8	20.1	65.7
Other <sup>1</sup>	(5.8)	(4.7)	2,508.3	4.4	(16.5)	(9.0)	2,491.5
<b>Ending Balance</b>	<b>\$613.1</b>	<b>\$602.0</b>	<b>\$2,899.8</b>	<b>\$3,360.0</b>	<b>\$3,298.8</b>	<b>\$613.1</b>	<b>\$3,298.8</b>
<b>Liquidity</b>							
Beginning balance	\$ -	\$ -	\$ -	\$3,570.6	\$3,431.4	\$ -	\$ -
Other <sup>1</sup>	-	-	3,570.6	(139.2)	(1,302.7)	-	2,128.7
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$3,570.6</b>	<b>\$3,431.4</b>	<b>\$2,128.7</b>	<b>\$ -</b>	<b>\$2,128.7</b>

\$ in millions

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

# ASSETS UNDER MANAGEMENT



## Asset Flows: Open-End Funds<sup>1</sup> by Asset Class

	Q4:16	Q1:17	Q2:17	Q3:17	Q4:17	TY:16	TY:17
<b>Domestic Equity Funds</b>							
Beginning balance	\$4,459.1	\$4,335.4	\$4,574.5	\$11,164.9	\$11,513.3	\$4,349.0	\$4,335.4
Inflows	257.1	375.4	458.5	815.1	764.6	846.0	2,413.6
Outflows	(454.5)	(403.2)	(469.0)	(863.1)	(896.0)	(1,924.3)	(2,631.3)
Net Flows	(197.4)	(27.8)	(10.5)	(48.0)	(131.4)	(1,078.3)	(217.7)
Market performance	62.4	257.3	328.5	423.9	666.2	246.9	1,675.9
Other <sup>2</sup>	11.3	9.6	6,272.4	(27.5)	(24.8)	305.6	6,229.7
<b>Ending Balance</b>	<b>\$4,335.4</b>	<b>\$4,574.5</b>	<b>\$11,164.9</b>	<b>\$11,513.3</b>	<b>\$12,023.3</b>	<b>\$3,823.2</b>	<b>\$12,023.3</b>
<b>International Equity Funds</b>							
Beginning balance	\$9,640.6	\$8,300.3	\$9,196.9	\$10,151.0	\$10,595.4	\$11,967.1	\$8,300.3
Inflows	702.6	788.2	813.0	682.8	625.7	3,637.3	2,909.7
Outflows	(1,009.8)	(888.4)	(722.0)	(620.2)	(471.6)	(7,541.5)	(2,702.2)
Net Flows	(307.2)	(100.2)	91.0	62.6	154.1	(3,904.2)	207.5
Market performance	(993.2)	1,022.0	782.8	380.0	562.4	75.1	2,747.2
Other <sup>2</sup>	(39.9)	(25.2)	80.3	1.8	(15.9)	(20.5)	41.0
<b>Ending Balance</b>	<b>\$8,300.3</b>	<b>\$9,196.9</b>	<b>\$10,151.0</b>	<b>\$10,595.4</b>	<b>\$11,296.0</b>	<b>\$8,117.5</b>	<b>\$11,296.0</b>
<b>Total Equity Funds</b>							
Beginning balance	\$14,099.7	\$12,635.7	\$13,771.4	\$21,315.9	\$22,108.7	\$16,316.1	\$12,635.7
Inflows	959.7	1,163.6	1,271.5	1,497.9	1,390.3	4,483.3	5,323.3
Outflows	(1,464.3)	(1,291.6)	(1,191.0)	(1,483.3)	(1,367.6)	(9,465.8)	(5,333.5)
Net Flows	(504.6)	(128.0)	80.5	14.6	22.7	(4,982.5)	(10.2)
Market performance	(930.8)	1,279.3	1,111.3	803.9	1,228.6	322.0	4,423.1
Other <sup>2</sup>	(28.6)	(15.6)	6,352.7	(25.7)	(40.7)	285.1	6,270.7
<b>Ending Balance</b>	<b>\$12,635.7</b>	<b>\$13,771.4</b>	<b>\$21,315.9</b>	<b>\$22,108.7</b>	<b>\$23,319.3</b>	<b>\$11,940.7</b>	<b>\$23,319.3</b>

\$ in millions

- (1) Includes assets under management and net management fees of U.S. 1940 Act mutual funds and Undertakings for Collective Investments in Transferable Securities ("UCITS")
- (2) Represents open-end and closed-end mutual fund distributions, net of reinvestments, net flows of liquidity strategies, net flows from non-sales related activities such as asset acquisitions/(dispositions), marketable securities investments/(withdrawals), net flows from structured products reset transactions, the impact on assets from the use of leverage, and the net change in assets for liquidity strategies

# ASSETS UNDER MANAGEMENT



## Asset Flows: Open-End Funds<sup>1</sup> by Asset Class (continued)

	Q4:16	Q1:17	Q2:17	Q3:17	Q4:17	TY:16	TY:17
<b>Taxable Bond Funds<sup>2</sup></b>							
Beginning balance	\$9,083.1	\$8,918.8	\$9,138.2	\$17,518.3	\$17,754.4	\$8,990.8	\$8,918.8
Inflows	571.4	725.6	834.2	1,238.8	1,160.1	1,975.2	3,958.7
Outflows	(679.6)	(614.9)	(913.9)	(1,168.5)	(1,652.3)	(2,636.6)	(4,349.6)
Net Flows	(108.2)	110.7	(79.7)	70.3	(492.2)	(661.4)	(390.9)
Market performance	(33.5)	144.5	73.7	200.2	135.4	452.6	553.8
Other <sup>3</sup>	(22.6)	(35.8)	8,386.1	(34.4)	(34.6)	(72.7)	8,281.3
<b>Ending Balance</b>	<b>\$8,918.8</b>	<b>\$9,138.2</b>	<b>\$17,518.3</b>	<b>\$17,754.4</b>	<b>\$17,363.0</b>	<b>\$8,709.3</b>	<b>\$17,363.0</b>
<b>Non-Taxable Bond Funds</b>							
Beginning balance	\$225.8	\$196.1	\$196.9	\$1,015.6	\$998.5	\$226.7	\$196.1
Inflows	8.9	10.4	25.8	32.0	32.2	42.5	100.4
Outflows	(24.8)	(16.2)	(33.5)	(56.3)	(97.8)	(62.2)	(203.8)
Net Flows	(15.9)	(5.8)	(7.7)	(24.3)	(65.6)	(19.7)	(103.4)
Market performance	(7.8)	2.7	0.9	7.5	5.6	(0.6)	16.7
Other <sup>3</sup>	(6.0)	3.9	825.5	(0.3)	(5.0)	(5.2)	824.1
<b>Ending Balance</b>	<b>\$196.1</b>	<b>\$196.9</b>	<b>\$1,015.6</b>	<b>\$998.5</b>	<b>\$933.5</b>	<b>\$201.2</b>	<b>\$933.5</b>
<b>Total Fixed Income Funds</b>							
Beginning balance	\$9,308.9	\$9,114.9	\$9,335.1	\$18,533.9	\$18,752.9	\$9,217.5	\$9,114.9
Inflows	580.3	736.0	860.0	1,270.8	1,192.3	2,017.7	4,059.1
Outflows	(704.4)	(631.1)	(947.4)	(1,224.8)	(1,750.1)	(2,698.8)	(4,553.4)
Net Flows	(124.1)	104.9	(87.4)	46.0	(557.8)	(681.1)	(494.3)
Market performance	(41.3)	147.2	74.6	207.7	141.0	452.0	570.5
Other <sup>3</sup>	(28.6)	(31.9)	9,211.6	(34.7)	(39.6)	(77.9)	9,105.4
<b>Ending Balance</b>	<b>\$9,114.9</b>	<b>\$9,335.1</b>	<b>\$18,533.9</b>	<b>\$18,752.9</b>	<b>\$18,296.5</b>	<b>\$8,910.5</b>	<b>\$18,296.5</b>

\$ in millions

(1) Includes assets under management and net management fees of U.S. 1940 Act mutual funds and Undertakings for Collective Investments in Transferable Securities ("UCITS")

(2) Excludes liquidity funds

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

# ASSETS UNDER MANAGEMENT



## Asset Flows: Open-End Funds<sup>1</sup> by Asset Class (continued)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Alternative Funds</b>							
Beginning balance	\$1,857.8	\$1,682.2	\$1,610.3	\$1,603.0	\$1,536.1	\$2,295.9	\$1,682.2
Inflows	102.3	133.1	122.4	73.8	65.2	515.3	394.5
Outflows	(215.5)	(212.0)	(140.2)	(164.6)	(157.3)	(769.9)	(674.1)
Net Flows	(113.2)	(78.9)	(17.8)	(90.8)	(92.1)	(254.6)	(279.6)
Market performance	(49.1)	18.0	26.4	29.1	39.9	67.0	113.4
Other <sup>2</sup>	(13.3)	(11.0)	(15.9)	(5.2)	(22.1)	(507.4)	(54.2)
<b>Ending Balance</b>	<b>\$1,682.2</b>	<b>\$1,610.3</b>	<b>\$1,603.0</b>	<b>\$1,536.1</b>	<b>\$1,461.8</b>	<b>\$1,600.9</b>	<b>\$1,461.8</b>

\$ in millions

- (1) Includes assets under management and net management fees of U.S. 1940 Act mutual funds and Undertakings for Collective Investments in Transferable Securities ("UCITS")
- (2) Represents open-end and closed-end mutual fund distributions, net of reinvestments, net flows of liquidity strategies, net flows from non-sales related activities such as asset acquisitions/(dispositions), marketable securities investments/(withdrawals), net flows from structured products reset transactions, the impact on assets from the use of leverage, and the net change in assets for liquidity strategies

# ASSETS UNDER MANAGEMENT



## Average Net Fees and AUM

(Unaudited)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Average Net Management Fees<sup>1</sup></b> (in basis points, annualized)							
Retail Funds	50.1	50.2	50.5	47.7	49.8	49.1	49.5
UCITS <sup>2</sup>	1.0	10.3	15.4	27.9	-	-	9.1
Variable Insurance Funds	62.4	61.2	60.1	59.0	65.8	58.2	61.6
<i>Total Open-End Funds</i>	<i>50.5</i>	<i>50.5</i>	<i>50.7</i>	<i>47.9</i>	<i>50.1</i>	<i>49.3</i>	<i>49.7</i>
Closed-End Funds	66.5	66.2	65.8	66.0	66.0	65.8	66.0
Exchange Traded Funds	24.6	31.7	27.2	27.0	15.7	31.4	25.0
Intermediary Sold Managed Accounts	39.7	40.9	38.1	36.2	35.8	41.1	37.4
High Net Worth	73.8	76.8	74.0	74.9	74.6	74.0	75.0
<i>Total Retail Separate Accounts</i>	<i>52.8</i>	<i>53.9</i>	<i>49.7</i>	<i>46.6</i>	<i>46.1</i>	<i>54.3</i>	<i>48.6</i>
Institutional Accounts	37.7	37.2	32.7	31.0	31.2	38.0	32.1
Structured Products <sup>3</sup>	32.9	33.5	33.5	47.1	38.8	44.2	40.8
<b>Total Long-Term Assets</b>	<b>51.2</b>	<b>51.3</b>	<b>48.3</b>	<b>44.8</b>	<b>45.4</b>	<b>50.9</b>	<b>46.9</b>
Liquidity	-	-	11.4	6.0	8.5	-	8.0
<b>Total</b>	<b>51.2</b>	<b>51.3</b>	<b>47.5</b>	<b>43.4</b>	<b>43.9</b>	<b>50.9</b>	<b>45.8</b>

\$ in millions

(1) 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 December 31, 2017 for Open-End Funds and All Products by 0.5 and 0.4 basis points, respectively.

(2) Includes assets under management and net management fees of Undertakings for Collective Investments in Transferable Securities ("UCITS")

(3) Includes incentive fees earned in the three months ended September 30, 2017 and December 31, 2017, which impacted the fee rate by 10.2 and 1.4 basis points, respectively.



# ASSETS UNDER MANAGEMENT



## Average Net Fees and AUM (continued)

(Unaudited)

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Average Assets by Product<sup>1</sup></b>							
Retail Funds	\$23,236.4	\$23,150.7	\$29,625.3	\$41,027.8	\$41,744.8	\$24,550.4	\$33,887.2
UCITS <sup>2</sup>	47.6	53.8	59.1	72.0	93.0	42.5	\$69.4
Variable Insurance Funds	939.1	953.1	967.2	981.0	1,002.3	958.8	\$975.9
<i>Total – Open-End Funds</i>	<i>\$24,223.1</i>	<i>\$24,157.6</i>	<i>\$30,651.6</i>	<i>\$42,080.8</i>	<i>\$42,840.1</i>	<i>\$25,551.7</i>	<i>\$34,932.5</i>
Closed-End Funds	\$6,668.9	\$6,786.1	\$6,809.6	\$6,758.2	\$6,726.0	\$6,583.6	\$6,770.0
Exchange Traded Funds	490.1	759.2	900.8	945.0	958.3	406.3	\$890.8
Intermediary Sold Managed Accounts	4,862.7	5,393.6	6,866.7	9,039.6	9,572.4	4,361.7	\$7,718.1
High Net Worth	3,035.9	3,070.0	3,277.0	3,305.9	3,479.5	2,912.2	\$3,283.1
<i>Total – Retail Separate Accounts</i>	<i>\$7,898.6</i>	<i>\$8,463.6</i>	<i>\$10,143.7</i>	<i>\$12,345.5</i>	<i>\$13,051.9</i>	<i>\$7,273.9</i>	<i>\$11,001.2</i>
Institutional Accounts	\$5,400.8	\$5,603.2	\$10,795.1	\$20,728.6	\$20,933.1	\$5,009.4	\$14,515.0
Structured Products	614.2	603.3	1,392.9	3,111.1	3,304.0	500.3	\$2,102.8
<i>Total – Long-Term Assets</i>	<i>\$45,295.7</i>	<i>\$46,373.0</i>	<i>\$60,693.7</i>	<i>\$85,969.2</i>	<i>\$87,813.4</i>	<i>\$45,325.2</i>	<i>\$70,212.3</i>
Liquidity	-	-	1,328.6	3,331.1	3,635.1	-	2,073.7
<b>Total</b>	<b>\$45,295.7</b>	<b>\$46,373.0</b>	<b>\$62,022.3</b>	<b>\$89,300.3</b>	<b>\$91,448.5</b>	<b>\$45,325.2</b>	<b>\$72,286.0</b>

\$ in millions

(1) 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

(2) Includes assets under management and net management fees of Undertakings for Collective Investments in Transferable Securities (“UCITS”)

# U.S. GAAP TO NON-GAAP RECONCILIATION



## Q4 2017

(Unaudited)

	U.S. GAAP Basis	Reclassifications		Adjustments				Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration expenses	Other	
<b>Revenues</b>								
Investment management fees	\$ 100,447	\$ -	\$ 1,667	\$ -	\$ -	\$ -	\$ -	\$ 102,114
Distribution and services fees	11,618	-	5	-	-	-	-	11,623
Administration and transfer agent fees	15,840	-	9	-	-	-	-	15,849
Other income and fees	119	-	-	-	-	-	-	119
Distribution and other asset-based expenses	-	(20,348)	-	-	-	-	-	(20,348)
Total revenues	128,024	(20,348)	1,681	-	-	-	-	109,357
<b>Operating Expenses</b>								
Employment expenses	54,602	-	-	-	-	(2,009)	-	52,593
Distribution and other asset-based expenses	20,348	(20,348)	-	-	-	-	-	-
Other operating expense	18,215	-	-	-	-	(1,269)	(256)	16,690
Other operating expenses of consolidated investment products	659	-	(659)	-	-	-	-	-
Restructuring and severance	102	-	-	-	-	(102)	-	-
Depreciation expense	1,019	-	-	-	-	-	-	1,019
Amortization expense	5,064	-	-	(5,064)	-	-	-	-
Total operating expenses	100,009	(20,348)	(659)	(5,064)	-	(3,380)	(256)	70,302
<b>Operating Income (Loss)</b>	28,015	-	2,340	5,064	-	3,380	256	39,055
<b>Other Income (Expense)</b>								
Realized and unrealized gain (loss) on investments, net	22	-	271	-	(293)	-	-	-
Realized and unrealized gain (loss) of consolidated investment products, net	(2,932)	-	2,932	-	-	-	-	-
Other income (expense), net	506	-	(65)	-	65	-	-	506
Total other income (expense), net	(2,404)	-	3,138	-	(228)	-	-	506
<b>Interest Income (Expense)</b>								
Interest expense	(3,909)	-	-	-	-	-	-	(3,909)
Interest and dividend income	847	-	2,022	-	(2,611)	-	-	258
Interest and dividend income of investments of consolidated investment products, net	20,787	-	(20,787)	-	-	-	-	-
Interest expense of consolidated investment products	(13,142)	-	13,142	-	-	-	-	-
Total interest income (expense), net	4,583	-	(5,623)	-	(2,611)	-	-	(3,651)
<b>Income (Loss) Before Income Taxes</b>	30,194	-	(145)	5,064	(2,839)	3,380	256	35,910
Income tax expense (benefit)	24,551	-	-	1,979	(1,767)	1,321	(12,049)	14,035
<b>Net Income (Loss)</b>	5,643	-	(145)	3,085	(1,072)	2,059	12,305	21,875
Preferred stockholder dividends	(2,084)	-	-	-	-	-	2,084	-
Noncontrolling interests	(145)	-	145	-	-	-	-	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	\$ 3,414	\$ -	\$ -	\$ 3,085	\$ (1,072)	\$ 2,059	\$ 14,389	\$ 21,875
<b>Earnings (Loss) Per Share - Basic</b>	\$ 0.48							\$ 3.05
<b>Earnings (Loss) Per Share - Diluted</b>	\$ 0.46							\$ 2.60
<b>Weighted Average Shares Outstanding - Basic (Thousands)</b>	7,176							7,176
<b>Weighted Average Shares Outstanding - Diluted (Thousands)</b>	7,433							8,413

\$ and share counts in thousands, except per share data

# U.S. GAAP TO NON-GAAP RECONCILIATION



## Q3 2017

(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 expenses	Other	
<b>Revenues</b>									
Investment management fees	\$ 97,295	\$ -	\$ 1,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,402
Distribution and services fees	11,482	-	4	-	-	-	-	-	11,486
Administration and transfer agent fees	14,699	-	10	-	-	-	-	-	14,709
Other income and fees	199	-	-	-	-	-	-	-	199
Distribution and other asset-based expenses	-	(20,552)	-	-	-	-	-	-	(20,552)
Total revenues	123,675	(20,552)	1,121	-	-	-	-	-	104,244
<b>Operating Expenses</b>									
Employment expenses	54,159	-	-	-	-	-	(2,275)	-	51,884
Distribution and other asset-based expenses	20,552	(20,552)	-	-	-	-	-	-	-
Other operating expense	17,733	-	-	-	-	-	(1,196)	(406)	16,131
Other operating expenses of consolidated investment products	6,757	-	(6,757)	-	-	-	-	-	-
Restructuring and severance	1,584	-	-	-	(137)	-	(1,447)	-	-
Depreciation expense	1,038	-	-	-	-	-	-	-	1,038
Amortization expense	5,063	-	-	(5,063)	-	-	-	-	-
Total operating expenses	106,886	(20,552)	(6,757)	(5,063)	(137)	-	(4,918)	(406)	69,053
<b>Operating Income (Loss)</b>	16,789	-	7,878	5,063	137	-	4,918	406	35,191
<b>Other Income (Expense)</b>									
Realized and unrealized gain (loss) on investments, net	1,367	-	1,880	-	-	(3,247)	-	-	-
Realized and unrealized gain (loss) of consolidated investment products, net	13,465	-	(13,465)	-	-	-	-	-	-
Other income (expense), net	436	-	33	-	-	(33)	-	-	436
Total other income (expense), net	15,268	-	(11,552)	-	-	(3,280)	-	-	436
<b>Interest Income (Expense)</b>									
Interest expense	(4,116)	-	-	-	-	-	-	-	(4,116)
Interest and dividend income	679	-	3,472	-	-	(3,953)	-	-	198
Interest and dividend income of investments of consolidated investment products, net	17,778	-	(17,778)	-	-	-	-	-	-
Interest expense of consolidated investment products	(16,249)	-	16,249	-	-	-	-	-	-
Total interest income (expense), net	(1,908)	-	1,943	-	-	(3,953)	-	-	(3,918)
<b>Income (Loss) Before Income Taxes</b>	30,149	-	(1,731)	5,063	137	(7,233)	4,918	406	31,709
Income tax expense (benefit)	9,626	-	-	1,944	53	(1,678)	1,889	339	12,173
<b>Net Income (Loss)</b>	20,523	-	(1,731)	3,119	84	(5,555)	3,029	67	19,536
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
Noncontrolling interests	(1,731)	-	1,731	-	-	-	-	-	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	\$ 16,708	\$ -	\$ -	\$ 3,119	\$ 84	\$ (5,555)	\$ 3,029	\$ 2,151	\$ 19,536
<b>Earnings (Loss) Per Share - Basic</b>	\$ 2.32								\$ 2.71
<b>Earnings (Loss) Per Share - Diluted</b>	\$ 2.21								\$ 2.30
<b>Weighted Average Shares Outstanding - Basic (Thousands)</b>	7,212								7,212
<b>Weighted Average Shares Outstanding - Diluted (Thousands)</b>	8,492								8,492

\$ and share counts in thousands, except per share data

# U.S. GAAP TO NON-GAAP RECONCILIATION



## Q2 2017

(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 expenses	Other	
<b>Revenues</b>									
Investment management fees	\$ 74,062	\$ -	\$ 210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,272
Distribution and services fees	10,439	-	7	-	-	-	-	-	10,446
Administration and transfer agent fees	9,476	-	19	-	-	-	-	-	9,495
Other income and fees	155	-	-	-	-	-	-	-	155
Distribution and other asset-based expenses	-	(15,764)	-	-	-	-	-	-	(15,764)
Total revenues	94,132	(15,764)	236	-	-	-	-	-	78,604
<b>Operating Expenses</b>									
Employment expenses	42,992	-	-	-	-	-	(2,059)	-	40,933
Distribution and other asset-based expenses	15,764	(15,764)	-	-	-	-	-	-	-
Other operating expense	20,236	-	-	-	-	-	(5,629)	(374)	14,233
Other operating expenses of consolidated investment products	473	-	(473)	-	-	-	-	-	-
Restructuring and severance	8,894	-	-	-	(255)	-	(8,639)	-	-
Depreciation and other amortization	776	-	-	-	-	-	-	-	776
Amortization expense	1,813	-	-	(1,813)	-	-	-	-	-
Total operating expenses	90,948	(15,764)	(473)	(1,813)	(255)	-	(16,327)	(374)	55,942
<b>Operating Income</b>	3,184	-	709	1,813	255	-	16,327	374	22,662
<b>Other (Expense)/Income</b>									
Realized and unrealized gain/(loss) on investments, net of consolidated investment products, net	1,287	-	397	-	-	(1,684)	-	-	-
Other income, net	(1,424)	-	1,424	-	-	-	-	-	-
Other income, net	47	-	(1,944)	-	-	1,943	-	-	46
Total other (expense)/income, net	(90)	-	(123)	-	-	259	-	-	46
<b>Interest (Expense)/Income</b>									
Interest expense	(3,739)	-	-	-	-	-	2,286	-	(1,453)
Interest and dividend income	446	-	1,188	-	-	(1,355)	-	-	279
Interest and dividend income of investments of consolidated investment products, net	5,102	-	(5,102)	-	-	-	-	-	-
Interest expense of consolidated investment products	(2,995)	-	2,995	-	-	-	-	-	-
Total (expense)/income, net	(1,186)	-	(919)	-	-	(1,355)	2,286	-	(1,174)
<b>Income Before Income Taxes</b>	1,908	-	(333)	1,813	255	(1,096)	18,613	374	21,534
Income tax expense	1,880	-	-	689	97	(237)	7,073	(1,321)	8,181
<b>Net Income</b>	28	-	(333)	1,124	158	(859)	11,540	1,695	13,353
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
Noncontrolling interests	(333)	-	333	-	-	-	-	-	-
<b>Net (Loss)/Income Attributable to Common Stockholders</b>	\$ (2,389)	\$ -	\$ -	\$ 1,124	\$ 158	\$ (859)	\$ 11,540	\$ 3,779	\$ 13,353
<b>(Loss)/Earnings Per Share - Basic</b>	\$ (0.34)								\$ 1.65
<b>(Loss)/Earnings Per Share - Diluted</b>	\$ (0.34)								\$ 1.61
<b>Weighted Average Shares Outstanding - Basic (in thousands)</b>	7,064								8,109
<b>Weighted Average Shares Outstanding - Diluted (in thousands)</b>	7,064								8,311

\$ and share counts in thousands, except per share data

# U.S. GAAP TO NON-GAAP RECONCILIATION



## Q1 2017

(Unaudited)

	U.S. GAAP Basis	Reclassifications		Amortization of intangible assets	Adjustments			Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products		Seed capital and CLO investments	Acquisition and integration expenses	Other	
<b>Revenues</b>								
Investment management fees	\$ 59,271	\$ -	\$ 242	\$ -	\$ -	\$ -	\$ -	\$ 59,513
Distribution and services fees	10,783	-	10	-	-	-	-	10,793
Administration and transfer agent fees	8,981	-	34	-	-	-	-	9,015
Other income and fees	741	-	-	-	-	-	-	741
Distribution and other asset-based expenses	-	(15,323)	-	-	-	-	-	(15,323)
Total revenues	79,776	(15,323)	286	-	-	-	-	64,739
<b>Operating Expenses</b>								
Employment expenses	39,641	-	-	-	-	-	-	39,641
Distribution and other asset-based expenses	15,323	(15,323)	-	-	-	-	-	-
Other operating expense	13,226	-	-	-	-	(1,629)	(669)	10,928
Other operating expenses of consolidated sponsored investment products	577	-	(577)	-	-	-	-	-
Other operating expenses of consolidated investment products	65	-	(65)	-	-	-	-	-
Depreciation and other amortization	664	-	-	-	-	-	-	664
Amortization expense	233	-	-	(233)	-	-	-	-
Total operating expenses	69,729	(15,323)	(642)	(233)	-	(1,629)	(669)	51,233
<b>Operating Income</b>	10,047	-	928	233	-	1,629	669	13,506
<b>Other Income (Expense)</b>								
Realized and unrealized gain (loss) on investments, net	297	-	3,513	-	(3,810)	-	-	-
Realized and unrealized gain (loss) on investments of consolidated sponsored investment products, net	3,726	-	(3,726)	-	-	-	-	-
Realized and unrealized gain (loss) on investments of consolidated investment product, net	718	-	(718)	-	-	-	-	-
Other income (expense), net	646	-	1,424	-	(1,424)	-	-	646
Total other income (expense), net	5,387	-	493	-	(5,234)	-	-	646
<b>Interest Income (Expense)</b>								
Interest expense	(243)	-	-	-	-	-	-	(243)
Interest and dividend income	188	-	660	-	(733)	-	-	115
Interest and dividend income of investments of consolidated sponsored investment products, net	1,495	-	(1,495)	-	-	-	-	-
Interest income of consolidated investment product	4,161	-	(4,161)	-	-	-	-	-
Interest expense of consolidated investment product	(2,857)	-	2,857	-	-	-	-	-
Total interest (expense) income, net	2,744	-	(2,139)	-	(733)	-	-	(128)
<b>Income Before Income Taxes</b>	18,178	-	(718)	233	(5,967)	1,629	669	14,024
Income tax expense	4,433	-	-	90	(288)	628	544	5,407
<b>Net Income</b>	13,745	-	(718)	143	(5,679)	1,001	125	8,617
Preferred stockholder dividends	(2,084)	-	-	-	-	-	2,084	-
Noncontrolling interests	(718)	-	718	-	-	-	-	-
<b>Net Income Attributable to Common Stockholders</b>	\$ 10,943	\$ -	\$ -	\$ 143	\$ (5,679)	\$ 1,001	\$ 2,209	\$ 8,617
<b>Earnings Per Share - Basic</b>	\$ 1.67							\$ 1.19
<b>Earnings Per Share - Diluted</b>	\$ 1.62							\$ 1.16
<b>Weighted Average Shares Outstanding - Basic (in thousands)</b>	6,542							7,217
<b>Weighted Average Shares Outstanding - Diluted (in thousands)</b>	6,773							7,447

\$ and share counts in thousands, except per share data

# U.S. GAAP TO NON-GAAP RECONCILIATION



## Q4 2016

(Unaudited)

	U.S. GAAP Basis	Reclassifications		Adjustments				Non-GAAP Basis
		Distribution and other asset-based expenses	Consolidated investment products	Amortization of intangible assets	Seed capital and CLO investments	Acquisition and integration expenses	Other	
<b>Revenues</b>								
Investment management fees	\$ 58,996	\$ -	\$ 283	\$ -	\$ -	\$ -	\$ -	\$ 59,279
Distribution and services fees	11,489	-	11	-	-	-	-	11,500
Administration and transfer agent fees	9,176	-	35	-	-	-	-	9,211
Other income and fees	189	-	-	-	-	-	-	189
Distribution and other asset-based expenses	-	(16,136)	-	-	-	-	-	(16,136)
Total revenues	79,850	(16,136)	329	-	-	-	-	64,043
<b>Operating Expenses</b>								
Employment expenses	33,457	-	-	-	-	-	-	33,457
Distribution and other asset-based expenses	16,136	(16,136)	-	-	-	-	-	-
Other operating expense	15,660	-	-	-	-	(3,347)	(611)	11,702
Other operating expenses of consolidated sponsored investment products	488	-	(488)	-	-	-	-	-
Other operating expenses of consolidated investment products	23	-	(23)	-	-	-	-	-
Restructuring and severance	-	-	-	-	-	-	-	-
Depreciation and other amortization	700	-	-	-	-	-	-	700
Amortization expense	603	-	-	(603)	-	-	-	-
Total operating expenses	67,067	(16,136)	(511)	(603)	-	(3,347)	(611)	45,859
<b>Operating Income</b>	12,783	-	840	603	-	3,347	611	18,184
<b>Other Income (Expense)</b>								
Realized and unrealized gain (loss) on investments, net	1,398	-	(2,555)	-	1,158	-	-	1
Realized and unrealized gain (loss) on investments of consolidated sponsored investment products, net	(3,110)	-	3,110	-	-	-	-	-
Realized and unrealized gain (loss) on investments of consolidated investment product, net	(4,030)	-	4,030	-	-	-	-	-
Other income (expense), net	626	-	(1,774)	-	1,774	-	-	626
Total other income (expense), net	(5,116)	-	2,811	-	2,932	-	-	627
<b>Interest Income (Expense)</b>								
Interest expense	(290)	-	-	-	-	-	-	(290)
Interest and dividend income	630	-	1,300	-	(1,848)	-	-	82
Interest and dividend income of investments of consolidated sponsored investment products, net	1,488	-	(1,488)	-	-	-	-	-
Interest income of consolidated investment product	4,058	-	(4,058)	-	-	-	-	-
Interest expense of consolidated investment product	(1,104)	-	1,104	-	-	-	-	-
Total interest (expense) income, net	4,782	-	(3,142)	-	(1,848)	-	-	(208)
<b>Income Before Income Taxes</b>	12,449	-	509	603	1,084	3,347	611	18,603
Income tax expense	532	-	-	227	4,754	1,260	230	7,003
<b>Net Income</b>	11,917	-	509	376	(3,670)	2,087	381	11,600
Noncontrolling interests	509	-	(509)	-	-	-	-	-
<b>Net Income Attributable to Common Stockholders</b>	\$ 12,426	\$ -	\$ -	\$ 376	\$ (3,670)	\$ 2,087	\$ 381	\$ 11,600
<b>Earnings Per Share - Basic</b>	\$ 1.94							\$ 1.81
<b>Earnings Per Share - Diluted</b>	\$ 1.87							\$ 1.75
<b>Weighted Average Shares Outstanding - Basic (in thousands)</b>	6,413							6,413
<b>Weighted Average Shares Outstanding - Diluted (in thousands)</b>	6,627							6,627

\$ and share counts in thousands, except per share data

# U.S. GAAP TO NON-GAAP RECONCILIATION – FULL YEAR 2017



(Unaudited)

	Reclassifications			Adjustments					Non-GAAP Basis
	U.S. GAAP Basis	Distribution and other asset-based expenses	Consolidated investment vehicles	Amortization of intangible assets	Restructuring and severance	Seed capital and CLO investments	Acquisition and integration expenses	Other	
<b>Revenues</b>									
Investment management fees	\$ 331,075	\$ -	\$ 3,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,301
Distribution and services fees	44,322	-	26	-	-	-	-	-	44,348
Administration and transfer agent fees	48,996	-	72	-	-	-	-	-	49,068
Other income and fees	1,214	-	-	-	-	-	-	-	1,214
Distribution and other asset-based expenses	-	(71,987)	-	-	-	-	-	-	(71,987)
<b>Total revenues</b>	<b>425,607</b>	<b>(71,987)</b>	<b>3,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,944</b>
<b>Operating Expenses</b>									
Employment expenses	191,394	-	-	-	-	-	(6,343)	-	185,051
Distribution and other asset-based expenses	71,987	(71,987)	-	-	-	-	-	-	-
Other operating expense	69,410	-	-	-	-	-	(9,723)	(1,705)	57,982
Other operating expenses of consolidated investment vehicles	8,531	-	(8,531)	-	-	-	-	-	-
Restructuring and severance	10,580	-	-	-	(392)	-	(10,188)	-	-
Depreciation expense	3,497	-	-	-	-	-	-	-	3,497
Amortization expense	12,173	-	-	(12,173)	-	-	-	-	-
<b>Total operating expenses</b>	<b>367,572</b>	<b>(71,987)</b>	<b>(8,531)</b>	<b>(12,173)</b>	<b>(392)</b>	<b>-</b>	<b>(26,254)</b>	<b>(1,705)</b>	<b>246,530</b>
<b>Operating Income (Loss)</b>	<b>58,035</b>	<b>-</b>	<b>11,855</b>	<b>12,173</b>	<b>392</b>	<b>-</b>	<b>26,254</b>	<b>1,705</b>	<b>110,414</b>
<b>Other Income (Expense)</b>									
Realized and unrealized gain (loss) on investments, net	2,973	-	6,062	-	-	(9,035)	-	-	-
Realized and unrealized gain (loss) of consolidated investment vehicles, net	13,553	-	(13,553)	-	-	-	-	-	-
Other income (expense), net	1,635	-	(552)	-	-	551	-	-	1,634
<b>Total other income (expense), net</b>	<b>18,161</b>	<b>-</b>	<b>(8,043)</b>	<b>-</b>	<b>-</b>	<b>(8,484)</b>	<b>-</b>	<b>-</b>	<b>1,634</b>
<b>Interest Income (Expense)</b>									
Interest expense	(12,007)	-	-	-	-	-	2,286	-	(9,721)
Interest and dividend income	2,160	-	7,341	-	-	(8,651)	-	-	850
Interest and dividend income of investments of consolidated investment vehicles, net	49,323	-	(49,323)	-	-	-	-	-	-
Interest expense of consolidated investment vehicles	(35,243)	-	35,243	-	-	-	-	-	-
<b>Total interest income (expense), net</b>	<b>4,233</b>	<b>-</b>	<b>(6,739)</b>	<b>-</b>	<b>-</b>	<b>(8,651)</b>	<b>2,286</b>	<b>-</b>	<b>(8,871)</b>
<b>Income (Loss) Before Income Taxes</b>	<b>80,429</b>	<b>-</b>	<b>(2,927)</b>	<b>12,173</b>	<b>392</b>	<b>(17,135)</b>	<b>28,540</b>	<b>1,705</b>	<b>103,177</b>
Income tax expense (benefit)	40,490	-	-	4,702	150	(3,970)	10,911	(12,487)	39,796
<b>Net Income (Loss)</b>	<b>39,939</b>	<b>-</b>	<b>(2,927)</b>	<b>7,471</b>	<b>242</b>	<b>(13,165)</b>	<b>17,629</b>	<b>14,192</b>	<b>63,381</b>
Preferred stockholder dividends	(8,336)	-	-	-	-	-	-	8,336	-
Noncontrolling interests	(2,927)	-	2,927	-	-	-	-	-	-
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$ 28,676</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,471</b>	<b>\$ 242</b>	<b>\$ (13,165)</b>	<b>\$ 17,629</b>	<b>\$ 22,528</b>	<b>\$ 63,381</b>
<b>Earnings (Loss) Per Share - Basic</b>	<b>\$ 4.09</b>								<b>\$ 9.04</b>
<b>Earnings (Loss) Per Share - Diluted</b>	<b>\$ 3.96</b>								<b>\$ 7.78</b>
<b>Weighted Average Shares Outstanding - Basic</b>	<b>7,013</b>								<b>7,013</b>
<b>Weighted Average Shares Outstanding - Diluted</b>	<b>7,247</b>								<b>8,144</b>

\$ and share counts in thousands, except per share data

# U.S. GAAP TO NON-GAAP RECONCILIATION – FULL YEAR 2016



(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		Other
<b>Revenues</b>								
Investment management fees	\$ 235,230	\$ -	\$ 439	\$ -	\$ -	\$ -	\$ -	\$ 235,669
Distribution and services fees	48,250	-	53	-	-	-	-	48,303
Administration and transfer agent fees	38,261	-	210	-	-	-	-	38,471
Other income and fees	813	-	-	-	-	-	-	813
Distribution and other asset-based expenses	-	(69,049)	-	-	-	-	-	(69,049)
Total revenues	<u>322,554</u>	<u>(69,049)</u>	<u>702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,207</u>
<b>Operating Expenses</b>								
Employment expenses	135,641	-	-	-	-	-	-	135,641
Distribution and other asset-based expenses	69,049	(69,049)	-	-	-	-	-	-
Other operating expense	50,274	-	-	-	-	-	(5,175)	45,099
Other operating expenses of consolidated sponsored investment products	3,009	-	(3,009)	-	-	-	-	-
Other operating expenses of consolidated investment products	3,944	-	(3,944)	-	-	-	-	-
Restructuring and severance	4,270	-	-	-	(4,270)	-	-	-
Depreciation and other amortization	3,092	-	-	-	-	-	-	3,092
Amortization expense	2,461	-	-	(2,461)	-	-	-	-
Total operating expenses	<u>271,740</u>	<u>(69,049)</u>	<u>(6,953)</u>	<u>(2,461)</u>	<u>(4,270)</u>	<u>-</u>	<u>(5,175)</u>	<u>183,832</u>
<b>Operating Income</b>	<u>50,814</u>	<u>-</u>	<u>7,655</u>	<u>2,461</u>	<u>4,270</u>	<u>-</u>	<u>5,175</u>	<u>70,375</u>
<b>Other Income (Expense)</b>								
Realized and unrealized gain (loss) on investments, net	4,982	-	5,354	-	-	(10,195)	-	141
Realized and unrealized gain (loss) on investments of consolidated sponsored investment products, net	3,818	-	(3,818)	-	-	-	-	-
Realized and unrealized gain (loss) on investments of consolidated investment product, net	(1,070)	-	1,070	-	-	-	-	-
Other income, net	1,089	-	(8,127)	-	-	8,127	-	1,089
Total other (expense) income, net	<u>8,819</u>	<u>-</u>	<u>(5,521)</u>	<u>-</u>	<u>-</u>	<u>(2,068)</u>	<u>-</u>	<u>1,230</u>
<b>Interest Income (Expense)</b>								
Interest expense	(679)	-	-	-	-	-	-	(679)
Interest and dividend income	1,743	-	6,715	-	-	(8,012)	-	446
Interest and dividend income of investments of consolidated sponsored investment products, net	7,509	-	(7,509)	-	-	-	-	-
Interest expense of consolidated investment product	(11,292)	-	11,292	-	-	-	-	-
Interest income of consolidated investment product	12,893	-	(12,893)	-	-	-	-	-
Total interest (expense) income, net	<u>10,174</u>	<u>-</u>	<u>(2,395)</u>	<u>-</u>	<u>-</u>	<u>(8,012)</u>	<u>-</u>	<u>(233)</u>
<b>Income Before Income Taxes</b>	<u>69,807</u>	<u>-</u>	<u>(261)</u>	<u>2,461</u>	<u>4,270</u>	<u>(10,080)</u>	<u>5,175</u>	<u>71,372</u>
Income tax expense	21,044	-	-	935	1,623	1,509	1,953	27,064
<b>Net Income</b>	<u>48,763</u>	<u>-</u>	<u>(261)</u>	<u>1,526</u>	<u>2,647</u>	<u>(11,589)</u>	<u>3,222</u>	<u>44,308</u>
Noncontrolling interests	(261)	-	261	-	-	-	-	-
<b>Net Income Attributable to Common Stockholders</b>	<u>\$ 48,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,526</u>	<u>\$ 2,647</u>	<u>\$ (11,589)</u>	<u>\$ 3,222</u>	<u>\$ 44,308</u>
<b>Earnings Per Share - Basic</b>	<u>\$ 6.34</u>							<u>\$ 5.79</u>
<b>Earnings Per Share - Diluted</b>	<u>\$ 6.20</u>							<u>\$ 5.66</u>
<b>Weighted Average Shares Outstanding - Basic (in thousands)</b>	<u>7,648</u>							<u>7,648</u>
<b>Weighted Average Shares Outstanding - Diluted (in thousands)</b>	<u>7,822</u>							<u>7,822</u>

\$ and share counts in thousands, except per share data



Non-GAAP financial information differ 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 have 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 third-party distribution partners and third-party service providers 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 majority-owned 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.
3. Amortization of intangible assets - Non-cash amortization expense or impairment expense, if any, attributable to acquisition-related intangible assets. 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. See components of Acquisition and integration expenses on page 27.
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, 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. See components of Other on page 27.
7. Seed capital and CLO investments earnings (loss) - Gains and losses (realized and unrealized), dividends and interest income generated by seed capital and CLO investments. Earnings or losses 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

Components of Acquisition and integration expense and Other for the respective periods are shown in the table below:

*(Unaudited)*

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Acquisition and Integration Expenses</b>							
Employment expenses	\$ -	\$ -	\$2,059	\$2,275	\$2,009	\$ -	\$6,343
Restructuring and severance	-	-	8,639	1,447	102	-	10,188
Other operating expenses	3,347	1,629	5,629	1,196	1,269	-	9,723
<b>Total Acquisition and Integration Operating Expenses</b>	<b>\$3,347</b>	<b>\$1,629</b>	<b>\$16,327</b>	<b>\$4,918</b>	<b>\$3,380</b>	<b>\$ -</b>	<b>\$26,254</b>
Interest expense	-	-	2,286	-	-	-	2,286
<b>Total Acquisition and Integration Expenses</b>	<b>\$3,347</b>	<b>\$1,629</b>	<b>\$18,613</b>	<b>\$4,918</b>	<b>\$3,380</b>	<b>\$ -</b>	<b>\$28,540</b>

	<u>Q4:16</u>	<u>Q1:17</u>	<u>Q2:17</u>	<u>Q3:17</u>	<u>Q4:17</u>	<u>TY:16</u>	<u>TY:17</u>
<b>Other</b>							
System transition expenses	\$611	\$669	\$374	\$406	\$256	\$1,217	\$1,705
Tax impact of system transition expenses	(230)	(258)	(141)	(156)	(100)	(463)	(655)
Tax impact of Tax Cuts and Jobs Act	-	-	-	-	13,059	-	13,059
Other discrete tax adjustments	-	(286)	1,462	(183)	(910)	-	83
<b>Total tax related items</b>	<b>(\$230)</b>	<b>(\$544)</b>	<b>\$1,321</b>	<b>(\$339)</b>	<b>\$12,049</b>	<b>(463)</b>	<b>\$12,487</b>
Preferred stockholder dividends	-	2,084	2,084	2,084	2,084	-	8,336
<b>Total Other</b>	<b>\$381</b>	<b>\$2,209</b>	<b>\$3,779</b>	<b>\$2,151</b>	<b>\$14,389</b>	<b>\$754</b>	<b>\$22,528</b>

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