



SECOND QUARTER EARNINGS PRESENTATION

FRIDAY, JULY 26, 2019

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President and Chief Executive Officer

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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 our 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 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 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.

- Overview of Quarter
- Results
- Financial Supplement

OVERVIEW OF QUARTER

Assets and Flows

- Long-term assets under management increased \$3.3 billion, or 3%, sequentially to \$103.3 billion due to market appreciation and positive net flows
- Total sales of \$5.1 billion decreased \$0.4 billion, or 7%, compared to prior quarter, which included \$0.8 billion of sales related to the issuance of a collateralized loan obligation (CLO) and the initial model allocation for two new exchange traded funds (ETFs)
- Net flows of \$0.1 billion reflected positive net flows in institutional accounts, retail separate accounts and ETFs partially offset by net outflows in open-end funds

Non-GAAP Financial Results

- Operating income, as adjusted, of \$43.7 million increased \$10.2 million, or 30%, from the prior quarter, which included seasonally higher employment expenses
- Operating margin, as adjusted, of 36% increased 630 basis points sequentially
- Earnings per diluted share, as adjusted, of \$3.63 increased by \$0.90, or 33%, sequentially on higher operating results

Capital Activities

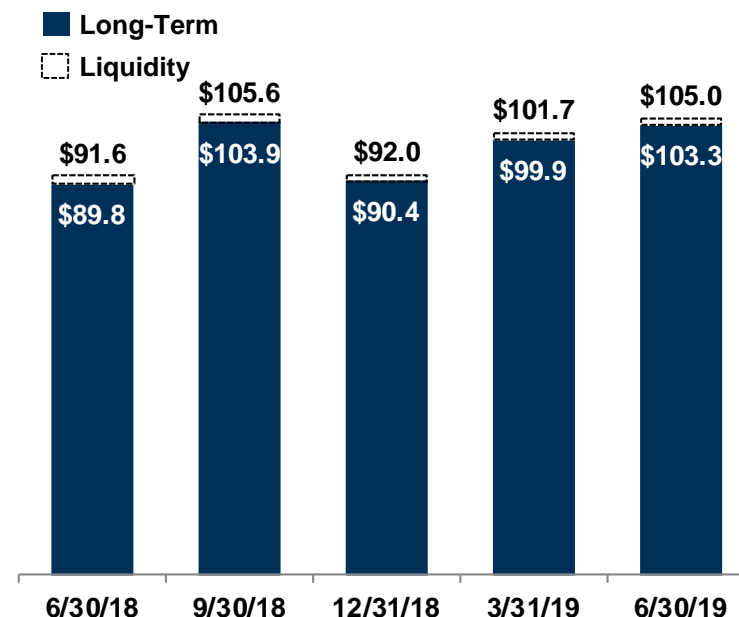
- Repurchased 67,709 shares, or 1.0% of beginning-of-quarter common shares outstanding, for \$7.5 million, and net settled 9,753 shares for \$1.1 million related to employee restricted stock units
- Repaid \$12.4 million of debt during the quarter; net debt to EBITDA ratio of 0.7x at June 30

RESULTS

ASSETS UNDER MANAGEMENT

LONG TERM AUM GREW 3% TO \$103 BILLION

- Sequential increase in long-term assets of \$3.3 billion, or 3%, reflected market appreciation and modest positive net flows
- Mid-cap assets under management of \$9.1 billion increased \$2.4 billion, or 36%, from year-end 2018
- Mutual fund assets represented 40% of total long-term assets under management at quarter-end, down from 49% in the prior year period
- Increase in long-term assets from prior year of \$13.4 million, or 15%, reflected addition of SGA and market appreciation, partially offset by net outflows, primarily in the volatile fourth quarter



Long-Term Assets by Asset Class					
Equity	53.9%	60.3%	58.9%	61.8%	62.8%
Fixed Income	41.1%	35.4%	37.0%	33.7%	31.9%
Alternatives ¹	5.0%	4.3%	4.1%	4.5%	5.3%

\$ in billions

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

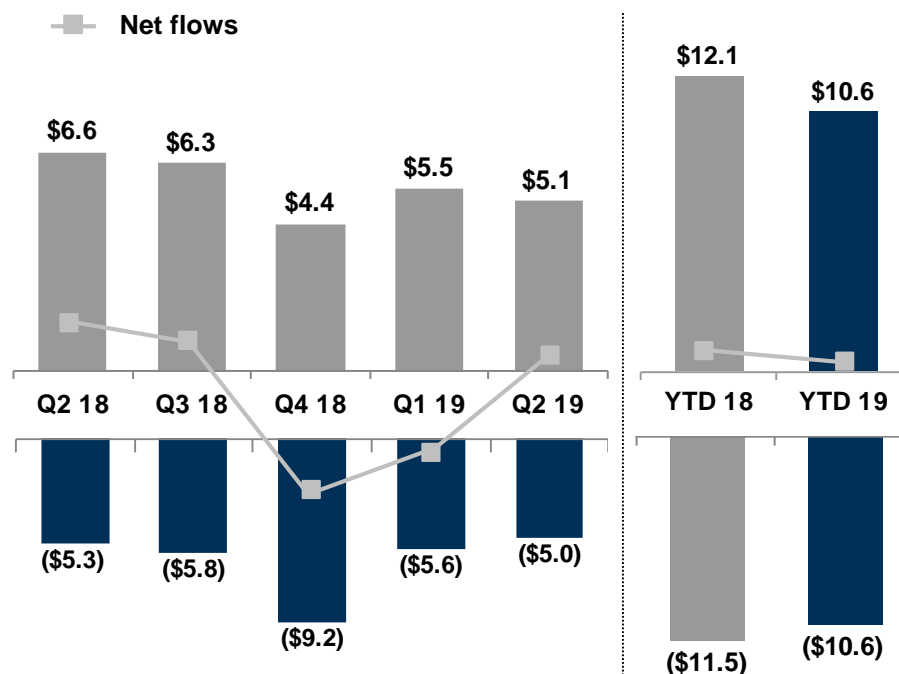
ASSET FLOWS

POSITIVE NET FLOWS DRIVEN BY INSTITUTIONAL AND RETAIL SEPARATE ACCOUNTS

- Total sales of \$5.1 billion decreased \$0.4 billion, or 7%, from the first quarter
 - First quarter sales included \$0.8 billion related to a CLO issuance and the initial model allocation for two new ETFs
 - Open-end fund sales of \$2.5 billion declined \$0.5 billion primarily due to lower sales of international equity and fixed income strategies
 - Institutional sales of \$1.7 billion increased \$0.8 billion, and included a \$0.9 billion global real estate subadvisory mandate

- Net flows of \$0.1 billion included:

- Institutional accounts: \$0.5 billion
- Retail separate accounts: \$0.3 billion
- Open-end funds: (\$0.7) billion



Flows Metrics						
Net Flows ¹						
\$1.3	\$0.5	(\$4.8)	(\$0.1)	\$0.1	\$0.6	\$0.0
Net Flow Rate ²						
5.9%	2.2%	(18.2%)	(0.2%)	0.2%	1.3%	0.0%

\$ in billions

¹ Net flows exclude liquidity products

² Annualized net flows divided by beginning of period long-term AUM

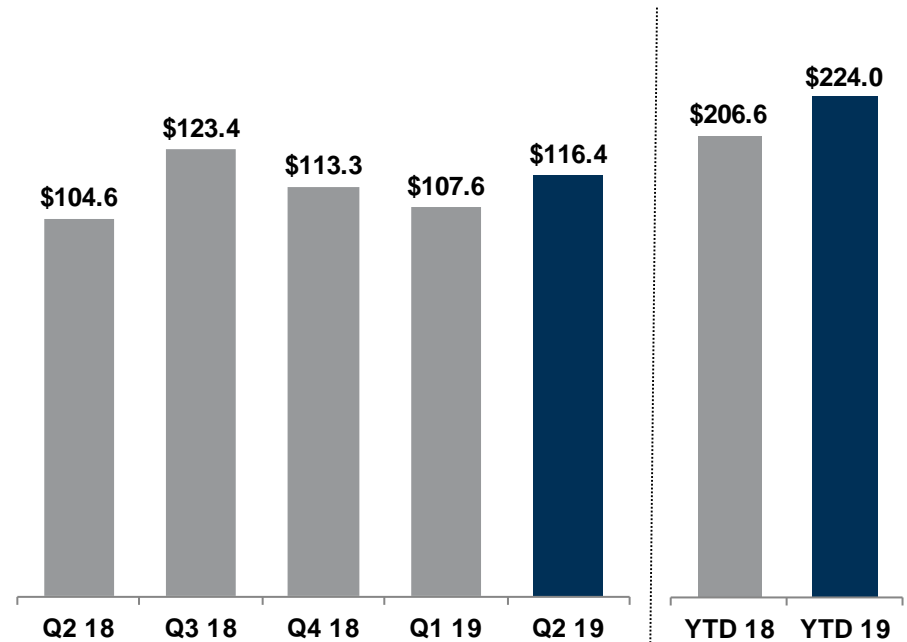
INVESTMENT MANAGEMENT FEES, AS ADJUSTED

AVERAGE FEE RATE HIGHER BY 0.4 BASIS POINTS



- Investment management fees increased \$8.9 million, or 8%, sequentially due to:
 - Long-term average assets higher by 6%
 - Higher average fee rate of 46.0, up 0.4 basis points sequentially, reflecting an increase in equity assets and a positive fee rate differential

- Positive open-end fund fee rate differential on flows during the quarter:
 - Inflows: 61 basis points
 - Outflows: 51 basis points



Metrics							
Long-Term Net Fee Rate ¹ – BPS							
	46.7	47.4	45.3	45.6	46.0	46.3	45.8
Long-Term Average AUM							
	\$88.8	\$102.3	\$98.3	\$94.7	\$100.5	\$88.8	\$97.6

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

¹ 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.

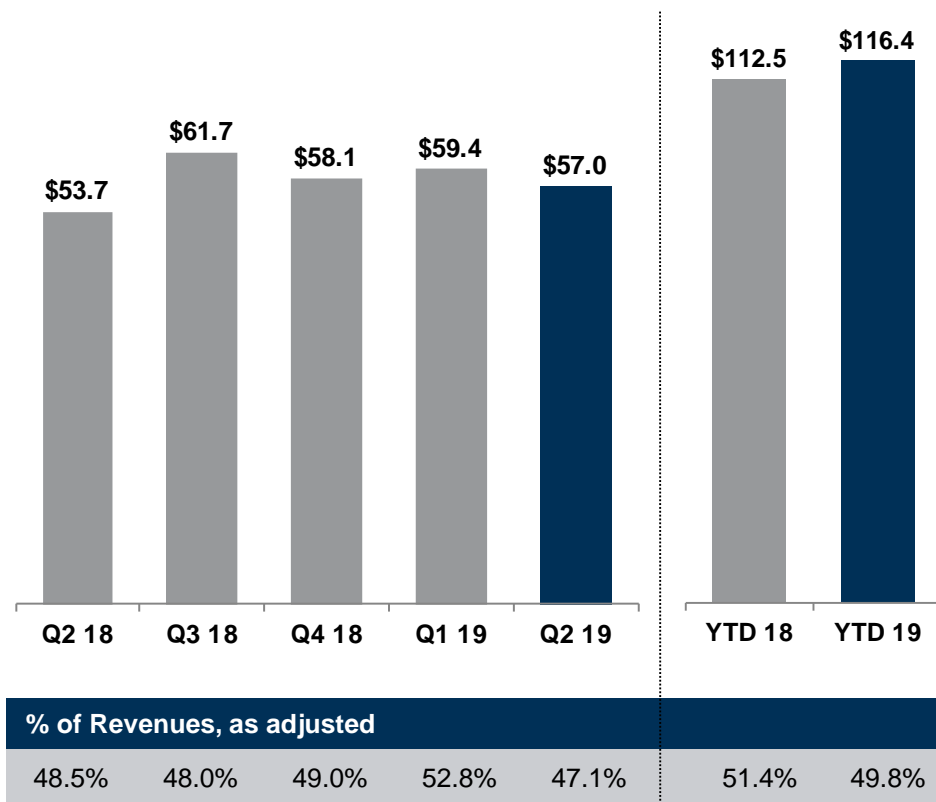
See the financial supplement for U.S. GAAP to Non-GAAP (“as adjusted”) reconciliations and related notes

EMPLOYMENT EXPENSES, AS ADJUSTED

RATIO AT LOW END OF HISTORICAL LEVELS

- Employment expenses, as adjusted, decreased \$2.4 million, or 4% sequentially due to:
 - \$7.5 million of seasonally higher employment expenses in the first quarter
 - Lower sales-based compensation
 - Partially offset by higher profit-based compensation

- Employment expenses as a percentage of revenues, as adjusted, of 47.1%
 - Decrease of 570 bps from the prior quarter, primarily due to seasonality
 - Decrease of 140 bps from the prior year, primarily due to lower sales-based compensation



\$ in millions

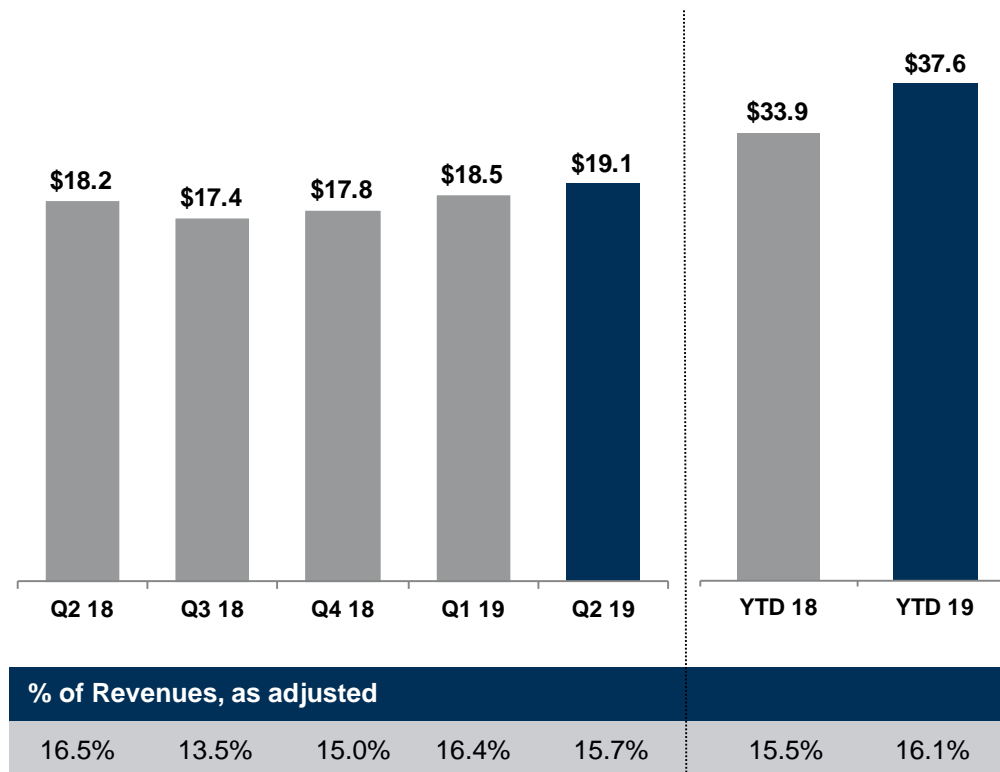
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OTHER OPERATING EXPENSES, AS ADJUSTED

HIGHER EXPENSES AS A RESULT OF TIMING OF BOARD GRANTS

- Other operating expenses, as adjusted, of \$19.1 million increased \$0.6 million, or 3%, from the prior quarter
 - Increase primarily due to \$0.8 million of annual director grants

- Other operating expenses, as adjusted, as a percentage of revenues, as adjusted, decreased 70 bps from the prior quarter and 80 basis points from the prior year



\$ in millions

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

CAPITAL POSITION

CONTINUED STOCK REPURCHASES AND DEBT REPAYMENTS



- Working capital increased \$10.8 million, or 8%, sequentially, as cash generation more than offset debt repayments and share repurchases
 - Repaid \$12.4 million of debt during the quarter; \$315.7 million of gross debt outstanding at June 30, 2019
 - Repurchased 67,709 shares for \$7.5 million and net settled 9,753 shares for \$1.1 million
 - Preferred shares scheduled to mandatorily convert to common shares on February 1, 2020

Select Balance Sheet Items:	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19
Cash and cash equivalents	\$139	\$169	\$202	\$142	\$166
Seed capital investments ¹	\$107	\$109	\$93	\$89	\$96
Investments - other ²	\$107	\$104	\$94	\$89	\$88
Deferred taxes, net	\$31	\$22	\$22	\$24	\$22
Gross debt ³	\$258	\$351	\$341	\$328	\$316
Redeemable noncontrolling interests	\$ -	\$56	\$55	\$54	\$54
Total equity attributable to stockholders	\$625	\$644	\$630	\$634	\$651
<i>Working capital⁴</i>	<i>\$94</i>	<i>\$128</i>	<i>\$140</i>	<i>\$138</i>	<i>\$149</i>
<i>Common shares outstanding</i>	<i>7.166</i>	<i>7.147</i>	<i>6.997</i>	<i>6.979</i>	<i>6.945</i>
<i>Hypothetical conversion of preferred shares⁵</i>	<i>0.880</i>	<i>0.950</i>	<i>1.047</i>	<i>1.047</i>	<i>1.048</i>
<i>Common shares outstanding, as adjusted⁵</i>	<i>8.046</i>	<i>8.097</i>	<i>8.044</i>	<i>8.026</i>	<i>7.993</i>

Metrics:	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19
Net Debt ⁶	\$119	\$183	\$139	\$186	\$150
Gross Debt ³ to Bank EBITDA ⁷	1.4x	1.7x	1.6x	1.6x	1.5x
Net Debt to Bank EBITDA	0.7x	0.9x	0.7x	0.9x	0.7x

\$ and shares in millions

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

² Represents investments not related to seed capital investments; company-managed CLOs represent \$84 million of the total

³ Excludes deferred financing costs

⁴ 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 twelve months

⁵ 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 \$109.68 to \$131.62 per share resulting in a conversion ratio range of 0.9117 to 0.7598 as of 06/30/2019

⁶ Defined as gross debt less cash and cash equivalents

⁷ 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

NON-GAAP INFORMATION

INCOME STATEMENT¹ (UNAUDITED)



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Revenues, As Adjusted							
Investment management fees, as adjusted	\$104,559	\$123,379	\$113,253	\$107,572	\$116,428	\$206,606	\$224,000
Distribution and service fees, as adjusted	13,553	13,734	10,831	10,066	10,620	26,164	20,686
Administration and shareholder service fees, as adjusted	15,995	16,579	15,366	14,440	15,081	31,734	29,521
Other income and fees, as adjusted	248	200	230	324	227	455	551
Distribution and other asset-based expenses, as adjusted	(23,721)	(25,386)	(21,043)	(19,764)	(21,322)	(46,012)	(41,086)
Total revenues, as adjusted	\$110,634	\$128,506	\$118,637	\$112,638	\$121,034	\$218,947	\$233,672
Operating Expenses, As Adjusted							
Employment expenses, as adjusted	\$53,660	\$61,708	\$58,073	\$59,418	\$57,008	\$112,453	\$116,426
Other operating expenses, as adjusted	18,227	17,393	17,812	18,496	19,055	33,920	37,551
Depreciation and other amortization, as adjusted	1,100	1,189	1,293	1,213	1,271	2,115	2,484
Total operating expenses, as adjusted	\$72,987	\$80,290	\$77,178	\$79,127	\$77,334	\$148,488	\$156,461
Operating Income (Loss), As Adjusted	\$37,647	\$48,216	\$41,459	\$33,511	\$43,700	\$70,459	\$77,211

\$ in thousands

¹ The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial information has material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures. See the information beginning on page 22 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

NON-GAAP INFORMATION

INCOME STATEMENT¹ (CONTINUED) (UNAUDITED)



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Other Income (Expense), As Adjusted							
Realized and unrealized gain (loss) on investments, net, as adjusted	\$137	\$10	(\$244)	\$359	\$102	(\$61)	\$461
Other income, net, as adjusted	455	549	1,272	450	696	1,774	1,146
Total other income (expense), as adjusted	\$592	\$559	\$1,028	\$809	\$798	\$1,713	\$1,607
Interest Income (Expense), As Adjusted							
Interest expense, as adjusted	(\$3,849)	(\$5,155)	(\$5,963)	(\$5,165)	(\$5,151)	(\$7,667)	(\$10,316)
Interest and dividend income, as adjusted	4,853	3,848	4,826	4,228	3,808	8,524	8,036
Total interest income (expense), net, as adjusted	\$1,004	(\$1,307)	(\$1,137)	(\$937)	(\$1,343)	\$857	(\$2,280)
Pre-Tax Income (Loss), As Adjusted	\$39,243	\$47,468	\$41,350	\$33,383	\$43,155	\$73,029	\$76,538
Income tax expense (benefit), as adjusted	10,994	12,678	11,526	9,062	11,668	20,511	20,730
Net Income (Loss), As Adjusted	\$28,249	\$34,790	\$29,824	\$24,321	\$31,487	\$52,518	\$55,808
Noncontrolling interests, as adjusted	-	(1,542)	(1,002)	(1,591)	(1,497)	-	(3,088)
Net Income Attributable to Common Stockholders, As Adjusted	\$28,249	\$33,248	\$28,822	\$22,730	\$29,990	\$52,518	\$52,720
Weighted average shares outstanding - diluted, as adjusted	8,401	8,456	8,429	8,322	8,252	8,396	8,290
Earnings (Loss) Per Share - Diluted, As Adjusted	\$3.36	\$3.93	\$3.42	\$2.73	\$3.63	\$6.26	\$6.36

\$ and shares in thousands

¹ The non-GAAP financial information included in this presentation differs from financial information determined in accordance with U.S. GAAP as a result of the reclassification of certain income statement items as well as the exclusion of certain expenses and other items that are not reflective of the earnings generated from providing investment management and related services. Non-GAAP financial information has material limitations and should not be viewed in isolation or as a substitute for U.S. GAAP measures. See the information beginning on page 22 for reconciliations to the most directly comparable U.S. GAAP measures and other important disclosures.

NON-GAAP INFORMATION

BALANCE SHEET¹ (UNAUDITED)



	<u>06/30/18</u>	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>
Assets:					
Cash and cash equivalents	\$138,827	\$168,982	\$201,705	\$142,344	\$166,026
Investments – seed capital	107,217	109,111	92,846	88,594	95,765
Investments – other	107,030	104,496	93,636	88,558	87,885
Investments – long term	20,064	17,758	18,264	19,563	20,046
Accounts receivable, net	68,710	80,807	71,150	75,309	72,882
Furniture, equipment, and leasehold improvements, net	11,409	11,998	20,154	20,171	20,092
Intangible assets, net	291,893	346,353	338,811	331,270	325,383
Goodwill	170,153	290,366	290,366	290,366	290,366
Deferred taxes, net	31,134	22,790	22,116	23,564	21,611
Other assets	40,091	19,837	14,204	32,693	35,612
Total Assets	\$986,528	\$1,172,498	\$1,163,252	\$1,112,432	\$1,135,668

\$ in thousands

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

NON-GAAP INFORMATION

BALANCE SHEET¹ (CONTINUED) (UNAUDITED)



	<u>06/30/18</u>	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>
Liabilities and Equity					
Liabilities:					
Accrued compensation and benefits	\$45,187	\$70,750	\$93,339	\$31,105	\$52,675
Accounts payable and accrued liabilities	25,805	32,803	27,926	27,723	24,757
Dividends payable	6,688	7,552	7,762	7,473	7,625
Other liabilities	39,236	22,490	20,010	40,574	39,785
Debt ²	245,147	338,874	329,184	317,665	306,110
Total Liabilities	\$362,063	\$472,469	\$478,221	\$424,540	\$430,952
Redeemable noncontrolling interests <input type="checkbox"/>	\$ -	\$56,287	\$55,097	\$54,357	\$53,656
Equity:					
Equity attributable to stockholders	\$624,465	\$643,742	\$629,934	\$633,535	\$651,060
Total Liabilities and Equity	\$986,528	\$1,172,498	\$1,163,252	\$1,112,432	\$1,135,668
Working Capital³	\$94,252	\$128,186	\$140,178	\$137,927	\$148,715

\$ in thousands

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

² Defined as gross debt less deferred financing costs

³ 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 twelve 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>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Revenues							
Investment management fees	\$103,168	\$121,713	\$111,664	\$105,918	\$114,591	\$203,644	\$220,509
Distribution and service fees	13,549	13,730	10,829	10,063	10,617	26,156	20,680
Administration and shareholder service fees	15,967	16,567	15,342	14,413	15,054	31,705	29,467
Other income and fees	248	200	230	324	227	455	551
Total revenues	\$132,932	\$152,210	\$138,065	\$130,718	\$140,489	\$261,960	\$271,207
Operating Expenses							
Employment expenses	\$54,868	\$63,269	\$59,668	\$60,851	\$58,123	\$115,564	\$118,974
Distribution and other asset-based expenses	23,721	25,386	21,043	19,764	21,322	46,012	41,086
Other operating expenses	19,128	20,350	18,513	18,723	19,174	35,990	37,897
Other operating expenses of CIP ¹	1,783	529	692	451	2,568	2,294	3,019
Restructuring and severance	-	-	87	1,176	320	-	1,496
Depreciation expense	1,100	1,189	1,293	1,213	1,271	2,115	2,484
Amortization expense	5,024	7,541	7,541	7,541	7,583	10,060	15,124
Total operating expenses	\$105,624	\$118,264	\$108,837	\$109,719	\$110,361	\$212,035	\$220,080
Operating Income (Loss)	\$27,308	\$33,946	\$29,228	\$20,999	\$30,128	\$49,925	\$51,127

\$ in thousands

¹ 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>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Other Income (Expense)							
Realized and unrealized gain (loss) on investments, net	\$960	(\$374)	(\$6,241)	\$3,433	\$2,039	\$1,398	\$5,472
Realized and unrealized gain (loss) of CIP ¹ , net	(1,779)	(4,735)	(16,997)	(1,921)	9,720	480	7,799
Other income (expense), net	455	549	966	450	696	1,774	1,146
Total other income (expense), net	(\$364)	(\$4,560)	(\$22,272)	\$1,962	\$12,455	\$3,652	\$14,417
Interest Income (Expense)							
Interest expense	(\$4,469)	(\$5,155)	(\$5,963)	(\$5,165)	(\$5,151)	(\$8,327)	(\$10,316)
Interest and dividend income	1,818	716	1,744	1,190	964	2,539	2,154
Interest and dividend income of CIP ¹	23,679	26,596	26,678	27,402	29,368	45,082	56,770
Interest expense of CIP ¹	(15,278)	(16,959)	(18,002)	(19,701)	(31,077)	(29,827)	(50,778)
Total interest income (expense), net	\$5,750	\$5,198	\$4,457	\$3,726	(\$5,896)	\$9,467	(\$2,170)
Income (Loss) Before Income Taxes	\$32,694	\$34,584	\$11,413	\$26,687	\$36,687	\$63,044	\$63,374
Income tax expense (benefit)	9,465	6,653	10,320	4,219	8,788	15,988	13,007
Net Income (Loss)	\$23,229	\$27,931	\$1,093	\$22,468	\$27,899	\$47,056	\$50,367
Noncontrolling interests	(159)	(933)	1,068	(722)	(973)	(686)	(1,695)
Net Income (Loss) Attributable to Stockholders	\$23,070	\$26,998	\$2,161	\$21,746	\$26,926	\$46,370	\$48,672
Preferred stockholder dividends	(2,084)	(2,085)	(2,084)	(2,084)	(2,084)	(4,168)	(4,168)
Net Income (Loss) Attributable to Common Stockholders	\$20,986	\$24,913	\$77	\$19,662	\$24,842	\$42,202	\$44,504
Weighted average shares outstanding - diluted	8,401	8,456	7,382	8,322	8,252	8,396	8,290
Earnings (Loss) Per Share - Diluted	\$2.75	\$3.19	\$0.01	\$2.61	\$3.26	\$5.52	\$5.87

\$ and shares in thousands

¹ 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



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19
Assets by Product					
U.S. Retail Funds	\$43,322.6	\$44,074.3	\$36,778.1	\$39,587.1	\$40,152.0
Offshore Funds ¹	115.7	112.2	108.3	126.0	139.9
Variable Insurance Funds	981.0	985.3	823.6	919.5	931.6
<i>Total – Open-End Funds</i>	<i>\$44,419.3</i>	<i>\$45,171.8</i>	<i>\$37,710.0</i>	<i>\$40,632.6</i>	<i>\$41,223.5</i>
Closed-End Funds	\$6,295.0	\$6,342.2	\$5,956.0	\$6,553.2	\$6,653.1
Exchange Traded Funds	\$1,029.9	\$983.4	\$667.6	\$1,102.2	\$1,077.8
Intermediary Sold Managed Accounts	\$11,062.6	\$12,757.4	\$11,274.9	\$12,974.9	\$13,909.1
Private Client	3,615.8	4,060.1	3,723.5	4,148.3	4,350.4
<i>Total – Retail Separate Accounts</i>	<i>\$14,678.4</i>	<i>\$16,817.5</i>	<i>\$14,998.4</i>	<i>\$17,123.2</i>	<i>\$18,259.5</i>
Institutional Accounts	\$19,726.6	\$30,960.1	\$27,445.0	\$30,514.1	\$32,056.2
Structured Products	\$3,684.4	\$3,647.8	\$3,640.3	\$3,998.0	\$3,983.7
<i>Total – Long-Term</i>	<i>\$89,833.6</i>	<i>\$103,922.8</i>	<i>\$90,417.3</i>	<i>\$99,923.3</i>	<i>\$103,253.8</i>
Liquidity ²	\$1,784.9	\$1,675.1	\$1,612.5	\$1,788.6	\$1,752.7
Total	\$91,618.5	\$105,597.9	\$92,029.8	\$101,711.9	\$105,006.5
Assets by Asset Class					
Equity	\$48,404.4	\$62,654.4	\$53,297.1	\$61,781.0	\$64,888.0
<i>% of total</i>	<i>53.9%</i>	<i>60.3%</i>	<i>58.9%</i>	<i>61.8%</i>	<i>62.8%</i>
Fixed Income ²	36,934.8	36,819.9	33,425.2	33,674.4	32,982.5
<i>% of total</i>	<i>41.1%</i>	<i>35.4%</i>	<i>37.0%</i>	<i>33.7%</i>	<i>31.9%</i>
Alternatives ³	4,494.4	4,448.5	3,695.0	4,467.9	5,383.3
<i>% of total</i>	<i>5.0%</i>	<i>4.3%</i>	<i>4.1%</i>	<i>4.5%</i>	<i>5.2%</i>
Total – Long-Term	\$89,833.6	\$103,922.8	\$90,417.3	\$99,923.3	\$103,253.8

\$ in millions

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

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

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

ASSETS UNDER MANAGEMENT

BY INVESTMENT CATEGORY / PRODUCT AS OF JUNE 30, 2019 (UNAUDITED)



	<u>Open-end funds</u>	<u>Closed-end funds</u>	<u>Exchange traded funds</u>	<u>Retail separate accounts</u>	<u>Institutional</u>	<u>Structured products</u>	<u>Total</u>
Domestic Equity:							
Large Cap	\$3,615.1	\$3,912.9	\$-	\$2,497.3	\$9,433.5	\$-	\$19,458.8
Mid Cap	4,011.9	-	-	3,942.0	1,174.8	-	9,128.7
Small Cap	8,146.0	-	62.4	8,029.5	3,700.1	-	19,938.0
Total Domestic Equity	\$15,773.0	\$3,912.9	\$62.4	\$14,468.8	\$14,308.4	\$-	\$48,525.5
International Equity:							
Developed Markets	\$3,251.1	\$-	\$5.2	\$311.2	\$5,719.5	\$-	\$9,287.0
Emerging Markets	7,065.2	-	10.3	-	-	-	7,075.5
Total International Equity	\$10,316.3	\$-	\$15.5	\$311.2	\$5,719.5	\$-	\$16,362.5
Total Equity	\$26,089.3	\$3,912.9	\$77.9	\$14,780.0	\$20,027.9	\$-	\$64,888.0
Fixed Income:							
Investment Grade	\$2,076.1	\$1,064.5	\$-	\$1,738.6	\$6,936.2	\$-	\$11,815.4
Leveraged Finance	5,361.2	-	20.7	1,592.7	2,993.3	3,983.7	13,951.6
Multi-Sector	6,636.0	476.1	28.2	-	75.2	-	7,215.5
Total Fixed Income	\$14,073.3	\$1,540.6	\$48.9	\$3,331.3	\$10,004.7	\$3,983.7	\$32,982.5
Alternative:							
Real Estate Securities	\$930.3	\$14.7	\$24.6	\$91.9	\$1,901.2	\$-	\$2,962.7
Mid-Stream Energy Securities	28.4	1,185.1	453.6	-	3.9	-	1,671.0
Other ¹	102.2	(0.2)	472.8	56.3	118.5	-	749.6
Total Alternative	\$1,060.9	\$1,199.6	\$951.0	\$148.2	\$2,023.6	\$-	\$5,383.3
Total Long-Term Assets	\$41,223.5	\$6,653.1	\$1,077.8	\$18,259.5	\$32,056.2	\$3,983.7	\$103,253.8
Liquidity ²	1,482.2	-	-	-	270.5	-	1,752.7
Total	\$42,705.7	\$6,653.1	\$1,077.8	\$18,259.5	\$32,326.7	\$3,983.7	\$105,006.5

\$ in millions

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

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

ASSETS UNDER MANAGEMENT

BY INVESTMENT CATEGORY



	<u>9/30/2018</u>	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>
Ending Assets By Investment Category				
Domestic Equity:				
Large Cap	\$19,953.7	\$16,923.4	\$18,974.5	\$19,458.8
Mid Cap	7,617.8	6,706.5	8,067.1	9,128.7
Small Cap	19,823.0	16,223.8	19,000.2	19,938.0
Total Domestic Equity	\$47,394.5	\$39,853.7	\$46,041.8	\$48,525.5
International Equity:				
Developed Markets	\$7,909.7	\$7,116.4	\$8,763.7	\$9,287.0
Emerging Markets	7,350.2	6,327.0	6,975.5	7,075.5
Total International Equity	\$15,259.9	\$13,443.4	\$15,739.2	\$16,362.5
Total Equity	\$62,654.4	\$53,297.1	\$61,781.0	\$64,888.0
Fixed Income:				
Investment Grade	\$12,503.0	\$11,945.1	\$11,901.9	\$11,815.4
Leveraged Finance	16,453.4	14,475.0	14,526.5	13,951.6
Multi-Sector	7,863.5	7,005.1	7,246.0	7,215.5
Total Fixed Income	\$36,819.9	\$33,425.2	\$33,674.4	\$32,982.5
Alternative:				
Real Estate Securities	\$2,166.3	\$1,868.0	\$2,076.2	\$2,962.7
Mid-Stream Energy Securities	1,900.3	1,512.2	1,713.9	1,671.0
Other ¹	381.9	314.8	677.8	749.6
Total Alternative	\$4,448.5	\$3,695.0	\$4,467.9	\$5,383.3
Total Long-Term Assets	\$103,922.8	\$90,417.3	\$99,923.3	\$103,253.8
Liquidity ²	\$1,675.1	\$1,612.5	\$1,788.6	\$1,752.7
Total	\$105,597.9	\$92,029.8	\$101,711.9	\$105,006.5

\$ in millions

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

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

ASSET FLOWS

TOTAL/LONG-TERM



	<u>06/30/18</u>	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Long-term							
Beginning balance	\$87,443.5	\$89,833.6	\$103,922.8	\$90,417.3	\$99,923.3	\$88,834.5	\$90,417.3
Inflows	6,643.1	6,261.2	4,438.4	5,501.1	5,118.9	12,074.1	10,620.0
Outflows	(5,353.8)	(5,767.8)	(9,210.8)	(5,555.1)	(5,058.0)	(11,515.4)	(10,613.1)
Net Flows	1,289.3	493.4	(4,772.4)	(54.0)	60.9	558.7	6.9
Market performance	1,517.1	2,471.9	(8,122.7)	9,687.1	3,715.7	1,129.2	13,402.8
Other ¹	(416.3)	11,123.9	(610.4)	(127.1)	(446.1)	(688.8)	(573.2)
Ending Balance - Long-Term	\$89,833.6	\$103,922.8	\$90,417.3	\$99,923.3	\$103,253.8	\$89,833.6	\$103,253.8
Ending Balance - Liquidity	1,784.9	1,675.1	1,612.5	1,788.6	1,752.7	1,784.9	1,752.7
Ending Balance - Total	\$91,618.5	\$105,597.9	\$92,029.8	\$101,711.9	\$105,006.5	\$91,618.5	\$105,006.5

\$ in millions

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

ASSET FLOWS

BY PRODUCT



	<u>06/30/18</u>	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
U.S. Retail Funds							
Beginning balance	\$42,092.7	\$43,322.6	\$44,074.3	\$36,778.1	\$39,587.1	\$41,949.9	\$36,778.1
Inflows	4,335.6	3,791.8	2,873.3	2,969.3	2,483.9	8,089.8	5,453.2
Outflows	(3,157.1)	(3,416.3)	(6,709.0)	(3,821.2)	(3,175.4)	(6,774.6)	(6,996.6)
Net Flows	1,178.5	375.5	(3,835.7)	(851.9)	(691.5)	1,315.2	(1,543.4)
Market performance	137.5	430.0	(3,081.7)	3,708.9	1,425.6	202.0	5,134.5
Other ¹	(86.1)	(53.8)	(378.8)	(48.0)	(169.2)	(144.5)	(217.2)
Ending Balance	\$43,322.6	\$44,074.3	\$36,778.1	\$39,587.1	\$40,152.0	\$43,322.6	\$40,152.0
Offshore Funds²							
Beginning balance	\$127.2	\$115.7	\$112.2	\$108.3	\$126.0	\$122.3	\$108.3
Inflows	14.1	9.9	11.1	23.2	21.1	33.4	44.3
Outflows	(27.3)	(14.7)	(14.3)	(14.5)	(9.1)	(34.2)	(23.6)
Net Flows	(13.2)	(4.8)	(3.2)	8.7	12.0	(0.8)	20.7
Market performance	2.0	1.5	(5.5)	9.4	2.2	1.7	11.6
Other ¹	(0.3)	(0.2)	4.8	(0.4)	(0.3)	(7.5)	(0.7)
Ending Balance	\$115.7	\$112.2	\$108.3	\$126.0	\$139.9	\$115.7	\$139.9

\$ in millions

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

² 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)



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	YTD:18	YTD:19
Variable Insurance Funds							
Beginning balance	\$982.6	\$981.0	\$985.3	\$823.6	\$919.5	\$1,005.4	\$823.6
Inflows	6.9	5.7	4.2	7.2	5.1	17.0	12.3
Outflows	(36.2)	(34.1)	(27.2)	(31.7)	(29.7)	(74.0)	(61.4)
Net Flows	(29.3)	(28.4)	(23.0)	(24.5)	(24.6)	(57.0)	(49.1)
Market performance	31.0	32.6	(138.7)	120.4	36.7	36.6	157.1
Other ¹	(3.3)	0.1	-	-	-	(4.0)	-
Ending Balance	\$981.0	\$985.3	\$823.6	\$919.5	\$931.6	\$981.0	\$931.6
Total Open End Funds							
Beginning balance	\$43,202.5	\$44,419.3	\$45,171.8	\$37,710.0	\$40,632.6	\$43,077.6	\$37,710.0
Inflows	4,356.6	3,807.4	2,888.6	2,999.7	2,510.1	8,140.2	5,509.8
Outflows	(3,220.6)	(3,465.1)	(6,750.5)	(3,867.4)	(3,214.2)	(6,882.8)	(7,081.6)
Net Flows	1,136.0	342.3	(3,861.9)	(867.7)	(704.1)	1,257.4	(1,571.8)
Market performance	170.5	464.1	(3,225.9)	3,838.7	1,464.5	240.3	5,303.2
Other ¹	(89.7)	(53.9)	(374.0)	(48.4)	(169.5)	(156.0)	(217.9)
Ending Balance	\$44,419.3	\$45,171.8	\$37,710.0	\$40,632.6	\$41,223.5	\$44,419.3	\$41,223.5

\$ in millions

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

ASSET FLOWS

BY PRODUCT (CONTINUED)



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	YTD:18	YTD:19
Closed-End Funds							
Beginning balance	\$6,132.7	\$6,295.0	\$6,342.2	\$5,956.0	\$6,553.2	\$6,666.2	\$5,956.0
Inflows	0.5	12.9	8.2	11.5	8.7	0.5	20.2
Outflows	-	-	-	-	-	-	-
Net Flows	0.5	12.9	8.2	11.5	8.7	0.5	20.2
Market performance	250.0	124.4	(257.2)	661.9	182.4	(156.1)	844.3
Other ¹	(88.2)	(90.1)	(137.2)	(76.2)	(91.2)	(215.6)	(167.4)
Ending Balance	\$6,295.0	\$6,342.2	\$5,956.0	\$6,553.2	\$6,653.1	\$6,295.0	\$6,653.1
Exchange Traded Funds							
Beginning balance	\$980.2	\$1,029.9	\$983.4	\$667.6	\$1,102.2	\$1,039.2	\$667.6
Inflows	86.5	35.0	29.5	393.8	131.8	226.0	525.6
Outflows	(71.7)	(100.4)	(106.6)	(46.3)	(116.9)	(134.9)	(163.2)
Net Flows	14.8	(65.4)	(77.1)	347.5	14.9	91.1	362.4
Market performance	65.2	50.1	(200.7)	108.3	(4.8)	(12.3)	103.5
Other ¹	(30.3)	(31.2)	(38.0)	(21.2)	(34.5)	(88.1)	(55.7)
Ending Balance	\$1,029.9	\$983.4	\$667.6	\$1,102.2	\$1,077.8	\$1,029.9	\$1,077.8

\$ in millions

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

ASSET FLOWS

BY PRODUCT (CONTINUED)



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	YTD:18	YTD:19
Intermediary Sold Managed Accounts							
Beginning balance	\$10,535.2	\$11,062.6	\$12,757.4	\$11,274.9	\$12,974.9	\$10,260.7	\$11,274.9
Inflows	632.3	771.0	580.5	588.3	608.4	1,208.6	1,196.7
Outflows	(499.5)	(461.0)	(389.8)	(377.4)	(385.6)	(1,056.9)	(763.0)
Net Flows	132.8	310.0	190.7	210.9	222.8	151.7	433.7
Market performance	394.6	513.8	(1,673.2)	1,525.1	735.9	650.2	2,261.0
Other ¹	-	871.0	-	(36.0)	(24.5)	-	(60.5)
Ending Balance	\$11,062.6	\$12,757.4	\$11,274.9	\$12,974.9	\$13,909.1	\$11,062.6	\$13,909.1
Private Client							
Beginning balance	\$3,477.1	\$3,615.8	\$4,060.1	\$3,723.5	\$4,148.3	\$3,676.1	\$3,723.5
Inflows	104.4	150.4	120.8	164.3	122.5	229.4	286.8
Outflows	(75.8)	(102.1)	(125.1)	(94.1)	(61.5)	(304.9)	(155.6)
Net Flows	28.6	48.3	(4.3)	70.2	61.0	(75.5)	131.2
Market performance	105.1	94.9	(332.2)	369.9	141.3	10.2	511.2
Other ¹	5.0	301.1	(0.1)	(15.3)	(0.2)	5.0	(15.5)
Ending Balance	\$3,615.8	\$4,060.1	\$3,723.5	\$4,148.3	\$4,350.4	\$3,615.8	\$4,350.4
Total Retail Separate Accounts							
Beginning balance	\$14,012.3	\$14,678.4	\$16,817.5	\$14,998.4	\$17,123.2	\$13,936.8	\$14,998.4
Inflows	736.7	921.4	701.3	752.6	730.9	1,438.0	1,483.5
Outflows	(575.3)	(563.1)	(514.9)	(471.5)	(447.1)	(1,361.8)	(918.6)
Net Flows	161.4	358.3	186.4	281.1	283.8	76.2	564.9
Market performance	499.7	608.7	(2,005.4)	1,895.0	877.2	660.4	2,772.2
Other ¹	5.0	1,172.1	(0.1)	(51.3)	(24.7)	5.0	(76.0)
Ending Balance	\$14,678.4	\$16,817.5	\$14,998.4	\$17,123.2	\$18,259.5	\$14,678.4	\$18,259.5

\$ in millions

¹Represents 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)



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	YTD:18	YTD:19
Institutional Accounts							
Beginning balance	\$19,411.2	\$19,726.6	\$30,960.1	\$27,445.0	\$30,514.1	\$20,815.9	\$27,445.0
Inflows	1,425.0	1,484.5	810.8	954.7	1,737.4	1,848.0	2,692.1
Outflows	(1,465.8)	(1,604.8)	(1,822.6)	(1,153.9)	(1,258.9)	(3,115.5)	(2,412.8)
Net Flows	(40.8)	(120.3)	(1,011.8)	(199.2)	478.5	(1,267.5)	279.3
Market performance	486.4	1,184.8	(2,490.5)	3,155.8	1,139.8	313.7	4,295.6
Other ¹	(130.2)	10,169.0	(12.8)	112.5	(76.2)	(135.5)	36.3
Ending Balance	\$19,726.6	\$30,960.1	\$27,445.0	\$30,514.1	\$32,056.2	\$19,726.6	\$32,056.2
Structured Products							
Beginning balance	\$3,704.6	\$3,684.4	\$3,647.8	\$3,640.3	\$3,998.0	\$3,298.8	\$3,640.3
Inflows	37.8	-	-	388.8	-	421.4	388.8
Outflows	(20.4)	(34.4)	(16.2)	(16.0)	(20.9)	(20.4)	(36.9)
Net Flows	17.4	(34.4)	(16.2)	372.8	(20.9)	401.0	351.9
Market performance	45.3	39.8	57.0	27.4	56.6	83.2	84.0
Other ¹	(82.9)	(42.0)	(48.3)	(42.5)	(50.0)	(98.6)	(92.5)
Ending Balance	\$3,684.4	\$3,647.8	\$3,640.3	\$3,998.0	\$3,983.7	\$3,684.4	\$3,983.7
Liquidity							
Beginning balance	\$1,641.6	\$1,784.9	\$1,675.1	\$1,612.5	\$1,788.6	\$2,128.7	\$1,612.5
Other ¹	143.3	(109.8)	(62.6)	176.1	(35.9)	(343.8)	140.2
Ending Balance	\$1,784.9	\$1,675.1	\$1,612.5	\$1,788.6	\$1,752.7	\$1,784.9	\$1,752.7

\$ in millions

¹Represents 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 FUNDS¹ BY ASSET CLASS



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	YTD:18	YTD:19
Domestic Equity Funds							
Beginning balance	\$12,516.4	\$14,677.1	\$15,979.3	\$12,778.0	\$14,855.5	\$12,023.3	\$12,778.0
Inflows	2,320.4	2,033.5	922.1	1,071.1	1,011.3	3,707.3	2,082.4
Outflows	(863.2)	(1,216.9)	(1,838.1)	(1,184.1)	(934.0)	(1,874.5)	(2,118.1)
Net Flows	1,457.2	816.6	(916.0)	(113.0)	77.3	1,832.8	(35.7)
Market performance	699.0	532.5	(2,153.2)	2,169.9	844.3	799.6	3,014.2
Other ²	4.5	(46.9)	(132.1)	20.6	(4.1)	21.4	16.5
Ending Balance	\$14,677.1	\$15,979.3	\$12,778.0	\$14,855.5	\$15,773.0	\$14,677.1	\$15,773.0
International Equity Funds							
Beginning balance	\$11,267.3	\$10,532.4	\$10,205.9	\$8,727.2	\$9,925.1	\$11,296.0	\$8,727.2
Inflows	704.4	747.8	790.8	861.8	693.5	1,558.1	1,555.3
Outflows	(798.8)	(830.4)	(1,458.8)	(751.5)	(706.1)	(1,686.3)	(1,457.6)
Net Flows	(94.4)	(82.6)	(668.0)	110.3	(12.6)	(128.2)	97.7
Market performance	(616.6)	(286.9)	(640.8)	982.1	349.8	(605.5)	1,331.9
Other ²	(23.9)	43.0	(169.9)	105.5	54.0	(29.9)	159.5
Ending Balance	\$10,532.4	\$10,205.9	\$8,727.2	\$9,925.1	\$10,316.3	\$10,532.4	\$10,316.3
Total Equity Funds							
Beginning balance	\$23,783.7	\$25,209.5	\$26,185.2	\$21,505.2	\$24,780.6	\$23,319.3	\$21,505.2
Inflows	3,024.8	2,781.3	1,712.9	1,932.9	1,704.8	5,265.4	3,637.7
Outflows	(1,662.0)	(2,047.3)	(3,296.9)	(1,935.6)	(1,640.1)	(3,560.8)	(3,575.7)
Net Flows	1,362.8	734.0	(1,584.0)	(2.7)	64.7	1,704.6	62.0
Market performance	82.4	245.6	(2,794.0)	3,152.0	1,194.1	194.1	4,346.1
Other ²	(19.4)	(3.9)	(302.0)	126.1	49.9	(8.5)	176.0
Ending Balance	\$25,209.5	\$26,185.2	\$21,505.2	\$24,780.6	\$26,089.3	\$25,209.5	\$26,089.3

\$ in millions

¹Represents assets under management of U.S. Retail Funds, Offshore Funds and Variable Insurance Funds

²Represents 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 FUNDS¹ BY ASSET CLASS (CONTINUED)



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	YTD:18	YTD:19
Taxable Bond Funds²							
Beginning balance	\$17,241.8	\$17,044.7	\$16,913.7	\$14,507.3	\$14,142.2	\$17,363.0	\$14,507.3
Inflows	1,197.5	927.6	1,077.5	952.8	721.0	2,616.1	1,673.8
Outflows	(1,334.8)	(1,214.1)	(3,073.7)	(1,764.8)	(1,453.7)	(2,852.5)	(3,218.5)
Net Flows	(137.3)	(286.5)	(1,996.2)	(812.0)	(732.7)	(236.4)	(1,544.7)
Market performance	0.8	214.5	(357.8)	525.5	233.2	50.1	758.7
Other ³	(60.6)	(59.0)	(52.4)	(78.6)	(101.4)	(132.0)	(180.0)
Ending Balance	\$17,044.7	\$16,913.7	\$14,507.3	\$14,142.2	\$13,541.3	\$17,044.7	\$13,541.3
Non-Taxable Bond Funds							
Beginning balance	\$886.7	\$854.0	\$815.5	\$666.9	\$647.8	\$933.5	\$666.9
Inflows	60.1	36.0	49.0	38.5	23.2	113.0	61.7
Outflows	(91.4)	(71.3)	(204.3)	(54.5)	(34.7)	(177.9)	(89.2)
Net Flows	(31.3)	(35.3)	(155.3)	(16.0)	(11.5)	(64.9)	(27.5)
Market performance	4.9	(2.7)	9.9	14.8	10.6	(5.6)	25.4
Other ³	(6.3)	(0.5)	(3.2)	(17.9)	(114.9)	(9.0)	(132.8)
Ending Balance	\$854.0	\$815.5	\$666.9	\$647.8	\$532.0	\$854.0	\$532.0
Total Fixed Income Funds							
Beginning balance	\$18,128.5	\$17,898.7	\$17,729.2	\$15,174.2	\$14,790.0	\$18,296.5	\$15,174.2
Inflows	1,257.6	963.6	1,126.5	991.3	744.2	2,729.1	1,735.5
Outflows	(1,426.2)	(1,285.4)	(3,278.0)	(1,819.3)	(1,488.4)	(3,030.4)	(3,307.7)
Net Flows	(168.6)	(321.8)	(2,151.5)	(828.0)	(744.2)	(301.3)	(1,572.2)
Market performance	5.7	211.8	(347.9)	540.3	243.8	44.5	784.1
Other ³	(66.9)	(59.5)	(55.6)	(96.5)	(216.3)	(141.0)	(312.8)
Ending Balance	\$17,898.7	\$17,729.2	\$15,174.2	\$14,790.0	\$14,073.3	\$17,898.7	\$14,073.3

\$ in millions

¹Represents assets under management of U.S. Retail Funds, Offshore Funds and Variable Insurance Funds

²Excludes open-end funds that employ liquidity strategies

³Represents 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 FUNDS¹ BY ASSET CLASS (CONTINUED)



	<u>06/30/18</u>	<u>09/30/18</u>	<u>12/31/18</u>	<u>03/31/19</u>	<u>06/30/19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Alternative Funds²							
Beginning balance	\$1,290.3	\$1,311.1	\$1,257.4	\$1,030.6	\$1,062.0	\$1,461.8	\$1,030.6
Inflows	74.2	62.5	49.3	75.5	61.1	145.7	136.6
Outflows	(132.4)	(132.4)	(175.6)	(112.4)	(85.8)	(291.6)	(198.2)
Net Flows	(58.2)	(69.9)	(126.3)	(36.9)	(24.7)	(145.9)	(61.6)
Market performance	82.4	6.7	(84.0)	146.4	26.7	1.7	173.1
Other ³	(3.4)	9.5	(16.5)	(78.1)	(3.1)	(6.5)	(81.2)
Ending Balance	\$1,311.1	\$1,257.4	\$1,030.6	\$1,062.0	\$1,060.9	\$1,311.1	\$1,060.9

\$ in millions

¹Represents assets under management of U.S. Retail Funds, Offshore Funds and Variable Insurance Funds

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

³Represents 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>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Average Net Management Fees¹ <i>(in basis points, annualized)</i>							
U.S. Retail Funds	51.6	54.1	53.9	54.2	55.5	50.9	54.8
Offshore Funds ²	33.8	40.7	29.6	23.9	-	-	0.4
Variable Insurance Funds	63.7	65.3	62.8	63.4	64.1	64.5	63.8
<i>Total Open-End Funds</i>	<i>51.8</i>	<i>54.3</i>	<i>54.0</i>	<i>54.3</i>	<i>55.4</i>	<i>51.1</i>	<i>54.9</i>
Closed-End Funds	66.1	65.9	65.5	64.9	65.0	66.2	65.0
Exchange Traded Funds	14.7	13.7	12.6	10.5	12.7	16.4	11.7
Intermediary Sold Managed Accounts	37.4	38.3	37.9	37.7	37.6	37.2	37.6
Private Client	81.6	84.6	77.8	79.6	79.8	79.4	79.7
<i>Total Retail Separate Accounts</i>	<i>48.4</i>	<i>49.2</i>	<i>47.5</i>	<i>48.1</i>	<i>47.8</i>	<i>48.0</i>	<i>48.0</i>
Institutional Accounts ³	31.7	31.9	29.2	30.6	30.8	31.8	30.7
Structured Products ⁴	36.2	60.0	36.7	37.1	35.3	37.7	36.1
<i>Total Long-Term Assets⁵</i>	<i>46.7</i>	<i>47.4</i>	<i>45.3</i>	<i>45.6</i>	<i>46.0</i>	<i>46.3</i>	<i>45.8</i>
Liquidity ⁶	9.5	10.1	9.9	9.9	10.6	10.7	10.2
Total	46.0	46.8	44.7	45.0	45.3	45.7	45.2

\$ in millions

¹Represents 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 June 30, 2019 for each of Open-End Funds and All Products by 0.3 basis points

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

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

⁴Includes incentive fees earned during the three months ended June 30, 2018, September 30, 2018 and December 31, 2018 that impacted the fee rate by 0.1, 24.6, and 0.9 basis points, respectively

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

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

INVESTMENT MANAGEMENT FEES

AVERAGE ASSETS BY PRODUCT (UNAUDITED)



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Average Assets by Product¹							
U.S. Retail Funds	\$42,889.1	\$44,029.2	\$40,596.9	\$38,520.9	\$39,898.5	\$42,748.4	\$39,209.7
Offshore Funds ²	118.4	113.9	113.5	119.2	133.5	123.2	126.4
Variable Insurance Funds	993.3	994.0	891.4	891.8	929.2	1,004.4	910.5
<i>Total – Open-End Funds</i>	<i>\$44,000.8</i>	<i>\$45,137.1</i>	<i>\$41,601.8</i>	<i>\$39,531.9</i>	<i>\$40,961.2</i>	<i>\$43,876.0</i>	<i>\$40,246.6</i>
Closed-End Funds	\$6,167.0	\$6,386.7	\$6,235.0	\$6,258.3	\$6,550.5	\$6,256.6	\$6,404.4
Exchange Traded Funds	\$1,026.8	\$1,035.9	\$831.2	\$870.8	\$1,081.4	\$1,036.3	\$976.1
Intermediary Sold Managed Accounts	\$10,521.9	\$11,882.5	\$12,757.4	\$11,274.9	\$12,975.0	\$10,384.5	\$12,124.9
Private Client	3,477.1	3,654.2	4,060.1	3,723.5	4,148.3	3,576.7	3,935.9
<i>Total – Retail Separate Accounts</i>	<i>\$13,999.0</i>	<i>\$15,536.7</i>	<i>\$16,817.5</i>	<i>\$14,998.4</i>	<i>\$17,123.3</i>	<i>\$13,961.2</i>	<i>\$16,060.8</i>
Institutional Accounts	\$19,942.3	\$30,583.4	\$29,171.7	\$29,353.8	\$30,771.1	\$20,054.0	\$30,062.5
Structured Products	\$3,681.5	\$3,635.7	\$3,627.2	\$3,668.3	\$3,968.2	\$3,650.3	\$3,818.2
<i>Total – Long-Term Assets</i>	<i>\$88,817.4</i>	<i>\$102,315.5</i>	<i>\$98,284.4</i>	<i>\$94,681.5</i>	<i>\$100,455.7</i>	<i>\$88,834.4</i>	<i>\$97,568.6</i>
Liquidity ³	\$1,699.3	\$1,750.3	\$1,606.7	\$1,725.5	\$1,769.5	\$1,743.5	\$1,747.5
Total	\$90,516.7	\$104,065.8	\$99,891.1	\$96,407.0	\$102,225.2	\$90,577.9	\$99,316.1

\$ in millions

¹Averages 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

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

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

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	
Revenues									
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
Operating Expenses									
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
Operating Income (Loss)	30,128	-	4,435	7,583	320	-	1,234	-	43,700
Other Income (Expense)									
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
Interest Income (Expense)									
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)
Income (Loss) Before Income Taxes	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
Net Income (Loss)	27,899	-	(223)	5,533	233	(2,504)	900	(351)	31,487
Noncontrolling interests	(973)	-	223	(747)	-	-	-	-	(1,497)
Net Income (Loss) Attributable to Stockholders	26,926	-	-	4,786	233	(2,504)	900	(351)	29,990
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
Net Income (Loss) Attributable to Common Stockholders	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 30

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q1 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	
Revenues									
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
Operating Expenses									
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
Operating Income (Loss)									
	20,999	-	2,135	7,541	1,176	-	1,480	180	33,511
Other Income (Expense)									
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
Interest Income (Expense)									
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)
Income (Loss) Before Income Taxes									
	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
Net Income (Loss)									
	22,468	-	114	5,494	857	(4,564)	1,078	(1,126)	24,321
Noncontrolling interests	(722)	-	(114)	(755)	-	-	-	-	(1,591)
Net Income (Loss) Attributable to Stockholders									
	21,746	-	-	4,739	857	(4,564)	1,078	(1,126)	22,730
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
Net Income (Loss) Attributable to Common Stockholders									
	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 30

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		Other
Revenues									
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
Operating Expenses									
Employment expenses	59,668	-	-	-	-	-	(1,595)	-	58,073
Distribution and other asset-based expenses	21,043	(21,043)	-	-	-	-	-	-	-
Other operating expenses	18,513	-	-	-	-	-	(363)	(338)	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)	(338)	77,178
Operating Income (Loss)	29,228	-	2,307	7,541	366	-	1,679	338	41,459
Other Income (Expense)									
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
Interest Income (Expense)									
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)	-	-	-	-	-	-	-	-
Total interest income (expense), net	4,457	-	(5,594)	-	-	-	-	-	(1,137)
Income (Loss) Before Income Taxes	11,413	-	1,268	7,541	366	18,745	1,679	338	41,350
Income tax expense (benefit)	10,320	-	-	2,102	102	(900)	468	(566)	11,526
Net Income (Loss)	1,093	-	1,268	5,439	264	19,645	1,211	904	29,824
Noncontrolling interests	1,068	-	(1,268)	(755)	-	(10)	(37)	-	(1,002)
Net Income (Loss) Attributable to Stockholders	2,161	-	-	4,684	264	19,635	1,174	904	28,822
Preferred stockholder dividends	(2,084)	-	-	-	-	-	-	2,084	-
Net Income (Loss) Attributable to Common Stockholders	77	-	-	4,684	264	19,635	1,174	2,988	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 30

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	
Revenues								
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
Operating Expenses								
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
Operating Income (Loss)	33,946	-	2,211	7,541	-	4,290	228	48,216
Other Income (Expense)								
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
Interest Income (Expense)								
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)
Income (Loss) Before Income Taxes	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
Net Income (Loss)	27,931	-	(146)	5,527	(1,417)	3,144	(249)	34,790
Noncontrolling interests	(933)	-	146	(755)	-	-	-	(1,542)
Net Income (Loss) Attributable to Stockholders	26,998	-	-	4,772	(1,417)	3,144	(249)	33,248
Preferred stockholder dividends	(2,085)	-	-	-	-	-	2,085	-
Net Income (Loss) Attributable to Common Stockholders	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 30

RECONCILIATION: U.S. GAAP TO NON-GAAP

Q2 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 integration related expenses	Acquisition and integration related	
Revenues							
Investment management fees	103,168	-	1,391	-	-	-	104,559
Distribution and service fees	13,549	-	4	-	-	-	13,553
Administration and shareholder service fees	15,967	-	28	-	-	-	15,995
Other income and fees	248	-	-	-	-	-	248
Distribution and other asset-based expenses	-	(23,721)	-	-	-	-	(23,721)
Total revenues	132,932	(23,721)	1,423	-	-	-	110,634
Operating Expenses							
Employment expenses	54,868	-	-	-	-	(1,208)	53,660
Distribution and other asset-based expenses	23,721	(23,721)	-	-	-	-	-
Other operating expenses	19,128	-	-	-	-	(768)	18,227
Other operating expenses of CIP	1,783	-	(1,783)	-	-	-	-
Depreciation and other amortization	1,100	-	-	-	-	-	1,100
Amortization expense	5,024	-	-	(5,024)	-	-	-
Total operating expenses	105,624	(23,721)	(1,783)	(5,024)	-	(1,976)	72,987
Operating Income (Loss)	27,308	-	3,206	5,024	-	1,976	37,647
Other Income (Expense)							
Realized and unrealized gain (loss) on investments, net	960	-	(1,206)	-	383	-	137
Realized and unrealized gain (loss) of CIP, net	(1,779)	-	1,779	-	-	-	-
Other Income (expense), net	455	-	1,428	-	(1,428)	-	455
Total other income (expense), net	(364)	-	2,001	-	(1,045)	-	592
Interest Income (Expense)							
Interest expense	(4,469)	-	-	-	-	620	(3,849)
Interest and dividend income	1,818	-	3,035	-	-	-	4,853
Interest and dividend income of CIP, net	23,679	-	(23,679)	-	-	-	-
Interest expense of CIP	(15,278)	-	15,278	-	-	-	-
Total interest income (expense), net	5,750	-	(5,366)	-	-	620	1,004
Income (loss) before income taxes	32,694	-	(159)	5,024	(1,045)	2,596	39,243
Total income tax expense (benefit)	9,465	-	-	1,407	(74)	727	10,994
Net Income (Loss)	23,229	-	(159)	3,617	(971)	1,869	28,249
Total non-controlling interests	(159)	-	159	-	-	-	-
Net Income (Loss) Attributable to Stockholders	23,070	-	-	3,617	(971)	1,869	28,249
Preferred stockholder dividends	(2,084)	-	-	-	-	-	2,084
Net Income (Loss) Attributable to Common Stockholders	20,986	-	-	3,617	(971)	1,869	28,249
Earnings (Loss) Per Share - Diluted	2.75	-	-	-	-	-	3.36
Weighted Average Shares Outstanding - Diluted (Thousands)	8,401	-	-	-	-	-	8,401

\$ and share counts in thousands, except per share data
See notes to reconciliation starting on page 30

RECONCILIATION: U.S. GAAP TO NON-GAAP

2019 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	
Revenues									
Investment management fees	220,509	-	3,491	-	-	-	-	-	224,000
Distribution and service fees	20,680	-	6	-	-	-	-	-	20,686
Administration and transfer agent fees	29,467	-	54	-	-	-	-	-	29,521
Other income and fees	551	-	-	-	-	-	-	-	551
Distribution and other asset-based expenses	-	(41,086)	-	-	-	-	-	-	(41,086)
Total revenues	271,207	(41,086)	3,551	-	-	-	-	-	233,672
Operating Expenses									
Employment expenses	118,974	-	-	-	-	-	(2,548)	-	116,426
Distribution and other asset-based expenses	41,086	(41,086)	-	-	-	-	-	-	-
Other operating expenses	37,897	-	-	-	-	-	(166)	(180)	37,551
Operating expenses of CIP	3,019	-	(3,019)	-	-	-	-	-	-
Restructuring and severance	1,496	-	-	-	(1,496)	-	-	-	-
Depreciation expense	2,484	-	-	-	-	-	-	-	2,484
Amortization expense	15,124	-	-	(15,124)	-	-	-	-	-
Total operating expenses	220,080	(41,086)	(3,019)	(15,124)	(1,496)	-	(2,714)	(180)	156,461
Operating Income (Loss)	51,127	-	6,570	15,124	1,496	-	2,714	180	77,211
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	5,472	-	1,558	-	-	(6,569)	-	-	461
Realized and unrealized gain (loss) of CIP, net	7,799	-	(7,799)	-	-	-	-	-	-
Other income (expense), net	1,146	-	(329)	-	-	329	-	-	1,146
Total other income (expense), net	14,417	-	(6,570)	-	-	(6,240)	-	-	1,607
Interest Income (Expense)									
Interest expense	(10,316)	-	-	-	-	-	-	-	(10,316)
Interest and dividend income	2,154	-	5,882	-	-	-	-	-	8,036
Interest and dividend income of investments in CIP	56,770	-	(56,770)	-	-	-	-	-	-
Interest expense of CIP	(50,778)	-	50,778	-	-	-	-	-	-
Total interest income (expense), net	(2,170)	-	(110)	-	-	-	-	-	(2,280)
Income (Loss) Before Income Taxes	63,374	-	(110)	15,124	1,496	(6,240)	2,714	180	76,538
Income tax expense (benefit)	13,007	-	-	4,097	406	827	736	1,657	20,730
Net Income (Loss)	50,367	-	(110)	11,027	1,090	(7,067)	1,978	(1,477)	55,808
Noncontrolling interests	(1,695)	-	110	(1,503)	-	-	-	-	(3,088)
Net Income (Loss) Attributable to Stockholders	48,672	-	-	9,524	1,090	(7,067)	1,978	(1,477)	52,720
Preferred stockholder dividends	(4,168)	-	-	-	-	-	-	4,168	-
Net Income (Loss) Attributable to Common Stockholders	44,504	-	-	9,524	1,090	(7,067)	1,978	2,691	52,720
Earnings (Loss) Per Share - Diluted	5.87								6.36
Weighted Average Shares Outstanding - Diluted (Thousands)	8,290								8,290

\$ and share counts in thousands, except per share data
See notes to reconciliation starting on page 30

RECONCILIATION: U.S. GAAP TO NON-GAAP

2018 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
Revenues									
Investment management fees	203,644	-	2,962	-	-	-	-	-	206,606
Distribution and service fees	26,156	-	8	-	-	-	-	-	26,164
Administration and transfer agent fees	31,705	-	29	-	-	-	-	-	31,734
Other income and fees	455	-	-	-	-	-	-	-	455
Distribution and other asset-based expenses	-	(46,012)	-	-	-	-	-	-	(46,012)
Total revenues	261,960	(46,012)	2,999	-	-	-	-	-	218,947
Operating Expenses									
Employment expenses	115,564	-	-	-	-	-	(3,111)	-	112,453
Distribution and other asset-based expenses	46,012	(46,012)	-	-	-	-	-	-	-
Other operating expenses	35,990	-	-	-	-	-	(1,957)	(113)	33,920
Operating expenses of CIP	2,294	-	(2,294)	-	-	-	-	-	-
Restructuring and severance	-	-	-	-	-	-	-	-	-
Depreciation expense	2,115	-	-	-	-	-	-	-	2,115
Amortization expense	10,060	-	-	(10,060)	-	-	-	-	-
Total operating expenses	212,035	(46,012)	(2,294)	(10,060)	-	-	(5,068)	(113)	148,488
Operating Income (Loss)	49,925	-	5,293	10,060	-	-	5,068	113	70,459
Other Income (Expense)									
Realized and unrealized gain (loss) on investments, net	1,398	-	(151)	-	-	(1,308)	-	-	(61)
Realized and unrealized gain (loss) of CIP, net	480	-	(480)	-	-	-	-	-	-
Other income (expense), net	1,774	-	3,922	-	-	(3,922)	-	-	1,774
Total other income (expense), net	3,652	-	3,291	-	-	(5,230)	-	-	1,713
Interest Income (Expense)									
Interest expense	(8,327)	-	-	-	-	-	660	-	(7,667)
Interest and dividend income	2,539	-	5,985	-	-	-	-	-	8,524
Interest and dividend income of investments in CIP	45,082	-	(45,082)	-	-	-	-	-	-
Interest expense of CIP	(29,827)	-	29,827	-	-	-	-	-	-
Total interest income (expense), net	9,467	-	(9,270)	-	-	-	660	-	857
Income (Loss) Before Income Taxes	63,044	-	(686)	10,060	-	(5,230)	5,728	113	73,029
Income tax expense (benefit)	15,988	-	-	2,817	-	(257)	1,604	359	20,511
Net Income (Loss)	47,056	-	(686)	7,243	-	(4,973)	4,124	(246)	52,518
Noncontrolling interests	(686)	-	686	-	-	-	-	-	-
Net Income (Loss) Attributable to Stockholders	46,370	-	-	7,243	-	(4,973)	4,124	(246)	52,518
Preferred stockholder dividends	(4,168)	-	-	-	-	-	-	4,168	-
Net Income (Loss) Attributable to Common Stockholders	42,202	-	-	7,243	-	(4,973)	4,124	3,922	52,518
Earnings (Loss) Per Share - Diluted	5.52								6.26
Weighted Average Shares Outstanding - Diluted (Thousands)	8,396								8,396

\$ and share counts in thousands, except per share data
See notes to reconciliation starting on page 30

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



	<u>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Weighted average shares outstanding - diluted							
Weighted average shares outstanding - diluted, GAAP	8,401	8,456	7,382	8,322	8,252	8,396	8,290
Preferred stock ¹	-	-	1,047	-	-	-	-
Weighted average shares outstanding - diluted, as adjusted	8,401	8,456	8,429	8,322	8,252	8,396	8,290

¹Assumes 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 \$109.68 to \$131.62 per share resulting in a conversion ratio range of 0.9117 to 0.7598 as of 6/30/2019

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>Q2:18</u>	<u>Q3:18</u>	<u>Q4:18</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>YTD:18</u>	<u>YTD:19</u>
Acquisition and Integration Expenses							
Employment expenses	\$1,208	\$1,561	\$1,595	\$1,433	\$1,115	\$3,111	\$2,548
Restructuring and severance	-	-	(279)	-	-	-	-
Other operating expenses	768	2,729	363	47	119	1,957	166
Total Acquisition and Integration Operating Expenses	\$1,976	\$4,290	\$1,679	\$1,480	\$1,234	\$5,068	\$2,714
Interest expense	620	-	-	-	-	660	-
Total Acquisition and Integration Expenses	\$2,596	\$4,290	\$1,679	\$1,480	\$1,234	\$5,728	\$2,714
Other							
Occupancy related expenses	\$111	\$228	\$338	\$180	\$-	\$111	\$180
Tax impact of occupancy related expenses	(31)	(61)	(94)	(49)	-	(31)	(49)
System transition expenses	22	-	-	-	-	2	-
Tax impact of system transition expenses	(6)	-	-	-	-	-	-
Discrete tax adjustments	568	(416)	660	(1,257)	(351)	(326)	(1,608)
Preferred stockholder dividends	2,084	2,085	2,084	2,084	2,084	4,168	4,168
Total Other	\$2,748	\$1,836	\$2,988	\$958	\$1,733	\$3,924	\$2,691

